

# TREASURER'S REPORT TO THE 200<sup>TH</sup> CONVENTION OF THE DIOCESE OF OHIO

Good morning. I'm Tom Austin, Treasurer of the Diocese with my annual report to Convention. I'll be reporting on the financial condition of the Diocese, the operating budget, parish reporting compliance, and the Joint Investment Fund, which is often referred to by the acronym JIF.

All reports that will be referenced in my report are on the Diocesan web site in both the Convention section and on the Finance Office page.

## **Financial Condition**

The statement of financial position is a snapshot of the assets, liabilities and net assets of the Diocese at September 30, 2016. The Diocese has over \$57.9 million in total assets, including \$7.9 million in cash and short-term investments, \$33.1 million in investments in the Joint Investment Fund, \$6.8 million in pledge receivables, mostly from the Planting for Tomorrow capital campaign, and \$10.1 million in other assets.

Current liabilities in the operating fund consist primarily of ordinary trade payables and deposits for future events. The liabilities in the special purpose column of the statement include \$4.1 million in pledges payable to parishes which are participating in collaborative partnerships with the Diocese in the Planting for Tomorrow campaign. Leadership gifts and the Diocesan portion of parish gifts are recorded as revenue on our books. The Diocese is simply acting as an agent with respect to the portion of the pledges allocable to the parishes, and the parishes will be recording these funds as revenue when received.

Net assets at September 30<sup>th</sup> are over \$53.3 million of which 36% is unrestricted, 45% is temporarily restricted for specific purposes, and the remaining 19% is permanently restricted.

The report titled, "Income Statement – All Funds" covers the first 9 months of this year and is in the same format as our audited statements. The Diocese's revenues through September 30<sup>th</sup> are \$4.4 million, including \$1.4 million in assessments, \$1.1 million in JIF income, over \$700,000 in unrealized and realized gains and almost \$650,000 in contributions. Expenses are about \$3.3 million including \$1.5 in personnel, leaving a net surplus of over \$1,083,554. We are extremely grateful for the generosity of individuals and parishes in the Diocese who have made gifts to the camp & retreat center capital campaign. You will hear more reports about the campaign later today.

## **Operating Budget**

For the year to date through September 30<sup>th</sup>, the operating budget of the Diocese reflects a surplus of about \$3,500, which is much more favorable than the anticipated deficit of over \$210,000. Actual receipts are fairly even with budget, and expenses and transfers are less than budget by over \$200,000.

The Diocese is currently using the services of 4 clergy on a part-time basis: The Rev. Brian Wilbert, archivist for the Diocese and rector of Christ Church, Oberlin; The Rev. Margaret D'Anieri, Canon for Mission and rector of St. Paul's Church, Norwalk; The Rev. Vincent Black, Canon for Christian Formation

and priest-in-charge, Church of the Ascension, Lakewood; and The Rev. Aaron Gerlach, who is working on information technology, and is priest-in-charge of Old Trinity Church in Tiffin. We are grateful for their willingness to share their time with the parishes they serve.

### **Joint Investment Fund**

At September 30<sup>th</sup>, the Joint Investment Fund has assets of over \$50.8 million. Most of the funds, \$49.7 million, are invested in the Balanced Fund, and about \$1.1 million is in the Money Market Fund.

There are 275 sub-accounts in the JIF. The Diocese owns 153 of these accounts worth about \$34.2 million, 48 parishes own 110 accounts in JIF worth about \$16 million, and 4 Episcopal organizations own the remaining 12 accounts worth about \$389,000.

During the 12 months ended September 30<sup>th</sup>, JIF had revenues of \$7.3 million, consisting of \$3.1 million in additions to the Fund, \$2.9 million in realized and unrealized gains, and \$1.3 million in investment income. Expenditures totaled \$4.8 million including \$2.2 million in income distributed to participants, \$2.4 million in principal withdrawals to participants, and \$274,000 in investment, custodial and administrative expenses. The Fund realized a surplus of over \$2.4 million for the year.

Some parishes are concerned that they would lose control of their funds by investing in JIF. However, that is not a concern. Parishes have access to their funds at all times, as there are not any withdrawal restrictions. The Finance Office has recently added same-day direct deposit for parishes with emergency needs for funds. As you can see in the statement of financial position, the Fund has no equity of its own; all of the net assets belong to the participants.

Tina Monreal, President of the Trustees, will be giving a report later today on other information relating to the JIF.

### **Parish Reports Compliance**

You have already heard the lists of parishes that have not submitted assessment reports and payments, lay pension reports, parochial reports and/or audits that were due earlier this year. Five parishes lost their lay delegates' vote for failing to satisfy the requirements.

Later today, you will hear about a proposed constitutional change that would require parochial reports and audits to be submitted timely in order to preserve lay delegates vote at this Convention. If the proposed change were in effect for Diocesan Convention, an additional six parishes' lay delegates would be ineligible to vote.

A parochial report must be submitted in order to calculate the assessment due for the year. An audit is not only required by canon; its completion should enhance trust and confidence in the parish's financial structure and operations. A well-designed financial structure provides for an environment of accountability, adequate segregation of duties, and prevents unauthorized access to assets. Effective financial management ensures that accurate books and records are maintained, the budget is prepared and monitored, best practices are documented and communicated, and complete and timely reports are provided to the Vestry and the parish at its annual meeting.

God has called us to be good and responsible stewards of what He has entrusted to us.

I urge your support for the constitutional change requiring audits and parochial reports to be submitted in order for a parish to retain lay delegates' vote at Diocesan Convention. The proposed change has been endorsed by the Standing Committee, the Finance Committee, and Diocesan Council. I recommend your approval.

**FINANCIAL  
HANDOUTS  
TREASURER'S &  
TRUSTEES'  
REPORTS  
200<sup>TH</sup> CONVENTION**

**Episcopal Diocese of Ohio**  
**Statement of Financial Position**  
as of September 30, 2016

	Operating	Special Purpose	Endowment	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
CASH & EQUIVALENTS	\$2,031,201	\$5,852,091	(\$4,142)	\$7,879,150
RECEIVABLES	\$80,528	\$1,746,746	\$7,430	\$1,834,704
OTHER	\$20,569	\$3,815	\$0	\$24,384
<b>TOTAL CURRENT ASSETS</b>	<b>\$2,132,298</b>	<b>\$7,602,652</b>	<b>\$3,288</b>	<b>\$9,738,238</b>
<b>NONCURRENT ASSETS</b>				
PROPERTY AND EQUIPMENT	\$4,971,082	\$168,433	\$0	\$5,139,515
OTHER ASSETS	\$3,565,167	\$11,962,650	\$27,558,693	\$43,086,510
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$8,536,249</b>	<b>\$12,131,083</b>	<b>\$27,558,693</b>	<b>\$48,226,025</b>
<b>TOTAL ASSETS</b>	<b>\$10,668,547</b>	<b>\$19,733,735</b>	<b>\$27,561,981</b>	<b>\$57,964,263</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
CURRENT LIABILITIES	\$183,287	\$779,440	\$0	\$962,727
NONCURRENT LIABILITIES	\$0	\$3,720,276	\$0	\$3,720,276
<b>TOTAL LIABILITIES</b>	<b>\$183,287</b>	<b>\$4,499,716</b>	<b>\$0</b>	<b>\$4,683,003</b>
<b>NET ASSETS</b>				
UNRESTRICTED	\$10,485,260	\$12,828	\$8,883,321	\$19,381,409
TEMPORARILY RESTRICTED	\$0	\$14,629,672	\$9,540,810	\$24,170,482
PERMANENTLY RESTRICTED	\$0	\$591,519	\$9,137,849	\$9,729,368
<b>TOTAL NET ASSETS</b>	<b>\$10,485,260</b>	<b>\$15,234,019</b>	<b>\$27,561,981</b>	<b>\$33,281,260</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$10,668,547</b>	<b>\$19,733,735</b>	<b>\$27,561,981</b>	<b>\$57,964,263</b>

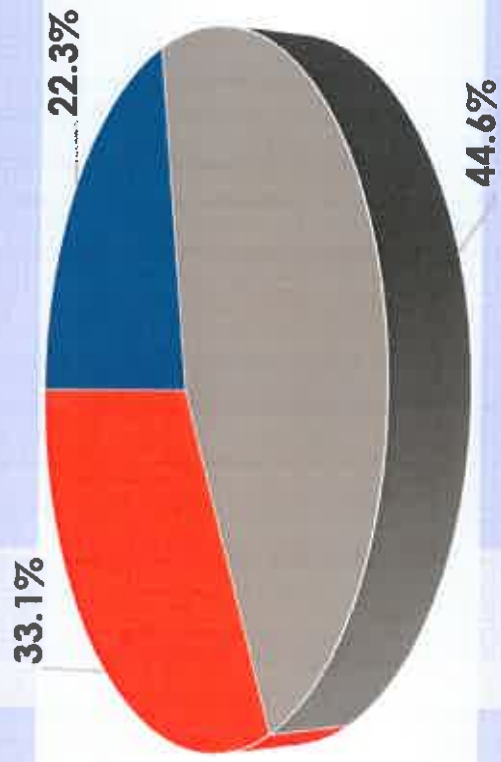
**Episcopal Diocese of Ohio**  
**Income Statement - All Funds**  
for Nine Months Ended September 30, 2016

	Operating	Special Purpose	Endowment	Total
<b>Revenue and Support</b>				
Assessments	\$1,472,559	\$0	\$0	\$1,472,559
Joint Investment Fund Income	\$433,511	\$549,382	\$140,675	\$1,123,568
Net realized and unrealized gain on investments	\$146,781	\$114,604	\$455,500	\$716,885
Appreciation on funds held in trust	\$0	\$10,991	\$40,592	\$51,583
Interest and Dividend Income	\$51,014	\$181,834	\$0	\$232,848
Other Income	\$190,121	\$424	\$0	\$190,545
Contributions and Offerings	\$0	\$562,788	\$80,560	\$643,348
Net assets released from restrictions	\$0	\$0	\$0	\$0
<b>Total Revenue and Support</b>	<b>\$2,293,986</b>	<b>\$1,420,023</b>	<b>\$717,327</b>	<b>\$4,431,336</b>
<b>Expenses</b>				
Clergy	\$18,358	\$101,181	\$0	\$119,539
Congregations and Christian Formation	\$125,484	\$32,917	\$11,250	\$169,651
Anglican Commitments	\$355,958	\$0	\$0	\$355,958
Personnel	\$1,313,880	\$178,666	\$0	\$1,492,546
Travel Expenses	\$43,229	\$2,475	\$0	\$45,704
Mission Office	\$21,014	\$2,461	\$0	\$23,475
Bishop's and Support Offices	\$137,258	\$25,205	\$0	\$162,463
Building and Office Expenses	\$121,265	\$27,570	\$0	\$148,835
Capital Grants	\$0	\$124,154	\$0	\$124,154
Legal fees and related expenses	\$1,843	\$0	\$0	\$1,843
Other Grants	\$0	\$306,659	\$143,881	\$450,540
Other Expenses	\$22,022	\$212,812	\$12,390	\$247,224
Depreciation	\$5,850	\$0	\$0	\$5,850
<b>Total Expenses</b>	<b>\$2,166,161</b>	<b>\$1,014,100</b>	<b>\$167,521</b>	<b>\$3,347,782</b>
<b>Transfers Among Funds</b>				
	\$2,182,472	(\$2,042,399)	(\$140,073)	\$0
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$2,310,297</b>	<b>(\$1,636,476)</b>	<b>\$409,733</b>	<b>\$1,083,554</b>

**Episcopal Diocese of Ohio**  
**Year-to-Date Budget Report**  
**For Nine Months Ended September 30, 2016**

	YTD Actual	YTD Budget	Favorable (Unfavorable)
<b>RECEIPTS</b>			
SUPPORT FROM CONGREGATIONS	\$1,472,558	\$1,489,040	(\$16,482)
ENDOWMENT INCOME	\$294,317	\$288,270	\$6,047
TOTAL INVESTMENT INCOME - OTHER	\$131,100	\$119,373	\$11,727
FEES RECEIVED FOR ADMINISTRATIVE SERVICES	\$186,318	\$183,209	\$3,109
OTHER RECEIPTS	\$3,803	\$3,750	\$53
FROM SPECIAL FUNDS	\$195,332	\$250,275	(\$54,943)
<b>TOTAL RECEIPTS</b>	<b>\$2,283,428</b>	<b>\$2,333,917</b>	<b>(\$50,489)</b>
<b>EXPENSES</b>			
OFFICE OF MINISTRY	\$113,076	\$156,262	\$43,186
OFFICE FOR CONGREGATIONS AND CHRISTIAN FORMATION	\$159,215	\$213,750	\$54,535
DIOCESAN, EPISCOPAL CHURCH AND ANGLICAN COMMUNION RESE	\$355,886	\$360,580	\$4,694
OFFICE OF MISSION	\$23,311	\$36,687	\$13,376
OFFICE OF THE BISHOP AND SUPPORT OFFICES	\$1,672,916	\$1,715,449	\$42,533
LEGAL FEES AND RELATED EXPENSES	\$1,487	\$0	(\$1,487)
<b>TOTAL EXPENSES</b>	<b>\$2,325,891</b>	<b>\$2,482,728</b>	<b>\$156,837</b>
<b>FUND TRANSFERS</b>			
INTER FUND TRANSFERS	\$77,577	\$37,500	(\$40,077)
INTRA FUND TRANSFERS	(\$123,514)	\$24,000	\$147,514
<b>TOTAL FUND TRANSFERS</b>	<b>(\$45,937)</b>	<b>\$61,500</b>	<b>\$107,437</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$3,474</b>	<b>(\$210,311)</b>	<b>\$213,785</b>

## JIF Balanced Fund Accounts by Ownership at 9/30/2016



- Diocesan Funds used in the budget
- Other Diocesan Funds
- Parishes and Episcopal Organizations



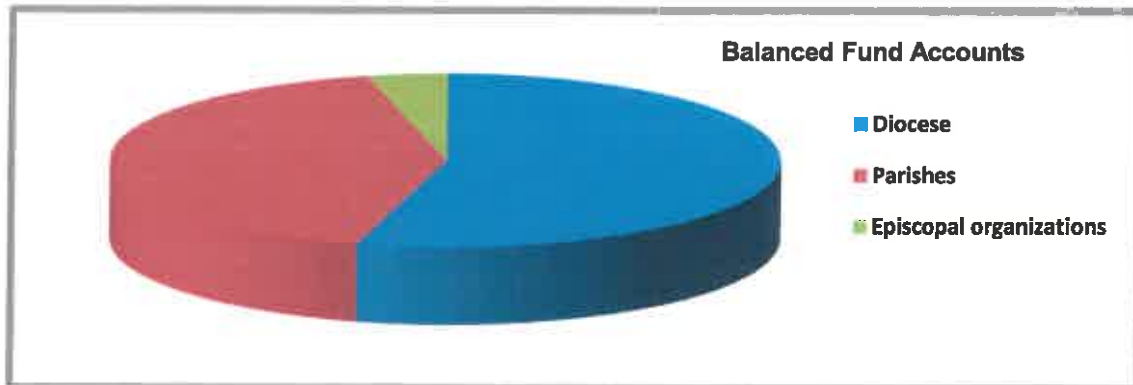
# JOINT INVESTMENT FUND OF THE TRUSTEES OF THE DIOCESE OF OHIO

As of September 30, 2016

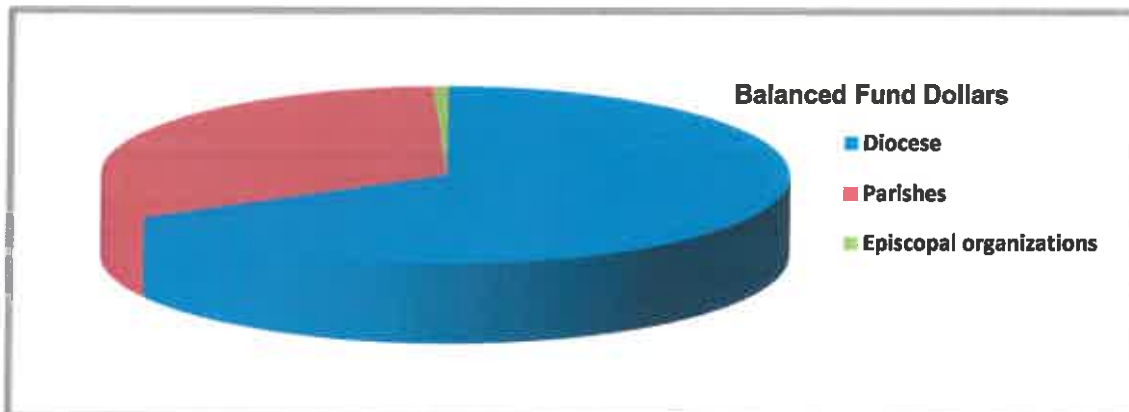
## BALANCED FUND

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Diocese	139	54.3%
Parishes	107	41.8%
Episcopal organizations	10	3.9%
<b>Total accounts</b>	<b>256</b>	<b>100.0%</b>



Diocese	\$ 33,118,894	66.9%
Parishes	16,029,548	32.4%
Episcopal organizations	347,932	0.7%
<b>Total dollars</b>	<b>\$ 49,496,374</b>	<b>100.0%</b>

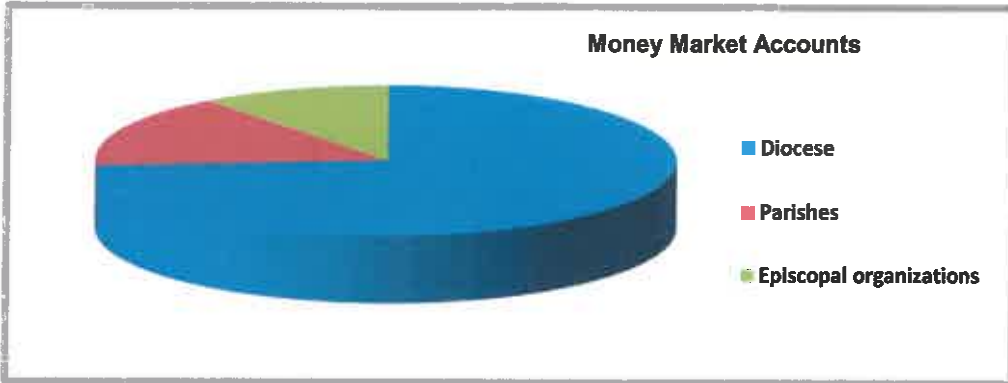


**JOINT INVESTMENT FUND OF THE TRUSTEES OF THE DIOCESE OF OHIO**

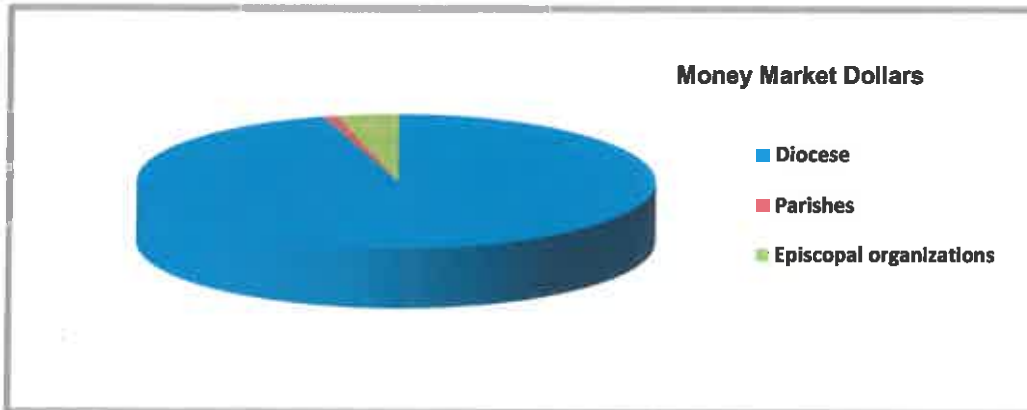
**As of September 30, 2016**

**MONEY MARKET FUND**

<b>Diocese</b>	<b>14</b>	<b>73.7%</b>
<b>Parishes</b>	<b>3</b>	<b>15.8%</b>
<b>Episcopal organizations</b>	<b>2</b>	<b>10.5%</b>
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<b>Total accounts</b>	<b>19</b>	<b>100.0%</b>



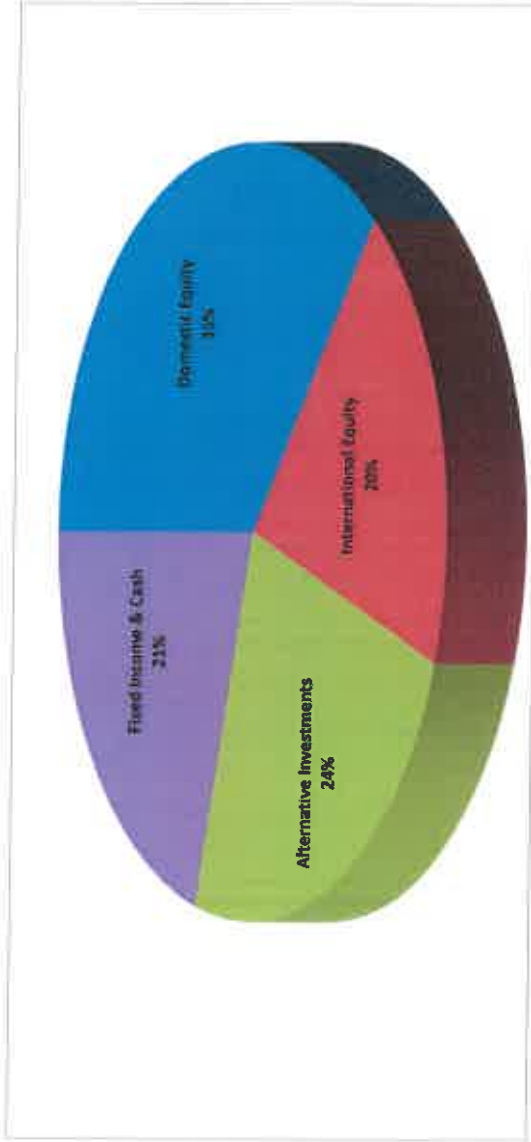
<b>Diocese</b>	<b>\$ 1,041,404</b>	<b>95.3%</b>
<b>Parishes</b>	<b>9,983</b>	<b>0.9%</b>
<b>Episcopal organizations</b>	<b>41,510</b>	<b>3.8%</b>
	<hr/>	
<b>Total dollars</b>	<b>\$ 1,092,896</b>	<b>100.0%</b>



**JOINT INVESTMENT FUND  
PERFORMANCE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016**

Account	Market Value	12-month return	Benchmark return
Alternative Investment Group	\$ 3,204,946	-0.3%	0.5%
Oppenheimer Intl. Growth Fund	3,469,068	9.1%	9.8%
Voys Global Real Estate I	1,005,080	11.3%	14.8%
Loomis Sayles Small Growth Institutional	1,640,886	6.9%	12.1%
Dodge & Cox Intl. Stock	3,687,856	5.6%	7.1%
DFA Emerging Markets Social Core Equity	4,486,120	7.1%	5.2%
Integrity Small/Mid Cap Value	1,506,868	19.3%	17.2%
JPMorgan Strategic Income Opps	2,203,654	12.5%	17.7%
Federated Total Return Bond Institutional	1,185,365	6.7%	0.3%
PIMCO Diversified Income	4,388,449	6.8%	5.2%
Standard Life Global Absolute Return	1,032,455	12.6%	5.2%
Saix Floating Rate High Income	2,376,515	-2.4%	5.5%
Vanguard International Explorer	920,932	6.0%	5.3%
US Bank Money Market	1,223,967	8.0%	11.4%
Wells Fargo Adv Absolute Return	61,915	0.0%	0.3%
World Asset Management	3,151,580	5.8%	4.1%
	13,434,785	15.0%	15.4%
<b>Total Balanced Fund</b>	<b>\$ 49,000,391</b>	<b>8.9%</b>	<b>9.3%</b>

Green figures in the 12-month return column indicates the investment outperformed its benchmark.



**Joint Investment Fund  
Statement of Financial Position  
as of 9-30-2016**

<b>Assets</b>	
Cash	\$ 729,114
Investments, at cost	42,401,204
Unrealized appreciation on investments	7,690,706
Dividends receivable	38,930
<b>Total Assets</b>	<b>\$ 50,859,954</b>

<b>Liabilities</b>	
Income distributions payable	\$ 92,962
Principal withdrawals payable	140,018
Investment expenses payable	20,215
Participants' deposits	50,606,759
<b>Total Liabilities</b>	<b>\$ 50,859,954</b>

**Joint Investment Fund  
Statement of Activities  
for year ended 9-30-2016**

<b>Revenues</b>	
Realized and Unrealized Gains/Losses	\$ 2,857,845
Additions	3,111,292
Investment Income	1,326,221
<b>Total Revenues</b>	<b>\$ 7,295,358</b>

<b>Expenses</b>	
Income Distributions	\$ 2,164,448
Principal Distributions	2,415,342
Advisory, Adm. & Custodial Fees	229,956
Investment Mgmt. Fees	43,679
<b>Total Expenses</b>	<b>\$ 4,853,425</b>

Increase in Participant Deposits	<b>\$ 2,441,933</b>
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