



**THE PROTESTANT EPISCOPAL CHURCH
IN THE DIOCESE OF VIRGINIA**

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

As of and for the Year Ended December 31, 2014

And Report of Independent Auditor

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

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Report of Independent Auditor

To the Executive Board
The Protestant Episcopal Church in the Diocese of Virginia
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of The Protestant Episcopal Church in the Diocese of Virginia, which are comprised of the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year 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 of America; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 Protestant Episcopal Church in the Diocese of Virginia as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Protestant Episcopal Church in the Diocese of Virginia's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules on pages 20-27 are presented for purposes of additional analysis and are not a required part of the basic 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 audits of the financial statements as December 31, 2014 and 2013 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Cherry Bekart LLP

Richmond, Virginia
August 28, 2015

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	2014				2013	
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total	Total
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 1,434,204	\$ -	\$ -	\$ -	\$ 1,434,204	\$ 3,871,502
Investments - STAMP	715,850	31,465	-	286,342	1,033,657	1,026,487
Accounts receivable						
Church pledges to the Diocese	141,151	-	-	-	141,151	189,075
Related organizations	46,621	-	7,680	-	54,301	5,949
Pledges receivable - current portion	-	-	218,465	-	218,465	9,000
Other	17,564	5,081	-	-	22,645	80,386
Prepaid expenses	12,538	18,092	-	-	30,630	34,071
Real estate held available for sale	-	6,027,357	-	-	6,027,357	3,728,720
Current portion of notes receivable	-	44,000	-	9,037	53,037	60,704
Total Current Assets	<u>2,367,928</u>	<u>6,125,995</u>	<u>226,145</u>	<u>295,379</u>	<u>9,015,447</u>	<u>9,005,894</u>
Investments - Trustees of the Funds	682,462	913,548	122,663	19,688,745	21,407,418	21,077,510
Pledges receivable - less current portion	-	-	474,914	-	474,914	17,618
Interfund amounts	(3,224,688)	429,089	1,181,680	1,613,919	-	-
Property and equipment - net	202,425	-	-	-	202,425	185,693
Other Assets						
Real estate	-	54,663,798	-	-	54,663,798	56,962,435
Notes receivable - less current portion	-	39,911	-	10,633	50,544	99,103
Beneficial interest in trusts	-	-	-	2,505,151	2,505,151	2,558,940
Total Other Assets	<u>-</u>	<u>54,703,709</u>	<u>-</u>	<u>2,515,784</u>	<u>57,219,493</u>	<u>59,620,478</u>
Assets Held as Agent						
Investments held for others	-	-	-	602,270	602,270	-
Less investment held for others	-	-	-	(602,270)	(602,270)	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 28,127</u>	<u>\$ 62,172,341</u>	<u>\$ 2,005,402</u>	<u>\$ 24,113,827</u>	<u>\$ 88,319,697</u>	<u>\$ 89,907,193</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	2014				2013	
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total	Total
LIABILITIES						
Current Liabilities						
Line of credit	\$ -	\$ 2,494,322	\$ -	\$ -	\$ 2,494,322	\$ 2,500,000
Accounts payable and accrued liabilities						
Trade	185,729	5,950	24,542	-	216,221	441,848
Related organizations	-	46,695	10,000	-	56,695	754,496
Other	163,814	-	-	-	163,814	116,229
Prepaid rent	-	15,500	-	-	15,500	21,500
Current portion of notes payable	6,067	81,427	-	-	87,494	62,989
Total Current Liabilities	355,610	2,643,894	34,542	-	3,034,046	3,897,062
Long-Term Liabilities						
Deferred revenue	-	121,022	-	-	121,022	122,452
Notes payable - less current portion	8,158	3,867,240	-	-	3,875,398	4,441,277
Total Liabilities	363,768	6,632,156	34,542	-	7,030,466	8,460,791
NET ASSETS						
Unrestricted						
Undesignated	(335,641)	-	-	13,246,790	12,911,149	13,225,604
Board designated	-	54,509,247	-	-	54,509,247	55,709,613
Total Unrestricted	(335,641)	54,509,247	-	13,246,790	67,420,396	68,935,217
Temporarily restricted	-	960,387	1,283,229	6,177,666	8,421,282	7,829,536
Permanently restricted	-	70,551	687,631	4,689,371	5,447,553	4,681,649
Total Net Assets (Deficit)	(335,641)	55,540,185	1,970,860	24,113,827	81,289,231	81,446,402
	\$ 28,127	\$ 62,172,341	\$ 2,005,402	\$ 24,113,827	\$ 88,319,697	\$ 89,907,193

The accompanying notes to the financial statements are an integral part of this statement.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2013)

	2014				2013	
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total	Total
Operating Revenue:						
Camps and conferences	\$ -	\$ 457,521	\$ -	\$ -	\$ 457,521	\$ 471,898
Income from Virginia Episcopalian	50,685	-	-	-	50,685	54,603
Total Operating Revenue	50,685	457,521	-	-	508,206	526,501
Support and Other Revenue:						
Gain from sale from real estate	-	-	-	-	-	2,262,883
Pledges from churches	4,336,639	-	-	-	4,336,639	4,343,514
Individual pledges and gifts	11,467	-	-	-	11,467	172,581
Health insurance admin reimbursement	85,288	-	-	-	85,288	78,007
Investment income	15,073	12,916	(4,370)	277,753	301,372	2,359,558
Change in beneficial interest in trust	-	-	-	(53,790)	(53,790)	224,709
Other restricted income	38,580	721,912	1,364,866	208,111	2,333,469	1,128,503
Other	590	636,072	196,567	109,015	942,244	909,369
	4,487,637	1,370,900	1,557,063	541,089	7,956,689	11,479,124
Net assets released from restrictions	507,160	-	(200,474)	(306,686)	-	-
Total Support and Other Revenue	4,994,797	1,370,900	1,356,589	234,403	7,956,689	11,479,124
Total Revenue and Support	5,045,482	1,828,421	1,356,589	234,403	8,464,895	12,005,625
Expenses and Other Deductions:						
Support of our greater Church community	827,709	-	-	-	827,709	811,568
Ministry areas in the Diocese:						
Christian Formation	229,997	-	-	-	229,997	185,198
Strengthening our Churches	727,294	-	-	-	727,294	706,389
Mission and outreach	83,395	-	-	-	83,395	76,215
Ministry	92,431	-	-	-	92,431	89,677
Human Dignity and Justice	9,730	-	-	-	9,730	4,090
Governance and commission support	17,627	-	-	-	17,627	18,072
Communications and technology across the Diocese	78,604	-	-	-	78,604	73,678

The accompanying notes to the financial statements are an integral part of this statement.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED DECEMBER 31, 2014 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2013)

	2014				2013	
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total	Total
Bishops, staff and support	2,867,610	-	-	-	2,867,610	2,630,742
Camps and conferences	-	590,941	-	-	590,941	616,742
Other operating expenses	-	758,416	-	-	758,416	984,307
Aid to individuals and organizations	-	620,957	-	-	620,957	501,539
Support services for mission and ministry	-	924,792	-	-	924,792	763,705
Other designated and restricted fund expenditures	507,160	285,403	-	-	792,563	1,031,327
Total Expenses and Other Deductions	5,441,557	3,180,509	-	-	8,622,066	8,493,249
Excess (deficiency) of revenue and support over expenses and other deductions	(396,075)	(1,352,088)	1,356,589	234,403	(157,171)	3,512,376
Transfer of Funds:						
Other	337,510	177,246	105,338	(620,094)	-	-
Total Transfers of Funds	337,510	177,246	105,338	(620,094)	-	-
Change in Net Assets:						
Unrestricted	(58,565)	(1,200,366)	-	(255,890)	(1,514,821)	2,811,978
Temporarily restricted	-	25,524	774,296	(208,074)	591,746	450,519
Permanently restricted	-	-	687,631	78,273	765,904	249,879
	(58,565)	(1,174,842)	1,461,927	(385,691)	(157,171)	3,512,376
Net assets (deficit) - beginning of year	(277,076)	56,715,027	508,933	24,499,518	81,446,402	77,934,026
Net assets (deficit) - end of year	\$ (335,641)	\$ 55,540,185	\$ 1,970,860	\$ 24,113,827	\$ 81,289,231	\$ 81,446,402

The accompanying notes to the financial statements are an integral part of this statement.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2013)

	2014	2013
	All Funds	
Cash flows from operating activities:		
Change in net assets	\$ (157,171)	\$ 3,512,376
Adjustments to reconcile to net cash used in operating activities:		
Depreciation	44,823	33,824
Loss (gain) on disposal of assets	2,910	(4,393)
Gain on sale of real estate	-	(2,262,883)
Unrealized loss (gain) on investments - net	568,622	(1,519,108)
Decrease (increase) in beneficial interest in trusts	53,789	(224,709)
Miscellaneous non-cash income	(129,069)	-
Change in:		
Accounts receivable	(609,448)	91,437
Prepaid expenses	3,441	(6,408)
Accounts payable and accrued liabilities	(875,843)	61,835
Prepaid rent	(6,000)	21,500
Deferred revenue	(1,430)	(11,623)
Net cash used in operating activities	<u>(1,105,376)</u>	<u>(308,152)</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	5,500
Payments received on notes receivable	56,226	54,899
Purchase of investments	(902,708)	(1,063,496)
Proceeds from sale of investments	126,077	121,037
Proceeds from sale of real estate	-	6,853,683
Purchase of property and equipment	(64,465)	(66,340)
Net cash provided by (used in) investing activities	<u>(784,870)</u>	<u>5,905,283</u>
Cash flows from financing activities:		
Payments on line of credit	(5,678)	(2,500,000)
Proceeds from line of credit	-	2,503,151
Principal payments on notes payable	(541,374)	(4,017,927)
Net cash used in financing activities	<u>(547,052)</u>	<u>(4,014,776)</u>
Net change in cash and cash equivalents	(2,437,298)	1,582,355
Cash and cash equivalents - beginning of year	<u>3,871,502</u>	<u>2,289,147</u>
Cash and cash equivalents - end of year	<u>\$ 1,434,204</u>	<u>\$ 3,871,502</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 165,080</u>	<u>\$ 317,923</u>
Supplemental non-cash investing transactions		
Transfer of investments	<u>\$ 129,069</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 1—Organization and nature of activities

The Protestant Episcopal Church in the Diocese of Virginia (“Diocese”) is a community of members and clergy in counties throughout central, northern, and northwestern Virginia. Established in 1785, the Diocese serves the world through its congregations, schools, diocesan centers, and diocesan homes.

Note 2—Summary of significant accounting policies

Reporting Entity and Related Organizations - These statements present the financial position, changes in net assets, and cash flows for funds under control of the Annual Council of the Diocese. The statements do not present such information on individual church, parish, or regional organizations or separately organized and controlled entities in the Diocese, such as Trustees of the Funds of the Protestant Episcopal Church in the Diocese of Virginia, Inc. (“Trustees of the Funds”), Memorial Trustees under the will of Annie Rose Walker and Roslyn Managers Corporation (“Memorial Trustees”), Diocesan Missionary Society of Virginia (“DMS”), Church Schools of the Diocese of Virginia (“CSDV”), The Episcopal Church Women, Virginia Diocesan Homes, and Shrine Mont, Inc. (“Shrine Mont”).

Basis of Presentation - The Diocese is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The financial statements report amounts separately by class of assets as follows:

Unrestricted - Amounts are those currently available at the discretion of the Annual Council of the Diocese for use in operations and those resources invested in property or equipment.

Temporarily Restricted - Amounts are those which are stipulated by donors for specific purposes. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of resources available to the Diocese, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Operating Funds - Operating funds include the unrestricted funds available for operations controlled by the annual Diocesan budget.

Designated Funds - Designated funds include the unrestricted funds which have been designated by the Annual Council of the Diocese for specific purposes and amounts received from donors which are classified as either temporarily restricted or permanently restricted according to donor intent.

Development Funds - Development funds include amounts raised for the Fifth Century Fund Campaign, Mustard Seed campaigns, and Shrine Mont Shout It! Campaign and are temporarily or permanently restricted based on the donor’s intent.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 2—Summary of significant accounting policies (continued)

Other Funds - Other funds include amounts received from donors that are either undesignated or designated as temporarily restricted or permanently restricted to primarily support capital needs, Bishop discretionary funds, and various parish and mission needs of the Diocese. Net assets are released from restrictions by incurring expenses satisfying the purpose restriction specified by the donor. Undesignated amounts also include unrestricted earnings that are available to the Annual Council of the Diocese.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Diocese considers demand deposits and investments with a purchased maturity of less than three months to be cash and cash equivalents.

Property and Equipment - Property and equipment are stated at cost. Major additions are capitalized. Repairs and renewals are expensed. Depreciation is computed using the straight-line method over a useful life of between five and seven years.

Income Tax Status - The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Diocese has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2014.

Concentration of Credit Risk - Financial instruments which potentially subject the Diocese to concentrations of credit risk consist principally of temporary cash investments and trade receivables. The Diocese places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation provides insurance coverage for up to \$250,000 for substantially all depository accounts. The Diocese, from time to time may have amounts on deposit in excess of the insured limits; however, the Diocese has not experienced any losses in such amounts. As of December 31, 2014, the Diocese had \$1,329,947 in deposits that exceeded these insured limits.

Real Estate - The Diocese holds real estate, recorded at cost, as a part of mission development projects in various regions. The intent is to transfer the properties to the particular parishes when they are authorized to appoint their own Trustees. The real estate acquired through the property litigation as described in Note 16 has been recorded at the property's fair value at the time of acquisition. It will be carried at the acquisition date fair value until such time as it is either disposed of or the value is deemed to be permanently impaired.

Property titled to Trustees of individual congregations is not recorded by the Diocese. Under the Canon law of the Episcopal Church, this property is held in trust, in the names of the individual churches, for the benefit of the Episcopal Church and the Diocese.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 3—Investments

Investments are reported at fair value. Investments consist of the following at December 31, 2014:

	<u>Fair Value</u>	<u>Cost</u>
Investments - STAMP	\$ 1,033,657	\$ 1,046,868
Investments - Trustees of the Funds	21,407,418	10,330,236
	<u>\$ 22,441,075</u>	<u>\$ 11,377,104</u>

The Diocese also has amounts invested with Trustees of the Funds of the Episcopal Diocese of Virginia through a unitized investment pool for Diocesan organizations and parishes within the Diocese of Virginia. The funds are held as part of a diversified managed endowment model portfolio. Investment earnings net of fees are allocated to the participants based on units.

Investment income included the following for 2014:

Diocesan Missionary Society	\$ 7,673
STAMP income	16,625
STAMP unrealized gain (loss)	(9,455)
Trustees of the Funds income	844,455
Trustees of the Funds unrealized gain (loss)	(559,167)
Interest on notes receivable	1,241
	<u>\$ 301,372</u>

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 4—Notes receivable

Notes receivable consisted of the following at December 31, 2014:

Clergy housing installment loans

Due \$232 per month, including interest at 5.00%, uncollateralized, final payment due April 2020.	\$ 12,824
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Other installment loans

Due \$594 per month, including interest at 7.00%, uncollateralized, final payment due April 2014.	5,045
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Due \$104 per month, including interest at 5.00%, uncollateralized, final payment due December 2016.	1,801
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Litigation settlement loans

Five yearly installments, non-interest, uncollateralized, final payment due April 30, 2016.	83,911
	<u>103,581</u>
Less current portion	<u>(53,037)</u>
	<u>\$ 50,544</u>

Note 5—Pledges receivable

During 2013, the Diocese in coordination with Shrine Mont Inc. launched a fundraising campaign to raise funds for the facilities used by the Shrine Mont Camp Program and for scholarships for young people to attend the Shrine Mont Camps Program. The Diocese has pledges receivable at December 31, 2014, as follows:

Pledges receivable	\$ 693,379
Less current portion	(218,465)
	<u>\$ 474,914</u>

Gross amounts to be collected in :

Less than one year	\$ 218,465
One to five years	513,272
	<u>731,737</u>

Less:

4% discount	(38,358)
Fair value	<u>\$ 693,379</u>

The Diocese has elected to record all pledges at fair value. The process utilizes the income approach with discounted cash flows, providing a single discounted value for all pledges.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 5—Pledges receivable (continued)

The fair value adjustment for 2014 was \$38,358 and is included in gift income in the statement of activities. No changes in the fair value measurement were attributable to instrument specific risk.

Note 6—Property and equipment

Major classes of property and equipment consisted of the following at December 31, 2014:

Equipment	\$ 252,433
Vehicles	135,003
	<u>387,436</u>
Less accumulated depreciation	(185,011)
	<u>\$ 202,425</u>

Note 7—Beneficial interest in trusts

The Diocese is an income beneficiary of two perpetual trusts. These trusts make distributions to the Diocese based on the Diocese's percentage interest as stated in the trust documents. The fair value of the interest in the trusts is \$2,505,151 at December 31, 2014, which has been recorded as an asset and is adjusted each year to reflect the change in value. The Diocese has also been named as a beneficiary in a charitable lead trust. No financial information is currently available to value this interest. Annual receipts on this trust are included in gift income.

Note 8—Related-party transactions

The Diocese provides administrative and accounting services to several related organizations. Trustees of the Funds ("TOTF"), Diocesan Missionary Society ("DMS"), and Shrine Mont, Inc. reimburse the Diocese for a portion of the salary and benefits of the accounting staff under a "common paymaster" arrangement. Under this arrangement, any person employed by several related organizations is compensated by one organization, which is reimbursed by the other organizations. During 2014, salary costs incurred and subsequently reimbursed were \$212,274, \$36,227, and \$7,410 for Trustees of the Funds, Diocesan Missionary Society, and Shrine Mont, Inc., respectively.

Trustees of the Funds, a nonstock, nonprofit corporation, was established in 1892 to receive, hold, and invest gifts and bequests of real and personal property for the Diocese, including the Mayo Memorial House, which is used as the general offices of the Diocese. The Diocese receives free use of the Mayo Memorial House. The value of this nonexchange transaction is not reflected in the financial statements.

The Diocese runs camps and conferences as a part of their summer programs. These activities are held at Shrine Mont, which is a separate Diocesan retreat facility. During 2014, the Diocese paid \$363,210 for room and board to Shrine Mont as a part of these programs.

The Diocesan Missionary Society provides loans to organizations within the Diocese that are in financial need. Five loans to the Diocese are outstanding as of December 31, 2014, with a balance of \$3,962,892.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 9—Pension plan

The Diocese has a defined contribution pension plan for all lay employees working at least 20 hours per week in accordance with the requirements of the Canons of the Episcopal Church. Plan contribution expense for 2014 was \$163,930. In addition, clergy employees of the Diocese participate in the defined benefit pension plan of the Church Pension Fund in accordance with the Canons of the Episcopal Church. Pension plan expense on behalf of clergy employees of the Diocese in 2014 was \$161,129.

Note 10—Notes payable and line of credit

Notes payable consisted of the following as of December 31, 2014:

Note payable to DMS - collateralized by real property, due in monthly installments of \$1,429, including interest at 5.50%, with the remaining principal due in full August 2028, assuming all future 5-year extensions are granted.	\$ 162,902
Note payable to DMS - collateralized by real property, due in monthly installments of \$3,536, including interest at 6.5%, with the remaining principal due in full October 2022, assuming all future 5-year extensions are granted.	259,978
Note payable to DMS - collateralized by real property, due in quarterly installments of interest only at 2.80%, with remaining principal due in full July 2028, assuming all future 5-year extensions are granted.	1,551,391
Note payable to DMS - collateralized by real property, due in monthly installments of \$568, including interest at 6.50%, with the remaining principal due in full March 2017, assuming all future 5-year extensions are granted.	14,225
Note payable to DMS - collateralized by real property, due in monthly installments of \$11,117, including interest at 4.5%, with remaining principal due in full May 2039.	1,974,396
	<u>3,962,892</u>
Less current portion	<u>(87,494)</u>
	<u>\$ 3,875,398</u>

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 10—Notes payable and line of credit (continued)

Estimated future principal payments on notes payable for years ending December 31 follow:

2015	\$	87,494
2016		92,296
2017		92,144
2018		95,360
2019		100,532
Thereafter		<u>3,495,066</u>
	\$	<u><u>3,962,892</u></u>

The Diocese has a \$2,500,000 line of credit available from SunTrust Bank to fund cash requirements through September 31, 2015. As of December 31, 2014, the Diocese had an outstanding balance on this line of \$2,494,322. The line of credit carries an interest rate of the British Bankers Association London Interbank Offered Rate ("LIBOR") plus 1.15% (1.305% at December 31, 2014). Repayment of the line of credit is due in full upon the sale of real estate located in Prince William County, Virginia or at September 30, 2015, whichever occurs first. Advances are limited to 80% of the unrestricted market securities held in Trustees of the Funds. The line is collateralized by the pledge of the unrestricted market securities at the Trustees of the Funds and the real estate located in Prince William County.

Note 11—Lease commitments

The Diocese has noncancelable operating lease agreements for copiers and equipment. The copier leases require payment of an excess copy charge in addition to the monthly lease payment.

Minimum lease commitments for future years ending December 31 are as follows:

2015	\$	24,307
2016		<u>19,586</u>
	\$	<u><u>43,893</u></u>

Note 12—Commitments and contingencies

The Diocese is a guarantor on a note for Shrine Mont for the purchase and renovation of real property. The balance on this note at December 31, 2014 was \$881,772.

The Diocese has guaranteed a \$6,000,000 twenty-year tax-exempt bond issuance by Memorial Trustees. The bonds were originally issued in September 2001 and subsequently re-issued in 2012 at \$4,025,000. The outstanding balance on the bonds at December 31, 2014 was \$3,669,763. No liability has been accrued with respect to either guarantee.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 12—Commitments and contingencies (continued)

The Diocese has outstanding commitments at year-end of approximately \$240,778 with respect to the Annual Council conventions for 2015 through 2017. This convention typically takes place in the last week of January each year.

The Diocese entered into an assignment of contract during 2006 with DMS to purchase 13.6 acres in Hanover County, Virginia. Under the terms of the contract, DMS assumed the Diocese purchase commitment and the Diocese agreed to purchase the property from DMS within five years of the settlement date of June 9, 2006. After several extensions, the agreement calls for settlement by July 1, 2015. The Diocese agreed to purchase the property from DMS for the original purchase price plus any expenses DMS incurs related to acquiring, investing, and developing the property. At December 31, 2014, this amounted to \$1,288,404.

Note 13—Restricted net assets

The Diocese had restrictions on net assets as follows at December 31, 2014:

	Temporarily Restricted	Permanently Restricted
Development funds	\$ 1,283,229	\$ 687,631
Diocesan programs	2,208,361	-
Bishop's programs	4,929,692	2,254,771
Beneficial interest in perpetual trusts	-	2,505,151
	<u>\$ 8,421,282</u>	<u>\$ 5,447,553</u>

Note 14—Functional expenses

Expenses of the Diocese are reported in the statement of activities according to the budget classifications. A breakdown of expenses by function for the year ended December 31, 2014 is as follows:

	Operating Funds	Designated Funds	Development Funds	Other Funds
Program	\$ 3,192,005	\$ 3,180,509	\$ -	\$ -
Administrative and general	2,181,539	-	-	-
Fundraising	68,013	-	-	-
	<u>\$ 5,441,557</u>	<u>\$ 3,180,509</u>	<u>\$ -</u>	<u>\$ -</u>

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 15—Fair value measurements

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Diocese has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during 2014.

Trustees of the Funds: Valued on the basis of the net asset value of units held by TOTF at year-end.

STAMP: Valued at the allocated closing relative value of pooled assets.

Beneficial Interest in Trusts: Valued using the fair value of the underlying assets of the trust as an estimate for the present value of the expected future cash flows.

Pledges Receivable: Pledges receivable are reported at a net realizable value if at the time the promise is made payment is expected to be received in one year or less. Pledges receivable that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods. Fair value is calculated as the present value of the expected future pledges to be received using a discount rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Diocese believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 15—Fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Diocese's assets at fair value as of December 31, 2014:

Assets at Fair Value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total
Trustees of the Funds	\$ -	\$ -	\$ 21,407,418	\$ 21,407,418
STAMP fund	-	-	1,033,657	1,033,657
Beneficial interest in trusts	-	-	2,505,151	2,505,151
Pledges receivable	-	-	693,379	693,379
Total assets at fair value	\$ -	\$ -	\$ 25,639,605	\$ 25,639,605

Level 3 Gains and Losses – The table below sets forth a summary of changes in the fair value of the Diocese's Level 3 investment assets for 2014.

	Trustees of the Funds	STAMP	Beneficial Interest in Trusts	Pledges Receivable
Balance – beginning of year	\$ 21,077,510	\$ 1,026,487	\$ 2,558,940	\$ 26,618
Unrealized gain (loss)	(559,167)	(9,455)	-	-
Purchases	886,083	16,625	-	-
Redemptions	(126,077)	-	-	-
Transfer of Shrine Mont investments	129,069	-	-	-
New pledges	-	-	-	1,179,530
Pledge payments received	-	-	-	(493,613)
Change in fair value	-	-	(53,789)	(19,156)
Net increase	329,908	7,170	(53,789)	666,761
Balance – end of year	\$ 21,407,418	\$ 1,033,657	\$ 2,505,151	\$ 693,379

All amounts held by TOTF are held in one account with minimal restrictive redemption provisions and no unfunded commitment requirements. TOTF is managed with the overall investment objective of preserving a steady and consistent spending stream for the support of fund participants. The asset structure reflects TOTF's needs for liquidity, preservation of purchasing power, long-term growth of principal, and risk tolerance. TOTF investments are comprised of three parts: a bond fund, an equity fund, and a short-term fund. Each one has specific objectives and policy guidelines.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 16—Endowment funds

The Diocese's endowment consists of twenty-nine individual funds held in the Other Funds group and one individual fund held in the Designated Funds group. These funds are all donor-restricted endowment funds and were established for a variety of purposes. As required by generally accepted accounting principles ("GAAP"), net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of donor-restricted endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the Virginia state legislature in 2008. The law gives guidance for investment and spending practices, giving consideration for donor intent and the organization's overall resources and charitable purpose. Based on its interpretation of law and in compliance with donor intent, the Diocese classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

The Diocese appropriates amounts for expenditure based upon accumulated earnings in the funds and the needs of the organization. The primary objective is long-term capital appreciation and total return. The Diocese utilizes diversified investment classes that provide the opportunity to achieve the return objectives without exposing the funds to unnecessary risk.

A summary of the activity in endowment funds for the year ended December 31, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets-- beginning of year	\$ (12,085)	\$ 3,949,866	\$ 2,242,532	\$ 6,180,313
Investment return:				
Investment income	14,195	110,213	2,204	126,612
Net realized and unrealized gains (losses)	(15,292)	(140,030)	(1,538)	(156,860)
Contributions	-	-	11,574	11,574
Appropriation for expenditure	-	(31,300)	-	(31,300)
Endowment net assets-- end of year	<u>\$ (13,182)</u>	<u>\$ 3,888,749</u>	<u>\$ 2,254,772</u>	<u>\$ 6,130,339</u>

All of the above temporarily restricted net assets are from purpose-restricted endowment. Amounts shown as unrestricted at year-end represent funds where the fair value of assets has fallen below the level required to be held as permanently restricted. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions.

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 17—Comparative totals

The summarized amounts shown for 2013 in the accompanying financial statements are included to provide a basis for comparison with 2014 and are not intended to present all information necessary for a fair presentation of the summarized 2013 statements in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Diocese's financial statements for 2013, from which the summarized information was derived.

Note 18—Subsequent events

In preparing these financial statements, the Diocese has evaluated events and transactions for potential recognition or disclosure through August 28, 2015, the date the financial statements were available to be issued.

The Diocese has entered into a contract, in 2015, to sell the 11814 and 11924 Braddock Road properties for approximately \$4,250,000.

SUPPLEMENTAL SCHEDULES

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
SCHEDULE OF OPERATING FUNDS, BUDGETARY COMPARISON
OF SUPPORT AND REVENUES AND EXPENSES

DECEMBER 31, 2014 AND 2013

	2014		2013		Budget Variance	
	Budget	Actual	Actual	Favorable (Unfavorable)		
				Amount	Percent	
Support and Revenue:						
Pledges from churches	\$ 4,321,482	\$ 4,336,639	\$ 4,343,514	\$ 15,157	0.35%	
Other gifts, grants and pledges	39,250	50,047	212,082	10,797	27.51%	
Investment income	-	15,073	48,733	15,073	100.00%	
Income from Virginia Episcopalian	48,175	50,685	54,603	2,510	5.21%	
Health insurance administration	82,975	85,288	78,007	2,313	2.79%	
Gain (loss) on disposal of assets	-	590	4,593	590	100.00%	
Miscellaneous income	-	-	2,500	-	0.00%	
	<u>4,491,882</u>	<u>4,538,322</u>	<u>4,744,032</u>	<u>46,440</u>	<u>1.03%</u>	
Net assets released from restrictions	530,200	507,160	463,147	(23,040)	-4.35%	
Total Support and Revenue	<u>5,022,082</u>	<u>5,045,482</u>	<u>5,207,179</u>	<u>23,400</u>	<u>0.47%</u>	
Expenses:						
Ministry areas:						
General Church Support	827,709	827,709	811,568	-	-	
Christian Formation:						
Committee on Christian Formation	205,508	204,072	173,620	1,436	0.70%	
Youth ministry development	9,478	7,000	3,453	2,478	26.14%	
Clergy and diocesan conferences	13,490	14,011	4,559	(521)	-3.86%	
Education for ministry program	2,500	4,914	3,566	(2,414)	-96.56%	
	<u>230,976</u>	<u>229,997</u>	<u>185,198</u>	<u>979</u>	<u>0.42%</u>	
Strengthening Our Churches:						
Aid to mission churches	589,250	533,541	501,135	55,709	9.45%	
Aid to mountain missions	76,500	74,419	74,344	2,081	2.72%	
Special ministries and other committees	77,300	63,513	59,744	13,787	17.84%	
Other areas for strengthening our churches	79,850	55,821	71,166	24,029	30.09%	
	<u>822,900</u>	<u>727,294</u>	<u>706,389</u>	<u>95,606</u>	<u>11.62%</u>	
Mission and Outreach:						
Committee on Mission and Outreach	15,125	13,145	10,215	1,980	13.09%	
Other mission and outreach areas	70,250	70,250	1,500	-	0.00%	
Ecumenical Partnerships	-	-	64,500	-	0.00%	
	<u>85,375</u>	<u>83,395</u>	<u>76,215</u>	<u>1,980</u>	<u>2.32%</u>	
Ministry:						
Commission on Ministry	116,130	92,431	89,677	23,699	20.41%	
Human Dignity and Justice:						
Areas for Human Need and Justice	15,375	9,730	4,090	5,645	36.72%	
	<u>15,375</u>	<u>9,730</u>	<u>4,090</u>	<u>5,645</u>	<u>36.72%</u>	
Total ministry areas	<u>2,098,465</u>	<u>1,970,556</u>	<u>1,873,137</u>	<u>127,909</u>	<u>6.10%</u>	

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
SCHEDULE OF OPERATING FUNDS, BUDGETARY COMPARISON
OF SUPPORT AND REVENUES AND EXPENSES (CONTINUED)

DECEMBER 31, 2014 AND 2013

	2014		2013	Budget Variance	
	Budget	Actual	Actual	Favorable (Unfavorable) Amount	Percent
Expenses (continued)					
Governance & Committee Support:					
Standing Committee	3,300	1,917	2,962	1,383	41.91%
Executive Board, Deans and Presidents	3,450	3,362	3,360	88	2.55%
Other committee support	33,348	12,348	11,750	21,000	62.97%
	<u>40,098</u>	<u>17,627</u>	<u>18,072</u>	<u>22,471</u>	<u>56.04%</u>
Communications & Technology:					
Virginia Episcopalian and eCommunique	64,000	58,824	54,530	5,176	8.09%
Other communications expenses	28,625	19,780	19,148	8,845	30.90%
	<u>92,625</u>	<u>78,604</u>	<u>73,678</u>	<u>14,021</u>	<u>15.14%</u>
Bishops, Staff and Support:					
The Episcopate:					
Bishops	466,381	483,062	459,340	(16,681)	-3.58%
Episcopal office staff	492,050	448,491	393,191	43,559	8.85%
Other expenses of the Office of the Bishop	2,500	534	752	1,966	78.64%
Bishops and Episcopal office travel	84,050	25,565	76,186	58,485	69.58%
	<u>1,044,981</u>	<u>957,652</u>	<u>929,469</u>	<u>87,329</u>	<u>8.36%</u>
Staff:					
Professional staff	1,194,063	1,244,253	1,074,872	(50,190)	-4.20%
Staff travel	26,900	86,254	28,688	(59,354)	-220.65%
Other staff expenses	34,900	17,611	21,477	17,289	49.54%
	<u>1,255,863</u>	<u>1,348,118</u>	<u>1,125,037</u>	<u>(92,255)</u>	<u>-7.35%</u>
Support:					
Automobile expenses	49,000	37,645	31,115	11,355	23.17%
Office supplies, equipment and services	87,500	115,207	101,178	(27,707)	-31.67%
Building related expenses	96,100	126,800	83,384	(30,700)	-31.95%
Professional fees	100,000	163,969	325,707	(63,969)	-63.97%
Other expenses	34,950	118,219	34,852	(83,269)	-238.25%
	<u>367,550</u>	<u>561,840</u>	<u>576,236</u>	<u>(194,290)</u>	<u>-52.86%</u>
Total Bishop's staff and support	<u>2,668,394</u>	<u>2,867,610</u>	<u>2,630,742</u>	<u>(199,216)</u>	<u>-7.47%</u>
Expended assets released from restrictions:					
Aid to individuals and organizations	-	507,160	446,116	-	-
Other	-	-	17,031	-	-
	<u>-</u>	<u>507,160</u>	<u>463,147</u>	<u>-</u>	<u>-</u>
Total expenses	<u>4,899,582</u>	<u>5,441,557</u>	<u>5,058,776</u>	<u>(541,975)</u>	<u>-11.06%</u>

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
SCHEDULE OF OPERATING FUNDS, BUDGETARY COMPARISON
OF SUPPORT AND REVENUES AND EXPENSES (CONTINUED)

DECEMBER 31, 2014 AND 2013

	2014		2013	Budget Variance Favorable (Unfavorable)	
	Budget	Actual	Actual	Amount	Percent
Excess (deficiency) of support and revenue over expenses	122,500	(396,075)	148,403	518,575	423.33%
Transfer of funds:					
Reserve accounts	-	(32,152)	(52,400)	32,152	-100.00%
Shrine Mont camp program support	(122,500)	(122,500)	(118,550)	-	0.00%
Other	-	492,162	3,901,236	(492,162)	100.00%
	<u>(122,500)</u>	<u>337,510</u>	<u>3,730,286</u>	<u>(460,010)</u>	<u>375.52%</u>
Total changes in net assets after transfers	<u>\$ -</u>	<u>\$ (58,565)</u>	<u>\$ 3,878,689</u>	<u>\$ 58,565</u>	<u>-</u>

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
SCHEDULE OF DESIGNATED FUNDS

DECEMBER 31, 2014 AND 2013

	2014	2013
Aheron Scholarship	\$ 2,450	\$ -
Annual Council Fund	(73,115)	(115,558)
Atlee Mission Fund	(300,225)	(294,392)
Auto Reserve	(21,191)	28,312
Biggar/Power Fund	800	1,000
Bishops & Staff Reserve	58,329	60,837
Bishop's Designated for Tanzania	7,960	7,960
Bishop's DMS Grant	94,732	69,732
Bishop Johnston Vestments	500	-
Box Hill Income Fund	-	(2,003)
Building Repairs Reserve	19,339	9,939
Camps	96,986	97,907
Committee on Lay Ministry	-	4,000
Commission on Ministry Reserve	34,849	34,849
Committee on Aging	6,234	6,234
Committee on Race Relations	3,000	3,000
Communications Reserve	25,191	25,191
Congo	7,368	10,042
Congregational Development & Revitalization	25,051	25,233
Council Scholarship Fund	275	50
Cursillo in the Diocese of VA	5,344	5,344
DaySpring	(91,564)	1,271,560
DaySpring Real Estate Fund	41,314,819	41,309,141
Deacons Reserve	47,484	47,484
Des - St. Andrew's Charlottesville	127,200	(2,021)
Diaconal Formation Institute	(2,029)	19,434
Diocesan Program Office	21,110	21,110
Diocese of Madagascar	600	600
Diocese of Renk -- Sudan	5,024	13,459
Diocese of Tanzania	73,677	59,118
Ecumenical and Interfaith Committee	960	960
Education for Ministry	965	3,380
Episcopal Art Series	(17,407)	(11,963)
Episcopal Transition Reserve	8,000	4,000
General Convention	49,589	29,589
Haiti	-	2,227
Interim Ministry Development	1,080	1,080
John G Hayes Jr Income Fd	6,453	11,421
John G Hayes Missionary Fund	2,498	8,734
La Iglesia de Santa Maria	(30,274)	(12,000)
Subtotal (carried forward)	<u>41,512,064</u>	<u>42,754,990</u>

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
SCHEDULE OF DESIGNATED FUNDS (CONTINUED)

DECEMBER 31, 2014 AND 2013

	2014	2013
Subtotal (brought forward)	41,512,064	42,754,990
Lambeth Convention	41,530	39,530
Latino Ministry	5,000	-
Liberia	2,077	2,077
Mental Health Committee Reserve	15	-
Micro-Economic Development	72,750	72,750
Mission Development	90,750	94,260
Mission Maintenance & Repair Reserve	21,000	21,000
Missioner for World Mission	76,718	81,617
Mountain Mission Reserve	24,787	21,115
Native American Ministry	6,732	7,525
Office Equipment Reserve	6,932	6,932
Omisol Road - Reserve	(1,663)	(4,807)
Prevention of Misconduct Reserve	4,000	4,000
Property & Opr Exp - St Pauls Haymarket	-	(47,700)
Property Exp - Church Hill Dr. Woodbridge	-	17,025
Property Exp - Epiphany Herndon	-	(21,167)
Property Exp - Main St. Fairfax (Truro)	-	(13,253)
Property Exp - Pickett Road/Braddock Rd	(44,670)	(21,547)
Property Exp - The Falls Church	-	12,611
Property Fund	7,054	4,829
Property Maintenance Fund	13,865	14,617
Real Estate Value Fund	12,719,796	12,684,849
Region 2 Mission (Deltaville)	56,799	51,308
Risk Management Program	36,956	48,956
Rockingham Property Fund (Reg 14)	12,930	12,930
Shelton Shop Rd Property	97,176	88,404
Small Church Leadership Conference	-	4,665
St Clare's (W Henrico) Mission	(126,417)	(126,417)
St Francis Mission Fd (Goochland)	(179,357)	(179,357)
ST Investments	31,465	31,246
St Margarets Ruther Glenn	(3,365)	(3,365)
Stewardship Committee Reserve	467	467
Stewardship of Creation Grant Fund	8,801	8,126
Trinity, Beaverdam	6,816	5,452
Trustees of the Funds	913,548	930,313
Virginia Diocesan Library	11,418	(1,128)
YASC - A Cameron	-	741
Young Priests Initiative	9,888	9,888
Youth Ministry	104,320	101,545
Total designated funds	\$ 55,540,185	\$ 56,715,027

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
SCHEDULE OF DEVELOPMENT FUNDS

DECEMBER 31, 2014 AND 2013

	2014	2013
Bishop Jones' Evangelism Fund	\$ -	\$ 1,074
Bishop Lee Fund for Small Church Vitality	198,541	189,702
B Maxwell Art Camp Scholarship Fund	2,915	-
Camp Equipment	13,155	-
Camp Program TOF Investments	122,663	-
Camp Scholarship Annual Fund	36,570	-
FCF - Unrestricted	120,491	112,437
Mustard Seed Grant Fund	42,899	45,242
Pledges Receivable - SM Shout It! Campaign	664,923	26,618
Shrine Mont Shout It! Campaign	710,338	77,781
St. Georges Camp	19,337	-
W Stanley Camp Scholarship Fund	242	-
Youth Mission Vouchers 2006	450	3,450
Youth Mission Vouchers 2007	3,000	5,000
Youth Mission Vouchers 2008	2,350	7,350
Youth Mission Vouchers 2009	4,200	6,200
Youth Mission Vouchers 2010	10,141	14,541
Youth Mission Vouchers 2011	2,205	2,005
Youth Mission Vouchers 2012	4,113	5,713
Youth Mission Vouchers 2013	9,095	5,095
Youth Mission Vouchers 2014	3,233	6,725
	<u>\$ 1,970,860</u>	<u>\$ 508,933</u>
Total development funds	<u>\$ 1,970,860</u>	<u>\$ 508,933</u>

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
SCHEDULE OF OTHER FUNDS

DECEMBER 31, 2014 AND 2013

	2014	2013
A.H. & C.J. Robinson Fund	\$ 192,890	\$ 188,748
Albert Baker Fund	103,631	103,911
Ball Fund	107,028	86,777
Bishop Goff's Discretionary Fund	20,085	10,489
Bishop Goodwin Memorial Scholarship Fd	12,860	12,860
Bishop Gulick's Discretionary Fund	16,897	11,042
Bishop Gulick's Vestment Fund	500	-
Bishop Johnston's Discretionary Fund	12,994	8,028
Bishop Jones' Discretionary Fund	19,824	20,100
Bishop Jones Evangelism Grant Fund	3,462	1,631
Bishop Jones' Sabbatical Fund	6,707	6,707
Bishop Mason Memorial Fund	1,770	1,770
Bishops Combined Discretionary Fund	6,561	104,672
Bishop's Emergency Needs Fund	104,320	106,249
Bishop's Investment Fund	(23,786)	(23,786)
Bishop's Theological Education Fund	13,273	10,913
Bruce Fund	38,527	32,167
Canon Wingo Discretionary Fund	3,343	3,496
Columbia Walker Memorial Missions Fund	(52,800)	-
David Lewis Memorial Fund	5,650	5,629
Disabled Clergy Fund	606,424	527,777
Diocesan Fund for Human Need	10,019	5,753
Diocesan Fund for World Mission	23,173	24,803
Dooley Fund	133,699	134,138
duPont Diocesan Enrichment Fund	13,310	10,000
duPont Small Church Clergy Development	17,050	17,050
E Holcombe Palmer Fund	4,480	4,480
Earthquake Relief 2011	-	573
ECW Gift - Bishop Goff	1,335	1,490
Ellen Goldsborough Fund	19,773	2,500
Episcopal Fund	131,735	345,037
Episcopal Fund (Clergy Housing)	-	301,092
Forest Fund	37,451	31,269
Francis Edmonia Newman Fund	35,236	72,648
Freda W Kipps Income Fund	28,251	24,566
Gilliatt Campus Ministry Fund	10,749	10,413
H A Pullman Youth Fund	-	2,795
Hugh McGuire Taylor Fund	37,342	37,540
Ida B Gale Fund	(24,749)	6,651
J. B. duPont - Technology Grant	-	18,427
Subtotal (carried forward)	<u>1,679,016</u>	<u>2,270,405</u>

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA
SCHEDULE OF OTHER FUNDS (CONTINUED)

DECEMBER 31, 2014 AND 2013

	2014	2013
Subtotal (brought forward)	1,679,016	2,270,405
Julia A Ward Income Fund	802	802
Katherine G Cook Scholarship	2,243	2,225
Mary Amanda Stewart Fund	10,946	10,935
MEZ Grant	10,427	-
Moncure Memorial Fund	12,451	10,396
Scott Fdn Grant 2010	38,546	796
Smoot Bequest Income Fund	(104,079)	(104,079)
Smoot Bequest to Dio Fund	(109,408)	(109,408)
South African Bishops Fund	9,699	9,699
ST Investments - Restricted	286,342	284,357
St John's Waldrop Fund	33,176	33,176
St. John's Greensprings Fund	19,102	19,411
UTO Fund	291	1,404
Widows & Orphans Fund	1,240	3,515
Zimmerman Income Fund	3,774	3,774
Subtotal	1,894,571	2,437,408
Funds invested with the Trustees of the Funds	19,714,105	19,503,169
Beneficial interest in trusts	2,505,151	2,558,941
Total other funds	\$ 24,113,827	\$ 24,499,518