



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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES**

*As of and for the Year Ended December 31, 2015  
(with comparative totals for 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

We have audited the accompanying financial statements of The Protestant Episcopal Church in the Diocese of Virginia, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 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 19-26 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, 2015 and 2014 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  
December 7, 2016

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

*DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)*

	<b>2015</b>				<b>2014</b>	
	<b>Operating Funds</b>	<b>Designated Funds</b>	<b>Development Funds</b>	<b>Other Funds</b>	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 3,980,123	\$ -	\$ -	\$ -	\$ 3,980,123	\$ 1,434,204
Investments - STAMP	719,214	31,613	-	287,689	1,038,516	1,033,657
Accounts receivable:						
Church pledges to the Diocese	277,003	-	-	-	277,003	141,151
Related organizations	69,504	-	48,695	-	118,199	54,301
Pledges receivable - current portion	-	-	234,758	-	234,758	218,465
Other	83,292	4,532	-	-	87,824	22,645
Prepaid expenses	5,692	17,393	-	-	23,085	30,630
Real estate held available for sale	-	3,608,757	-	-	3,608,757	6,027,357
Current portion of notes receivable	-	33,911	-	6,879	40,790	53,037
<b>Total Current Assets</b>	<b>5,134,828</b>	<b>3,696,206</b>	<b>283,453</b>	<b>294,568</b>	<b>9,409,055</b>	<b>9,015,447</b>
Investments - Trustees of the Funds	715,206	847,278	114,994	18,567,774	20,245,252	21,407,418
Pledges receivable - less current portion	-	-	472,209	-	472,209	474,914
Interfund amounts	(6,071,774)	3,263,269	990,185	1,818,320	-	-
Property and equipment - net	194,832	-	-	-	194,832	202,425
Other Assets:						
Real estate	-	54,663,798	-	-	54,663,798	54,663,798
Notes receivable - less current portion	-	-	-	8,329	8,329	50,544
Beneficial interest in trusts	-	-	-	2,330,381	2,330,381	2,505,151
<b>Total Other Assets</b>	<b>-</b>	<b>54,663,798</b>	<b>-</b>	<b>2,338,710</b>	<b>57,002,508</b>	<b>57,219,493</b>
Assets Held as Agent:						
Investments held for others	-	-	-	626,693	626,693	602,270
Less investment held for others	-	-	-	(626,693)	(626,693)	(602,270)
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ (26,908)</b>	<b>\$ 62,470,551</b>	<b>\$ 1,860,841</b>	<b>\$ 23,019,372</b>	<b>\$ 87,323,856</b>	<b>\$ 88,319,697</b>

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, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015				2014	
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total	Total
<b>LIABILITIES</b>						
Current Liabilities:						
Line of credit	\$ -	\$ 2,488,678	\$ -	\$ -	\$ 2,488,678	\$ 2,494,322
Accounts payable and accrued liabilities						
Trade	297,242	5,950	66,275	-	369,467	216,221
Related organizations	-	46,695	-	-	46,695	56,695
Other	66,215	-	-	-	66,215	163,814
Prepaid rent	-	15,500	-	-	15,500	15,500
Current portion of notes payable	6,473	142,684	-	-	149,157	87,494
<b>Total Current Liabilities</b>	<b>369,930</b>	<b>2,699,507</b>	<b>66,275</b>	<b>-</b>	<b>3,135,712</b>	<b>3,034,046</b>
Long-Term Liabilities:						
Deferred revenue	-	35,289	-	-	35,289	121,022
Notes payable - less current portion	1,685	3,723,992	-	-	3,725,677	3,875,398
<b>Total Liabilities</b>	<b>371,615</b>	<b>6,458,788</b>	<b>66,275</b>	<b>-</b>	<b>6,896,678</b>	<b>7,030,466</b>
<b>NET ASSETS</b>						
Unrestricted:						
Undesignated	(398,523)	-	-	12,487,714	12,089,191	12,911,149
Board designated	-	54,880,615	-	-	54,880,615	54,509,247
<b>Total Unrestricted</b>						
<b>Net Assets (Deficit)</b>	<b>(398,523)</b>	<b>54,880,615</b>	<b>-</b>	<b>12,487,714</b>	<b>66,969,806</b>	<b>67,420,396</b>
Temporarily restricted	-	1,060,597	1,128,153	6,030,268	8,219,018	8,421,282
Permanently restricted	-	70,551	666,413	4,501,390	5,238,354	5,447,553
<b>Total Net Assets (Deficit)</b>	<b>(398,523)</b>	<b>56,011,763</b>	<b>1,794,566</b>	<b>23,019,372</b>	<b>80,427,178</b>	<b>81,289,231</b>
	<b>\$ (26,908)</b>	<b>\$ 62,470,551</b>	<b>\$ 1,860,841</b>	<b>\$ 23,019,372</b>	<b>\$ 87,323,856</b>	<b>\$ 88,319,697</b>

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, 2015 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2014)*

	2015				2014	
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total	Total
Operating Revenue:						
Camps and conferences	\$ -	\$ 486,641	\$ -	\$ -	\$ 486,641	\$ 457,521
Income from Virginia Episcopalian	32,907	-	-	-	32,907	50,685
Total Operating Revenue	<u>32,907</u>	<u>486,641</u>	<u>-</u>	<u>-</u>	<u>519,548</u>	<u>508,206</u>
Support and Other Revenue:						
Gain from sale from real estate	-	1,636,221	-	-	1,636,221	-
Pledges from churches	4,244,810	-	-	-	4,244,810	4,336,639
Individual pledges and gifts	101,070	-	-	-	101,070	11,467
Health insurance admin reimbursement	106,386	-	-	-	106,386	85,288
Investment income (loss)	(13,164)	(22,313)	(6,051)	(488,291)	(529,819)	301,372
Change in beneficial interest in trust	-	-	-	(174,770)	(174,770)	(53,790)
Other restricted income	37,828	537,934	516,957	167,860	1,260,579	2,333,469
Other	64,179	453,867	830	94,319	613,195	942,244
	<u>4,541,109</u>	<u>2,605,709</u>	<u>511,736</u>	<u>(400,882)</u>	<u>7,257,672</u>	<u>7,956,689</u>
Net assets released from restrictions	982,844	-	(741,503)	(241,341)	-	-
Total Support and Other Revenue	<u>5,523,953</u>	<u>2,605,709</u>	<u>(229,767)</u>	<u>(642,223)</u>	<u>7,257,672</u>	<u>7,956,689</u>
Total Revenue and Support	<u>5,556,860</u>	<u>3,092,350</u>	<u>(229,767)</u>	<u>(642,223)</u>	<u>7,777,220</u>	<u>8,464,895</u>
Expenses and Other Deductions:						
Support of our greater Church community	852,895	-	-	-	852,895	827,709
Ministry areas in the Diocese:						
Christian Formation	236,332	-	-	-	236,332	229,997
Strengthening our Churches	719,476	-	-	-	719,476	727,294
Mission and outreach	68,201	-	-	-	68,201	83,395
Ministry	83,153	-	-	-	83,153	92,431
Human Dignity and Justice	10,904	-	-	-	10,904	9,730
Governance and commission support	15,507	-	-	-	15,507	17,627
Communications and technology across the Diocese	69,788	-	-	-	69,788	78,604

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, 2015 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2014)

	2015				2014	
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total	Total
Bishops, staff and support	\$ 2,829,933	\$ -	\$ -	\$ -	\$ 2,829,933	\$ 2,867,610
Camps and conferences	-	630,456	-	-	630,456	590,941
Other operating expenses	-	635,204	-	-	635,204	758,416
Aid to individuals and organizations	-	292,038	-	-	292,038	620,957
Support services for mission and ministry	-	641,941	-	-	641,941	924,792
Contribution expense	484,237	294,258	-	-	778,495	-
Other designated and restricted fund expenditures	498,607	276,343	-	-	774,950	792,563
Total Expenses and Other Deductions	5,869,033	2,770,240	-	-	8,639,273	8,622,066
Excess (deficiency) of revenue and support over expenses and other deductions	(312,173)	322,110	(229,767)	(642,223)	(862,053)	(157,171)
Transfer of Funds:						
Other	249,291	149,468	53,473	(452,232)	-	-
Total Transfers of Funds	249,291	149,468	53,473	(452,232)	-	-
Change in Net Assets:						
Unrestricted	(62,882)	371,368	-	(759,076)	(450,590)	(1,514,821)
Temporarily restricted	-	100,210	(155,076)	(147,398)	(202,264)	591,746
Permanently restricted	-	-	(21,218)	(187,981)	(209,199)	765,904
	(62,882)	471,578	(176,294)	(1,094,455)	(862,053)	(157,171)
Net assets (deficit) - beginning of year	(335,641)	55,540,185	1,970,860	24,113,827	81,289,231	81,446,402
Net assets (deficit) - end of year	\$ (398,523)	\$ 56,011,763	\$ 1,794,566	\$ 23,019,372	\$ 80,427,178	\$ 81,289,231

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, 2015 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2014)

	2015	2014
	<u>All Funds</u>	
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (862,053)	\$ (157,171)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation	46,388	44,823
Loss on disposal of assets	-	2,910
Gain on sale of real estate	(1,636,221)	-
Unrealized loss on investments - net	1,362,361	568,622
Decrease in beneficial interest in trusts	174,770	53,789
Miscellaneous non-cash income	-	(129,069)
Change in:		
Accounts receivable	(278,517)	(609,448)
Prepaid expenses	7,545	3,441
Accounts payable and accrued liabilities	45,647	(875,843)
Prepaid rent	-	(6,000)
Deferred revenue	(85,733)	(1,430)
Net cash used in operating activities	<u>(1,225,813)</u>	<u>(1,105,376)</u>
<b>Cash flows from investing activities:</b>		
Payments received on notes receivable	54,462	56,226
Purchase of investments	(426,410)	(902,708)
Proceeds from sale of investments	221,356	126,077
Proceeds from sale of real estate	4,054,821	-
Purchase of property and equipment	(38,795)	(64,465)
Net cash provided by (used in) investing activities	<u>3,865,434</u>	<u>(784,870)</u>
<b>Cash flows from financing activities:</b>		
Payments on line of credit	(5,644)	(5,678)
Principal payments on notes payable	(88,058)	(541,374)
Net cash used in financing activities	<u>(93,702)</u>	<u>(547,052)</u>
Net change in cash and cash equivalents	2,545,919	(2,437,298)
Cash and cash equivalents - beginning of year	<u>1,434,204</u>	<u>3,871,502</u>
Cash and cash equivalents - end of year	<u>\$ 3,980,123</u>	<u>\$ 1,434,204</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	<u>\$ 148,161</u>	<u>\$ 165,080</u>
<b>Supplemental non-cash investing transactions:</b>		
Transfer of investments	<u>\$ -</u>	<u>\$ 129,069</u>

# THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### **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, 2015

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### 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, 2015.

*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, 2015, the Diocese had \$3,985,967 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 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.

*New Accounting Pronouncements* - On May 1, 2015, the FASB Board issued ASU 2015-07, *Fair Value Measurement (Topic 820) – Disclosures for Investments in Certain Entities That Calculate Net Asset Value (“NAV”) per Share (or its’ Equivalent)*. The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. Instead, the amounts measured using the NAV per share (or its equivalent) must be provided to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. The Diocese has elected to early adopt ASU 2015-07 and has removed all investments from the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient.

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

DECEMBER 31, 2015

**Note 3—Investments**

Investments are reported at fair value. Investments consist of the following at December 31, 2015:

	<b>Fair Value</b>	<b>Cost</b>
Investments - STAMP	\$ 1,038,516	\$ 1,059,079
Investments - Trustees of the Funds	20,245,252	10,504,881
	<u>\$ 21,283,768</u>	<u>\$ 11,563,960</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 (loss) included the following for 2015:

Diocesan Missionary Society	\$ 17,527
STAMP income	11,509
STAMP unrealized gain (loss)	(6,649)
Trustees of the Funds income	802,871
Trustees of the Funds unrealized gain (loss)	(1,355,712)
Interest on notes receivable	635
	<u>\$ (529,819)</u>

**Note 4—Investments carried at Net Asset Value or its equivalent**

All amounts held by TOTF are held in two accounts (STAMP and TOTF) with no 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, purchasing power, long-term growth of principal, and risk tolerance of the TOTF. 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 table below sets forth a summary of investments that are valued using Net Asset Value ("NAV") at December 31, 2015. This category includes the following type of investment:

	<b>2015</b>	<b>Unfunded</b>	<b>Lock-in</b>	<b>Redemption</b>	<b>Redemption</b>
	<u>Fair Value</u>	<u>Commitments</u>	<u>Period</u>	<u>Frequency</u>	<u>Notice Period</u>
Trustees of the Funds <sup>(a)</sup> :	\$ 20,245,252	n/a	n/a	Daily	None
STAMP <sup>(b)</sup> :	\$ 1,038,516	n/a	n/a	Daily	None

(a) This class includes investments in private real estate, publicly-traded real estate, publicly-traded energy-related equities, commodities, inflation-indexed bonds, U.S. Treasury and government agency bonds, non-U.S. dollar denominated bonds, public and private corporate debt, mortgages and asset-backed securities, and non-investment grade debt.

(b) This class includes investments in shorter-term, investment grade bonds, U.S. Treasury and government agency bonds, pooled consumer bonds, mortgages and asset-backed securities.

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

DECEMBER 31, 2015

**Note 5—Notes receivable**

Notes receivable consisted of the following at December 31, 2015:

**Clergy housing installment loans**

Due \$232 per month, including interest at 5.00%,  
 uncollateralized, final payment due April 2020. \$ 10,633

**Other installment loans**

Due \$594 per month, including interest at 7.00%,  
 uncollateralized, final payment due April 2016. 4,575

**Litigation settlement loans**

Five yearly installments, non-interest,  
 uncollateralized, final payment due April 30, 2016. 33,911

Less current portion 49,119

(40,790)

\$ 8,329

**Note 6—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, 2015, as follows:

Pledges receivable	\$ 706,967
Less current portion	<u>(234,758)</u>
	<u>\$ 472,209</u>

Gross amounts to be collected in:

Less than one year	\$ 234,758
One to five years	<u>525,010</u>
	759,768

Less:

4% discount	<u>(52,801)</u>
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Fair value	<u>\$ 706,967</u>
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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 fair value adjustment for 2015 was \$52,801 and is included in gift income in the statement of activities. No changes in the fair value measurement were attributable to instrument specific risk.

# THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### Note 7—Property and equipment

Major classes of property and equipment consisted of the following at December 31, 2015:

Equipment	\$ 252,433
Vehicles	135,003
Assets not in service	38,795
	<u>426,231</u>
Less accumulated depreciation	<u>(231,399)</u>
	<u>\$ 194,832</u>

### Note 8—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 \$2,330,381 at December 31, 2015, 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 9—Related-party transactions

The Diocese provides administrative and accounting services to several related organizations. Trustees of the Funds ("TOTF") and Diocesan Missionary Society ("DMS") 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 2015, salary costs incurred and subsequently reimbursed were \$282,702 and \$22,385 for Trustees of the Funds and Diocesan Missionary Society, respectively. As of December 31, 2015, the Diocese also had related-party receivables with the TOTF, DMS, and Shrine Mont in the amount of \$68,023, \$1,481, and 48,695, 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 non-exchange 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 2015, the Diocese paid \$415,678 for room and board to Shrine Mont as a part of these programs.

In 2015, the Diocese paid \$460,024 of construction costs on Shrine Mont's behalf for renovation of the camps' facilities.

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, 2015, with a balance of \$3,874,844.

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

DECEMBER 31, 2015

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**Note 10—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 2015 was \$144,561. 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 2015 was \$157,023.

**Note 11—Notes payable and line of credit**

Notes payable consisted of the following as of December 31, 2015:

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.	\$ 153,273
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.	233,662
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.	1,550,825
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.	8,158
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.	1,928,916
	<u>3,874,834</u>
Less current portion	<u>(149,157)</u>
	<u>\$ 3,725,677</u>

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

DECEMBER 31, 2015

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**Note 11—Notes payable and line of credit (continued)**

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

2016	\$	149,157
2017		170,181
2018		175,602
2019		183,044
2020		190,841
Thereafter		<u>3,006,009</u>
	\$	<u><u>3,874,834</u></u>

The Diocese has a \$2,500,000 line of credit available from SunTrust Bank to fund cash requirements through September 27, 2016. As of December 31, 2015, the Diocese had an outstanding balance on this line of \$2,488,678. The line of credit carries an interest rate of the British Bankers Association London Interbank Offered Rate ("LIBOR") plus 1.15% (1.394% at December 31, 2015). 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 27, 2016, 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 12—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:

2016	\$	<u><u>19,586</u></u>
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**Note 13—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, 2015 was \$756,377.

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, 2015 was \$3,523,149. 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, 2015

**Note 13—Commitments and contingencies (continued)**

The Diocese has outstanding commitments at year-end of approximately \$277,023 with respect to the Annual Council conventions for 2016 through 2018. 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, 2016. 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, 2015, this amounted to \$1,288,404.

**Note 14—Restricted net assets**

The Diocese had restrictions on net assets as follows at December 31, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Development funds	\$ 1,128,153	\$ 666,413
Diocesan programs	2,522,508	-
Bishop's programs	4,568,357	2,241,560
Beneficial interest in perpetual trusts	-	2,330,381
	<u>\$ 8,219,018</u>	<u>\$ 5,238,354</u>

**Note 15—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, 2015 is as follows:

	<u>Operating Funds</u>	<u>Designated Funds</u>	<u>Development Funds</u>	<u>Other Funds</u>
Program	\$ 3,767,177	\$ 2,770,240	\$ -	\$ -
Administrative and general	1,989,160	-	-	-
Fundraising	112,696	-	-	-
	<u>\$ 5,869,033</u>	<u>\$ 2,770,240</u>	<u>\$ -</u>	<u>\$ -</u>

# THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### Note 16—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 2015.

*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, 2015

**Note 16—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, 2015:

<b>Assets at Fair Value as of December 31, 2015</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Beneficial interest in trusts	\$ -	\$ -	\$ 2,330,381	\$ 2,330,381
Pledges receivable	-	-	706,967	706,967
Total assets measured at NAV	-	-	-	21,283,768
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,037,348</u>	<u>\$ 24,321,116</u>

*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 2015.

	<b>Beneficial Interest in Trusts</b>	<b>Pledges Receivable</b>
<b>Balance – beginning of year</b>	<u>\$ 2,505,151</u>	<u>\$ 693,379</u>
New pledges	-	393,440
Pledge payments received	-	(365,505)
Change in fair value	<u>(174,770)</u>	<u>(14,347)</u>
Net increase	<u>(174,770)</u>	<u>13,588</u>
<b>Balance – end of year</b>	<u>\$ 2,330,381</u>	<u>\$ 706,967</u>

**Note 17—Endowment funds**

The Diocese's endowment consists of twenty-eight 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 PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2015

**Note 17—Endowment funds (continued)**

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, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets-- beginning of year	\$ (13,182)	\$ 3,888,749	\$ 2,254,772	\$ 6,130,339
Investment return:				
Investment income	12,421	70,454	3,145	86,020
Net realized and unrealized losses	(18,092)	(362,801)	(4,035)	(384,928)
Appropriation for expenditure	-	(68,598)	-	(68,598)
Endowment net assets-- end of year	<u>\$ (18,853)</u>	<u>\$ 3,527,804</u>	<u>\$ 2,253,882</u>	<u>\$ 5,762,833</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.

**Note 18—Comparative totals**

The summarized amounts shown for 2014 in the accompanying financial statements are included to provide a basis for comparison with 2015 and are not intended to present all information necessary for a fair presentation of the summarized 2014 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 2014, from which the summarized information was derived.

**Note 19—Subsequent events**

In preparing these financial statements, the Diocese has evaluated events and transactions for potential recognition or disclosure through December 7, 2016, the date the financial statements were available to be issued.

The Diocese has entered into a contract, in 2016, to sell the Centreville Road property in Fairfax County for approximately \$2,700,000.

The Diocese has extended the contract to sell the Lee Highway in Prince William County property, which is now expected to be sold in 2016 for approximately \$4,000,000.

## **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, 2015 AND 2014

	2015		2014	Budget Variance	
	Budget	Actual	Actual	Favorable (Unfavorable)	
				Amount	Percent
<b>Support and Revenue:</b>					
Pledges from churches	\$ 4,451,126	\$ 4,244,810	\$ 4,336,639	\$ (206,316)	-4.64%
Other gifts, grants and pledges	40,000	138,898	50,047	98,898	247.25%
Investment income (loss)	-	(13,164)	15,073	(13,164)	100.00%
Income from Virginia Episcopalian	45,000	32,907	50,685	(12,093)	-26.87%
Health insurance administration	90,000	106,386	85,288	16,386	18.21%
Gain on disposal of assets	-	-	590	-	100.00%
Miscellaneous income	-	64,179	-	64,179	0.00%
	<u>4,626,126</u>	<u>4,574,016</u>	<u>4,538,322</u>	<u>(52,110)</u>	<u>-1.13%</u>
Net assets released from restrictions	<u>530,200</u>	<u>982,844</u>	<u>507,160</u>	<u>452,644</u>	<u>85.37%</u>
<b>Total Support and Revenue</b>	<u>5,156,326</u>	<u>5,556,860</u>	<u>5,045,482</u>	<u>400,534</u>	<u>7.77%</u>
<b>Expenses:</b>					
Ministry areas:					
General Church Support	<u>852,895</u>	<u>852,895</u>	<u>827,709</u>	<u>-</u>	<u>-</u>
Christian Formation:					
Committee on Christian Formation	238,485	204,959	204,072	33,526	14.06%
Youth ministry development	11,150	6,697	7,000	4,453	39.94%
Clergy and diocesan conferences	15,000	22,156	14,011	(7,156)	-47.71%
Education for ministry program	2,500	2,520	4,914	(20)	-0.80%
	<u>267,135</u>	<u>236,332</u>	<u>229,997</u>	<u>30,803</u>	<u>11.53%</u>
Strengthening Our Churches:					
Aid to mission churches	596,800	592,355	533,541	4,445	0.74%
Aid to mountain missions	93,643	83,649	74,419	9,994	10.67%
Special ministries and other committees	92,370	(3,192)	63,513	95,562	103.46%
Other areas for strengthening our churches	74,025	46,664	55,821	27,361	36.96%
	<u>856,838</u>	<u>719,476</u>	<u>727,294</u>	<u>137,362</u>	<u>16.03%</u>
Mission and Outreach:					
Committee on Mission and Outreach	24,990	14,951	13,145	10,039	40.17%
Other mission and outreach areas	97,000	53,250	70,250	43,750	45.10%
Ecumenical Partnerships	-	-	-	-	0.00%
	<u>121,990</u>	<u>68,201</u>	<u>83,395</u>	<u>53,789</u>	<u>44.09%</u>
Ministry:					
Commission on Ministry	126,480	83,153	92,431	43,327	34.26%
Human Dignity and Justice:					
Areas for Human Need and Justice	<u>20,578</u>	<u>10,904</u>	<u>9,730</u>	<u>9,674</u>	<u>47.01%</u>
<b>Total ministry areas</b>	<u>2,245,916</u>	<u>1,970,961</u>	<u>1,970,556</u>	<u>274,955</u>	<u>12.24%</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, 2015 AND 2014

	2015		2014	Budget Variance Favorable (Unfavorable)	
	Budget	Actual	Actual	Amount	Percent
<b>Expenses (continued)</b>					
Governance & Committee Support:					
Standing Committee	\$ 3,000	\$ 817	\$ 1,917	\$ 2,183	72.77%
Executive Board, Deans and Presidents	3,750	2,904	3,362	846	22.56%
Other committee support	37,348	11,786	12,348	25,562	68.44%
	<u>44,098</u>	<u>15,507</u>	<u>17,627</u>	<u>28,591</u>	<u>64.84%</u>
Communications & Technology:					
Virginia Episcopalian and eCommunique	64,000	46,797	58,824	17,203	26.88%
Other communications expenses	29,825	22,991	19,780	6,834	22.91%
	<u>93,825</u>	<u>69,788</u>	<u>78,604</u>	<u>24,037</u>	<u>25.62%</u>
Bishops, Staff and Support:					
The Episcopate:					
Bishops	490,635	490,144	483,062	491	0.10%
Episcopal office staff	499,391	462,126	448,491	37,265	7.46%
Other expenses of the Office of the Bishop	5,500	5,032	534	468	8.51%
Bishops and Episcopal office travel	95,815	36,921	25,565	58,894	61.47%
	<u>1,091,341</u>	<u>994,223</u>	<u>957,652</u>	<u>97,118</u>	<u>8.90%</u>
Staff:					
Professional staff	1,308,914	1,307,537	1,244,253	1,377	0.11%
Staff travel	34,120	113,593	86,254	(79,473)	-232.92%
Other staff expenses	33,450	42,989	17,611	(9,539)	-28.52%
	<u>1,376,484</u>	<u>1,464,119</u>	<u>1,348,118</u>	<u>(87,635)</u>	<u>-6.37%</u>
Support:					
Automobile expenses	48,000	71,938	37,645	(23,938)	-49.87%
Office supplies, equipment and services	90,350	112,557	115,207	(22,207)	-24.58%
Building related expenses	104,000	40,641	126,800	63,359	60.92%
Professional fees	50,000	112,021	163,969	(62,021)	-124.04%
Other expenses	34,900	34,434	118,219	466	1.34%
	<u>327,250</u>	<u>371,591</u>	<u>561,840</u>	<u>(44,341)</u>	<u>-13.55%</u>
Total Bishop's staff and support	<u>2,795,075</u>	<u>2,829,933</u>	<u>2,867,610</u>	<u>(34,858)</u>	<u>-1.25%</u>
Expended assets released from restrictions:					
Aid to individuals and organizations	-	982,844	507,160	-	-
Other	-	-	-	-	-
	<u>-</u>	<u>982,844</u>	<u>507,160</u>	<u>-</u>	<u>-</u>
<b>Total expenses</b>	<u>5,178,914</u>	<u>5,869,033</u>	<u>5,441,557</u>	<u>(690,119)</u>	<u>-13.33%</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, 2015 AND 2014

	2015		2014	Budget Variance Favorable (Unfavorable)	
	Budget	Actual	Actual	Amount	Percent
<b>Excess (deficiency) of support and revenue over expenses</b>	\$ (22,588)	\$ (312,173)	\$ (396,075)	\$ 289,585	-1282.03%
Transfer of funds:					
Reserve accounts	-	(29,920)	(32,152)	29,920	-100.00%
Shrine Mont camp program support	(122,500)	(122,500)	(122,500)	-	0.00%
Other	-	401,711	492,162	(401,711)	100.00%
	<u>(122,500)</u>	<u>249,291</u>	<u>337,510</u>	<u>(371,791)</u>	<u>303.50%</u>
<b>Total changes in net assets after transfers</b>	<u>\$ (145,088)</u>	<u>\$ (62,882)</u>	<u>\$ (58,565)</u>	<u>\$ (82,206)</u>	<u>-</u>



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

DECEMBER 31, 2015 AND 2014

	<b>2015</b>	<b>2014</b>
Aheron Scholarship	\$ 14	\$ 2,450
Annual Council Fund	(49,878)	(73,115)
Atlee Mission Fund	(304,172)	(300,225)
Auto Reserve	(21,191)	(21,191)
Biggar/Power Fund	600	800
Bishop Johnston Vestments	500	500
Bishops & Staff Reserve	56,125	58,329
Bishop's Designated for Tanzania	(2)	7,960
Bishop's DMS Grant	94,732	94,732
Building Repairs Reserve	(19,456)	19,339
Camps	-	96,986
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	6,494	7,368
Congregational Development & Revitalization	23,697	25,051
Council Scholarship Fund	275	275
Cursillo in the Diocese of VA	5,344	5,344
DaySpring	1,371,440	(91,564)
DaySpring Real Estate Fund	38,896,220	41,314,819
Deacons Reserve	47,484	47,484
Des - Intern - M&O	5,000	-
Des - St. Andrew's Charlottesville	107,258	127,200
Des - Trinity Highland Springs	2,074	-
Diaconal Formation Institute	(37,953)	(2,029)
Diocesan Cemetery Fund	2,198	-
Diocesan Historic Property Fund	19,115	-
Diocesan Intern Program	5,000	-
Diocesan Program Office	21,110	21,110
Diocese of Madagascar	100	600
Diocese of Renk -- Sudan	19,805	5,024
Diocese of Tanzania	146,543	73,677
East End Initiative	68,919	-
Ecumenical and Interfaith Committee	960	960
Education for Ministry	965	965
EPIC Moms	981	-
Episcopal Art Series	(21,717)	(17,407)
Episcopal Transition Reserve	8,000	8,000
Subtotal (carried forward)	<u>40,525,858</u>	<u>41,482,718</u>

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

DECEMBER 31, 2015 AND 2014

	<b>2015</b>	<b>2014</b>
Subtotal (brought forward)	\$ 40,525,858	\$ 41,482,718
General Convention	16,334	49,589
Haiti	1,282	-
Interim Ministry Development	1,080	1,080
John G Hayes Jr Income Fd	9,511	6,453
John G Hayes Missionary Fund	(129)	2,498
La Iglesia de Santa Maria	(32,362)	(30,274)
Lambeth Convention	165,813	41,530
Latino Ministry	(2,415)	5,000
Liberia	2,077	2,077
Mental Health Committee Reserve	15	15
Micro-Economic Development	72,750	72,750
Mission Development	90,750	90,750
Mission Maintenance & Repair Reserve	21,000	21,000
Missioner for World Mission	79,789	76,718
Mountain Mission Reserve	28,148	24,787
Native American Ministry	7,652	6,732
Office Equipment Reserve	6,932	6,932
Omisol Road - Reserve	1,897	(1,663)
Payroll Acct - St Margaret's Woodbridge	82,668	-
Prevention of Misconduct Reserve	4,000	4,000
Property & Opr Exp - St Pauls Haymarket	(3,221)	-
Property Exp - Church Hill Dr. Woodbridge	27,311	-
Property Exp - Epiphany Herndon	55,410	-
Property Exp - Pickett Road/Braddock Rd	-	(44,670)
Property Fund	9,404	7,054
Property Maintenance Fund	28,403	13,865
Real Estate Value Fund	12,756,306	12,719,796
Region 2 Mission (Deltaville)	65,811	56,799
Reserve-2015 Unrestricted Reserve	1,140,157	-
Risk Management Program	26,156	36,956
Rockingham Property Fund (Reg 14)	12,811	12,930
Shelton Shop Rd Property	114,356	97,176
St Clare's (W Henrico) Mission	(126,417)	(126,417)
St Francis Mission Fd (Goochland)	(179,357)	(179,357)
ST Investments	31,613	31,465
St Margarets Ruther Glenn	135	(3,365)
Stewardship Committee Reserve	467	467
Stewardship of Creation Grant Fund	8,801	8,801
Trinity, Beaverdam	8,149	6,816
Trustees of the Funds	847,277	913,548
Virginia Diocesan Library	(4,687)	11,418
YASC - A Cameron	(630)	-
Young Priests Initiative	9,888	9,888
Youth Ministry	100,970	104,320
<b>Total designated funds</b>	<b>\$ 56,011,763</b>	<b>\$ 55,540,185</b>

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

*DECEMBER 31, 2015 AND 2014*

	<b>2015</b>	<b>2014</b>
Bishop Jones' Evangelism Fund	\$ 500	\$ -
Bishop Lee Fund for Small Church Vitality	134,877	198,541
B Maxwell Art Camp Scholarship Fund	1,906	2,915
Camp Equipment	13,155	13,155
Camp Program TOF Investments	114,994	122,663
Camp Scholarship Annual Fund	18,271	36,570
FCF - Unrestricted	121,289	120,491
Mustard Seed Grant Fund	18,101	42,899
Pledges Receivable - SM Shout It! Campaign	648,835	664,923
Shrine Mont Shout It! Campaign	683,991	710,338
St. Georges Camp	19,337	19,337
W Stanley Camp Scholarship Fund	692	242
Youth Mission Vouchers 2006	450	450
Youth Mission Vouchers 2007	3,000	3,000
Youth Mission Vouchers 2008	2,150	2,350
Youth Mission Vouchers 2009	3,600	4,200
Youth Mission Vouchers 2010	9,941	10,141
Youth Mission Vouchers 2011	1,605	2,205
Youth Mission Vouchers 2012	1,513	4,113
Youth Mission Vouchers 2013	5,295	9,095
Youth Mission Vouchers 2014	(5,167)	3,233
Youth Mission Vouchers 2015	(3,769)	-
<b>Total development funds</b>	<b>\$ 1,794,566</b>	<b>\$ 1,970,860</b>

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

*DECEMBER 31, 2015 AND 2014*

	<b>2015</b>	<b>2014</b>
A.H. & C.J. Robinson Fund	\$ 178,750	\$ 192,890
Albert Baker Fund	101,460	103,631
Alison Gibson Fund	607	-
Ball Fund	135,651	107,028
Bishop Goff's Discretionary Fund	14,702	20,085
Bishop Goodwin Memorial Scholarship Fd	12,860	12,860
Bishop Gulick's Discretionary Fund	14,253	16,897
Bishop Gulick's Vestment Fund	-	500
Bishop Johnston's Discretionary Fund	2,966	12,994
Bishop Jones' Discretionary Fund	31,758	19,824
Bishop Jones Evangelism Grant Fund	5,179	3,462
Bishop Jones' Sabbatical Fund	6,707	6,707
Bishop Mason Memorial Fund	1,770	1,770
Bishops Combined Discretionary Fund	7,734	6,561
Bishop's Emergency Needs Fund	99,704	104,320
Bishop's Investment Fund	(23,786)	(23,786)
Bishop's Theological Education Fund	16,272	13,273
Bp PjL Disc Fd	644	-
Bp R. F. Gibson Memorial Fund	1,432	-
Bp R. F. Gibson Property Foundation	10,178	-
Bruce Fund	44,428	38,527
Canon Wingo Discretionary Fund	2,494	3,343
Charles Norse Fund	2,113	-
Columbia Walker Memorial Missions Fund	48,885	(52,800)
David Lewis Memorial Fund	5,613	5,650
Disabled Clergy Fund	668,778	606,424
Diocesan Fund for Human Need	12,602	10,019
Diocesan Fund for World Mission	23,019	23,173
Dickinson Memorial Fund	(27,500)	-
Diocesan Cemetery Fund	7,017	-
Diocesan Historic Property Fund	(18,017)	-
Dooley Fund	129,955	133,699
duPont Diocesan Enrichment Fund	(82)	13,310
duPont Small Church Clergy Development	17,050	17,050
E Holcombe Palmer Fund	4,480	4,480
ECW Gift - Bishop Goff	589	1,335
Ellen Goldsborough Fund	26,715	19,773
Episcopal Fund	92,326	131,735
Forest Fund	43,188	37,451
Francis Edmonia Newman Fund	35,236	35,236
Freda W Kipps Income Fund	31,670	28,251
Gilliatt Campus Ministry Fund	10,539	10,749
Hugh McGuire Taylor Fund	35,266	37,342
Ida B Gale Fund	35,858	(24,749)
J. B. duPont - Technology Grant	(680)	-
Subtotal (carried forward)	<u>1,850,383</u>	<u>1,679,016</u>

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

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Subtotal (brought forward)	\$ 1,850,383	\$ 1,679,016
Julia A Ward Income Fund	802	802
John and Ethel Davis Fund	1,215	-
John Lyons Fund	5,929	-
Katherine G Cook Scholarship	2,166	2,243
Lucille McGriff Fund	802	-
M Thorpe Disc Fd	955	-
Mary Amanda Stewart Fund	10,402	10,946
MEZ Grant	20,007	10,427
Moncure Memorial Fund	14,358	12,451
Pearl Leone Hecht Fund	178	-
Philip A. Arthur Memorial Fund	547	-
Scott Fdn Grant 2010	51,646	38,546
Smoot Bequest Income Fund	(104,078)	(104,079)
Smoot Bequest to Dio Fund	(109,408)	(109,408)
South African Bishops Fund	9,699	9,699
ST Investments - Restricted	287,689	286,342
St John's Waldrop Fund	33,176	33,176
St. John's Greensprings Fund	18,791	19,102
UTO Fund	187	291
Widows & Orphans Fund	(625)	1,240
Zimmerman Income Fund	-	3,774
<b>Subtotal</b>	<u>2,094,821</u>	<u>1,894,571</u>
Funds invested with the Trustees of the Funds	18,594,170	19,714,105
Beneficial interest in trusts	<u>2,330,381</u>	<u>2,505,151</u>
<b>Total other funds</b>	<u><u>\$ 23,019,372</u></u>	<u><u>\$ 24,113,827</u></u>