



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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES**

*As of and for the Year Ended December 31, 2016  
(with comparative totals for December 31, 2015)*

*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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 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, 2016 and 2015 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  
October 25, 2017

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

DECEMBER 31, 2016 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	2016				2015	
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total	Total
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 3,389,720	\$ -	\$ -	\$ -	\$ 3,389,720	\$ 3,980,123
Investments - STAMP	732,729	32,209	-	293,095	1,058,033	1,038,516
Accounts receivable:						
Church pledges to the Diocese	299,141	-	-	-	299,141	277,003
Related organizations	50,532	-	-	-	50,532	118,199
Pledges receivable - current portion	-	-	210,271	-	210,271	234,758
Other	6,316	77,975	-	-	84,291	87,824
Prepaid expenses	5,692	34,630	-	-	40,322	23,085
Real estate held available for sale	-	3,608,757	-	-	3,608,757	3,608,757
Current portion of notes receivable	-	-	-	4,575	4,575	40,790
<b>Total Current Assets</b>	<b>4,484,130</b>	<b>3,753,571</b>	<b>210,271</b>	<b>297,670</b>	<b>8,745,642</b>	<b>9,409,055</b>
Investments - Trustees of the Funds	757,715	875,828	117,267	19,184,998	20,935,808	20,245,252
Pledges receivable - less current portion	-	-	323,769	-	323,769	472,209
Interfund amounts	(5,499,490)	2,673,009	1,173,020	1,653,461	-	-
Property and equipment - net	194,100	-	-	-	194,100	194,832
Other Assets:						
Real estate	-	55,370,998	-	-	55,370,998	54,663,798
Notes receivable - less current portion	-	-	-	-	-	8,329
Beneficial interest in trusts	-	-	-	216,682	216,682	2,330,381
<b>Total Other Assets</b>	<b>-</b>	<b>55,370,998</b>	<b>-</b>	<b>216,682</b>	<b>55,587,680</b>	<b>57,002,508</b>
Assets Held as Agent:						
Investments held for others	-	-	-	659,537	659,537	626,693
Less investment held for others	-	-	-	(659,537)	(659,537)	(626,693)
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ (63,545)</b>	<b>\$ 62,673,406</b>	<b>\$ 1,824,327</b>	<b>\$ 21,352,811</b>	<b>\$ 85,786,999</b>	<b>\$ 87,323,856</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, 2016 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	<b>2016</b>				<b>2015</b>	
	<b>Operating Funds</b>	<b>Designated Funds</b>	<b>Development Funds</b>	<b>Other Funds</b>	<b>Total</b>	<b>Total</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Line of credit	\$ -	\$ 2,488,678	\$ -	\$ -	\$ 2,488,678	\$ 2,488,678
Accounts payable and accrued liabilities:						
Trade	312,085	-	56,231	-	368,316	369,467
Related organizations	-	46,695	-	-	46,695	46,695
Other	38,728	-	-	-	38,728	66,215
Prepaid rent	-	15,500	-	-	15,500	15,500
Current portion of notes payable	1,685	98,077	-	-	99,762	149,157
<b>Total Current Liabilities</b>	<b>352,498</b>	<b>2,648,950</b>	<b>56,231</b>	<b>-</b>	<b>3,057,679</b>	<b>3,135,712</b>
Long-Term Liabilities:						
Deferred revenue	-	68,660	-	-	68,660	35,289
Notes payable - less current portion	-	3,689,812	-	-	3,689,812	3,725,677
<b>Total Liabilities</b>	<b>352,498</b>	<b>6,407,422</b>	<b>56,231</b>	<b>-</b>	<b>6,816,151</b>	<b>6,896,678</b>
<b>NET ASSETS</b>						
Unrestricted:						
Undesignated	(416,043)	-	-	12,897,033	12,480,990	12,089,191
Board designated	-	55,000,706	-	-	55,000,706	54,880,615
<b>Total Unrestricted</b>	<b>(416,043)</b>	<b>55,000,706</b>	<b>-</b>	<b>12,897,033</b>	<b>67,481,696</b>	<b>66,969,806</b>
Temporarily restricted	-	1,194,727	1,064,510	6,064,511	8,323,748	8,219,018
Permanently restricted	-	70,551	703,586	2,391,267	3,165,404	5,238,354
<b>Total Net Assets (Deficit)</b>	<b>(416,043)</b>	<b>56,265,984</b>	<b>1,768,096</b>	<b>21,352,811</b>	<b>78,970,848</b>	<b>80,427,178</b>
	<b>\$ (63,545)</b>	<b>\$ 62,673,406</b>	<b>\$ 1,824,327</b>	<b>\$ 21,352,811</b>	<b>\$ 85,786,999</b>	<b>\$ 87,323,856</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, 2016 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)*

	2016				2015
	Operating Funds	Designated Funds	Development Funds	Other Funds	Total
Operating Revenue:					
Camps and conferences	\$ -	\$ 472,143	\$ -	\$ -	\$ 472,143
Income from Virginia Episcopalian	35,434	-	-	-	35,434
<b>Total Operating Revenue</b>	<b>35,434</b>	<b>472,143</b>	<b>-</b>	<b>-</b>	<b>507,577</b>
Support and Other Revenue:					
Gain from sale from real estate	-	-	-	-	-
Gain from transfer of property	-	707,200	-	-	707,200
Pledges from churches	4,228,475	-	-	-	4,228,475
Individual pledges and gifts	19,645	-	-	-	19,645
Health insurance admin reimbursement	102,919	-	-	-	102,919
Investment income (loss)	57,774	70,061	11,731	1,098,346	1,237,912
Change in beneficial interest in trust	-	-	-	(42,400)	(42,400)
Retraction from Trustees in beneficial interest in trust	-	-	-	(2,071,299)	(2,071,299)
Other restricted income	33,951	363,741	319,433	114,101	831,226
Other	350	202,122	183	54,816	257,471
	<b>4,443,114</b>	<b>1,343,124</b>	<b>331,347</b>	<b>(846,436)</b>	<b>5,271,149</b>
Net assets released from restrictions	730,798	-	(409,172)	(321,626)	-
<b>Total Support and Other Revenue</b>	<b>5,173,912</b>	<b>1,343,124</b>	<b>(77,825)</b>	<b>(1,168,062)</b>	<b>5,271,149</b>
<b>Total Revenue and Support</b>	<b>5,209,346</b>	<b>1,815,267</b>	<b>(77,825)</b>	<b>(1,168,062)</b>	<b>5,778,726</b>
Expenses and Other Deductions:					
Support of our greater Church community	767,275	-	-	-	767,275
Ministry areas in the Diocese:					
Christian Formation	271,013	-	-	-	271,013
Strengthening our Churches	791,064	-	-	-	791,064
Mission and outreach	74,898	-	-	-	74,898
Ministry	74,766	-	-	-	74,766
Human Dignity and Justice	10,007	-	-	-	10,007
Governance and commission support	15,017	-	-	-	15,017
Communications and technology across the Diocese	85,169	-	-	-	85,169

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, 2016 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)*

	<b>2016</b>				<b>2015</b>	
	<b>Operating Funds</b>	<b>Designated Funds</b>	<b>Development Funds</b>	<b>Other Funds</b>	<b>Total</b>	<b>Total</b>
Bishops, staff and support	\$ 2,785,900	\$ -	\$ -	\$ -	\$ 2,785,900	\$ 2,829,933
Camps and conferences	-	622,118	-	-	622,118	630,456
Other operating expenses	-	330,771	-	-	330,771	635,204
Aid to individuals and organizations	-	272,862	-	-	272,862	292,038
Support services for mission and ministry	-	201,256	-	-	201,256	641,941
Contribution expense	260,549	-	-	-	260,549	778,495
Other designated and restricted fund expenditures	470,249	202,142	-	-	672,391	774,950
<b>Total Expenses and Other Deductions</b>	<b>5,605,907</b>	<b>1,629,149</b>	<b>-</b>	<b>-</b>	<b>7,235,056</b>	<b>8,639,273</b>
Excess (deficiency) of revenue and support over expenses and other deductions	<u>(396,561)</u>	<u>186,118</u>	<u>(77,825)</u>	<u>(1,168,062)</u>	<u>(1,456,330)</u>	<u>(862,053)</u>
Transfer of Funds:						
Other	379,041	68,103	51,355	(498,499)	-	-
<b>Total Transfers of Funds</b>	<b>379,041</b>	<b>68,103</b>	<b>51,355</b>	<b>(498,499)</b>	<b>-</b>	<b>-</b>
Change in Net Assets:						
Unrestricted	(17,520)	120,090	-	409,320	511,890	(450,590)
Temporarily restricted	-	134,131	(63,643)	34,242	104,730	(202,264)
Permanently restricted	-	-	37,173	(2,110,123)	(2,072,950)	(209,199)
	<u>(17,520)</u>	<u>254,221</u>	<u>(26,470)</u>	<u>(1,666,561)</u>	<u>(1,456,330)</u>	<u>(862,053)</u>
Net assets (deficit) - beginning of year	<u>(398,523)</u>	<u>56,011,763</u>	<u>1,794,566</u>	<u>23,019,372</u>	<u>80,427,178</u>	<u>81,289,231</u>
Net assets (deficit) - end of year	<u>\$ (416,043)</u>	<u>\$ 56,265,984</u>	<u>\$ 1,768,096</u>	<u>\$ 21,352,811</u>	<u>\$ 78,970,848</u>	<u>\$ 80,427,178</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 CASH FLOWS**

YEAR ENDED DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	<u>2016</u>	<u>2015</u>
	<u>All Funds</u>	
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,456,330)	\$ (862,053)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	40,070	46,388
Gain on sale of real estate	-	(1,636,221)
Gain on transfer of real estate property	(707,200)	-
Unrealized loss (gain) on investments - net	(407,132)	1,362,361
Retraction from Trustees in beneficial interest in trust	2,071,299	-
Decrease in beneficial interest in trusts	42,400	174,770
Change in:		
Accounts receivable	221,989	(278,517)
Prepaid expenses	(17,237)	7,545
Accounts payable and accrued liabilities	(28,638)	45,647
Deferred revenue	33,371	(85,733)
Net cash used in operating activities	<u>(207,408)</u>	<u>(1,225,813)</u>
<b>Cash flows from investing activities:</b>		
Payments received on notes receivable	44,544	54,462
Purchase of investments	(320,441)	(426,410)
Proceeds from sale of investments	17,500	221,356
Proceeds from sale of real estate	-	4,054,821
Purchase of property and equipment	(39,338)	(38,795)
Net cash provided by (used in) investing activities	<u>(297,735)</u>	<u>3,865,434</u>
<b>Cash flows from financing activities:</b>		
Payments on line of credit	-	(5,644)
Principal payments on notes payable	(85,260)	(88,058)
Net cash used in financing activities	<u>(85,260)</u>	<u>(93,702)</u>
Net change in cash and cash equivalents	(590,403)	2,545,919
Cash and cash equivalents - beginning of year	3,980,123	1,434,204
Cash and cash equivalents - end of year	<u>\$ 3,389,720</u>	<u>\$ 3,980,123</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	<u>\$ 157,873</u>	<u>\$ 148,161</u>

# THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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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, 2016

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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, 2016.

*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, 2016 the Diocese had \$2,528,727 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.

*Investments* - Investments are recorded at their net asset value ("NAV"), or its equivalent. Investment income is recorded when interest is earned and dividends are declared. Gain or loss on investment sales is recorded on the trade-date based upon specific identification. Unrealized gains and losses on investments are recorded based on the change between cost basis and NAV of investments at year-end compared to the change in the prior year.

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

DECEMBER 31, 2016

**Note 3—Investments**

Investments are reported at fair value. Investments consist of the following at December 31, 2016:

	<u>Fair Value</u>	<u>Cost</u>
Investments - STAMP	\$ 1,058,033	\$ 1,073,539
Investments - Trustees of the Funds	20,935,808	10,819,425
	<u>\$ 21,993,841</u>	<u>\$ 11,892,964</u>

The Diocese also has amounts invested with Trustees of the Funds of the Episcopal Diocese of Virginia (“TOTF”) 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 December 31, 2016:

Diocesan Missionary Society	\$ 7,250
STAMP income	13,701
STAMP unrealized gain	5,815
Trustees of the Funds income	809,740
Trustees of the Funds unrealized gain	401,317
Interest on notes receivable	89
	<u>\$ 1,237,912</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, 2016. This category includes the following type of investment:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Lock-in Period</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Trustees of the Funds <sup>(a)</sup>	\$ 20,935,808	n/a	n/a	Daily	None
STAMP <sup>(b)</sup>	\$ 1,058,033	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, 2016

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**Note 5—Notes receivable**

Notes receivable consisted of the following at December 31, 2016:

**Other installment loans**

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

\$ 4,575

**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, 2016, as follows:

Pledges receivable	\$ 534,040
Less current portion	(210,271)
	<u>\$ 323,769</u>

Gross amounts to be collected in:

Less than one year  
One to five years

\$ 210,271
350,189
<u>560,460</u>

Less:

4% discount

<u>(26,420)</u>
-----------------

Fair value

<u>\$ 534,040</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 2016 was \$26,420 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, 2016

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### Note 7—Property and equipment

Major classes of property and equipment consisted of the following at December 31, 2016:

Equipment	\$	302,508
Vehicles		163,061
		<u>465,569</u>
Less accumulated depreciation		(271,469)
	\$	<u>194,100</u>

### Note 8—Beneficial interest in trusts

The Diocese is an income beneficiary of a perpetual trust. This trust makes distributions to the Diocese based on the Diocese's percentage interest as stated in the trust documents. During the year, the Trustees of the Funds reversed a prior Board's decision that granted the entire allocation to the Diocese, which resulted in a retraction in the beneficial interest in trusts in the amount of \$2,071,299 on the statement of activities. The fair value of the interest in the trusts is \$216,682 at December 31, 2016, 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 2016, salary costs incurred and subsequently reimbursed were \$285,892 and \$26,397 for Trustees of the Funds and Diocesan Missionary Society, respectively. As of December 31, 2016, the Diocese also had related-party receivables with the TOTF, DMS, and Memorial Trustees in the amount of \$21,374, \$26,461, and \$2,697, 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 2016, the Diocese paid \$388,137 for room and board to Shrine Mont as a part of these programs.

In 2016, the Diocese paid \$260,549 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, 2016, with a balance of \$3,789,574.

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

DECEMBER 31, 2016

**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 2016 was \$147,882. 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 2016 was \$139,694.

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

Notes payable consisted of the following as of December 31, 2016:

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.	\$ 143,970
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.	209,631
Note payable to DMS - collateralized by real property, due in quarterly installments of interest only at 2.80%, with remaining principal due in full April 2019, assuming all future 5-year extensions are granted.	1,550,536
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 October 2017, assuming all future 5-year extensions are granted.	2,240
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.	1,883,197
	<u>3,789,574</u>
Less current portion	<u>(99,762)</u>
	<u>\$ 3,689,812</u>

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

DECEMBER 31, 2016

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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:

2017	\$	99,762
2018		95,360
2019		1,651,068
2020		105,994
2021		111,761
Thereafter		1,725,629
	\$	<u>3,789,574</u>

The Diocese has a \$2,500,000 line of credit available from SunTrust Bank to fund cash requirements through October 31, 2017. As of December 31, 2016, 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% (1.767% at December 31, 2016). Repayment of the line of credit is due in full upon the sale of real estate located in Prince William County, Virginia or at October 31, 2017, 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, 2016 are as follows:

2017	\$	19,992
2018		19,992
2019		19,992
2020		17,682
2021		14,091
	\$	<u>91,749</u>



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

*DECEMBER 31, 2016*

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**Note 12—Lease commitments (continued)**

The Diocese leases real estate property owned to tenants under noncancelable, operating leases with the terms of five to fifteen years. The following is a schedule by years of future minimum rentals under the leases at December 31, 2016:

2017	\$	201,529
2018		224,575
2019		227,712
2020		193,230
2021		120,000
Thereafter		<u>1,240,000</u>
	\$	<u>2,207,046</u>

**Note 13—Commitments and contingencies**

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, 2016 was \$3,371,170. No liability has been accrued with respect to either guarantee.

The Diocese has outstanding commitments at year-end of approximately \$277,023 with respect to the Annual Council conventions for 2017 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 another extension in May of 2016, the agreement calls for settlement by September 30, 2018. 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, 2016, this amounted to \$1,288,404.

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

DECEMBER 31, 2016

**Note 14—Restricted net assets**

The Diocese had restrictions on net assets as follows at December 31, 2016:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Development funds	\$ 1,064,510	\$ 703,586
Diocesan programs	2,608,385	-
Bishop's programs	4,650,853	2,245,136
Beneficial interest in perpetual trusts	-	216,682
	<u>\$ 8,323,748</u>	<u>\$ 3,165,404</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, 2016 is as follows:

	<u>Operating Funds</u>	<u>Designated Funds</u>	<u>Development Funds</u>	<u>Other Funds</u>
Program	\$ 3,441,971	\$ 1,629,149	\$ -	\$ -
Administrative and general	2,057,072	-	-	-
Fundraising	106,864	-	-	-
	<u>\$ 5,605,907</u>	<u>\$ 1,629,149</u>	<u>\$ -</u>	<u>\$ -</u>

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

DECEMBER 31, 2016

**Note 16—Fair value measurements (continued)**

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 2016.

*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 following table sets forth by level, within the fair value hierarchy, the Diocese's assets at fair value as of December 31, 2016:

	<b>Assets at Fair Value as of December 31, 2016</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Beneficial interest in trusts	\$ -	\$ -	\$ 216,682	\$ 216,682
Pledges receivable	-	-	534,040	534,040
Total assets measured at NAV	-	-	-	21,993,841
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,722</u>	<u>\$ 22,744,563</u>

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

DECEMBER 31, 2016

**Note 16—Fair value measurements (continued)**

*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 2016.

	<b>Beneficial Interest in Trusts</b>	<b>Pledges Receivable</b>
<b>Balance – beginning of year</b>	<u>\$ 2,330,381</u>	<u>\$ 706,967</u>
New pledges	-	104,612
Pledge payments received	-	(239,453)
Retraction from Trustees in beneficial interest in trust	(2,071,299)	-
Change in fair value	<u>(42,400)</u>	<u>(38,086)</u>
Net decrease	<u>(2,113,699)</u>	<u>(172,927)</u>
<b>Balance – end of year</b>	<u><u>\$ 216,682</u></u>	<u><u>\$ 534,040</u></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 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.

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

DECEMBER 31, 2016

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

A summary of the activity in endowment funds for the year ended December 31, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets-- beginning of year	\$ (18,853)	\$ 3,527,804	\$ 2,253,882	\$ 5,762,833
Investment return:				
Investment income	13,086	73,765	2,086	88,937
Net realized and unrealized losses	(9,155)	123,509	742	115,096
Appropriation for expenditure	-	(13,000)	-	(13,000)
Endowment net assets-- end of year	<u>\$ (14,922)</u>	<u>\$ 3,712,078</u>	<u>\$ 2,256,710</u>	<u>\$ 5,953,866</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 2015 in the accompanying financial statements are included to provide a basis for comparison with 2016 and are not intended to present all information necessary for a fair presentation of the summarized 2015 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 2015, 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 October 25, 2017, the date the financial statements were available to be issued.

The Diocese has entered into a contract, in 2017, to sell the Lee Highway in Prince William County property for approximately \$3,000,000. This could result in a gain on sale of property of approximately \$2,700,000 in 2017.

The Diocese has extended the contract to sell the Centreville Road property in Fairfax County, which is now expected to be sold in 2017 for approximately \$2,700,000. This could result in a gain on sale of property of approximately \$1,700,000 in 2017.

The Diocese has sold the Ridgefield Parkway property in Richmond for approximately \$1.2 million, which resulted in a loss on sale of property of approximately \$470,000 in 2017.

## **SUPPLEMENTAL SCHEDULES**

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

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016		2015	Budget Variance	
	Budget	Actual	Actual	Favorable (Unfavorable) Amount	Percent
<b>Support and Revenue:</b>					
Pledges from churches	\$ 4,427,625	\$ 4,228,475	\$ 4,244,810	\$ (199,150)	-4.50%
Other gifts, grants and pledges	103,500	53,596	138,898	(49,904)	-48.22%
Investment income (loss)	26,000	57,774	(13,164)	31,774	100.00%
Income from Virginia Episcopalian	50,000	35,434	32,907	(14,566)	-29.13%
Health insurance administration	90,000	102,919	106,386	12,919	14.35%
Miscellaneous income	-	350	64,179	350	0.00%
	4,697,125	4,478,548	4,574,016	(218,577)	-4.65%
Net assets released from restrictions	442,200	730,798	982,844	288,598	65.26%
<b>Total Support and Revenue</b>	<b>5,139,325</b>	<b>5,209,346</b>	<b>5,556,860</b>	<b>70,021</b>	<b>1.36%</b>
<b>Expenses:</b>					
Ministry areas:					
General Church Support	765,317	767,275	852,895	(1,958)	-0.26%
Christian Formation:					
Committee on Christian Formation	231,308	200,076	204,959	31,232	13.50%
Youth ministry development	12,000	11,437	6,697	563	4.69%
Clergy and diocesan conferences	13,490	56,457	22,156	(42,967)	-318.51%
Education for ministry program	2,500	3,043	2,520	(543)	-21.72%
	259,298	271,013	236,332	(11,715)	-4.52%
Strengthening Our Churches:					
Aid to mission churches	624,500	577,395	592,355	47,105	7.54%
Aid to mountain missions	87,458	77,938	83,649	9,520	10.89%
Special ministries and other committees	58,500	77,260	(3,192)	(18,760)	-32.07%
Other areas for strengthening our churches	56,900	58,471	46,664	(1,571)	-2.76%
	827,358	791,064	719,476	36,294	4.39%
Mission and Outreach:					
Committee on Mission and Outreach	27,700	21,648	14,951	6,052	21.85%
Other mission and outreach areas	63,250	53,250	53,250	10,000	15.81%
	90,950	74,898	68,201	16,052	17.65%
Ministry:					
Commission on Ministry	126,618	74,766	83,153	51,852	40.95%
Human Dignity and Justice:					
Areas for Human Need and Justice	17,170	10,007	10,904	7,163	41.72%
<b>Total ministry areas</b>	<b>2,086,711</b>	<b>1,989,023</b>	<b>1,970,961</b>	<b>97,688</b>	<b>4.68%</b>

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

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016		2015	Budget Variance	
	Budget	Actual	Actual	Favorable (Unfavorable) Amount	Percent
<b>Expenses (continued)</b>					
Governance & Committee Support:					
Standing Committee	\$ 3,000	\$ 1,573	\$ 817	\$ 1,427	47.57%
Executive Board, Deans and Presidents	3,700	1,419	2,904	2,281	61.65%
Other committee support	32,025	12,025	11,786	20,000	62.45%
	<u>38,725</u>	<u>15,017</u>	<u>15,507</u>	<u>23,708</u>	<u>61.22%</u>
Communications & Technology:					
Virginia Episcopalian and eCommunique	64,000	45,730	46,797	18,270	28.55%
Other communications expenses	28,500	39,439	22,991	(10,939)	-38.38%
	<u>92,500</u>	<u>85,169</u>	<u>69,788</u>	<u>7,331</u>	<u>7.93%</u>
Bishops, Staff and Support:					
The Episcopate:					
Bishops	493,666	487,878	490,144	5,788	1.17%
Episcopal office staff	526,890	476,089	462,126	50,801	9.64%
Other expenses of the Office of the Bishop	5,500	3,065	5,032	2,435	44.27%
Bishops and Episcopal office travel	88,350	20,475	36,921	67,875	76.83%
	<u>1,114,406</u>	<u>987,507</u>	<u>994,223</u>	<u>126,899</u>	<u>11.39%</u>
Staff:					
Professional staff	1,316,918	924,792	1,307,537	392,126	29.78%
Staff travel	32,216	133,139	113,593	(100,923)	-313.27%
Other staff expenses	12,450	361,354	42,989	(348,904)	-2802.44%
	<u>1,361,584</u>	<u>1,419,285</u>	<u>1,464,119</u>	<u>(57,701)</u>	<u>-4.24%</u>
Support:					
Automobile expenses	48,000	16,646	71,938	31,354	65.32%
Office supplies, equipment and services	117,300	121,778	112,557	(4,478)	-3.82%
Building related expenses	103,400	160,046	40,641	(56,646)	-54.78%
Professional fees	50,000	71,657	112,021	(21,657)	-43.31%
Other expenses	2,900	8,981	34,434	(6,081)	-209.69%
	<u>321,600</u>	<u>379,108</u>	<u>371,591</u>	<u>(57,508)</u>	<u>-17.88%</u>
Total Bishop's staff and support	<u>2,797,590</u>	<u>2,785,900</u>	<u>2,829,933</u>	<u>11,690</u>	<u>0.42%</u>
Expended assets released from restrictions:					
Aid to individuals and organizations	-	730,798	982,844	-	-
<b>Total expenses</b>	<u>5,015,526</u>	<u>5,605,907</u>	<u>5,869,033</u>	<u>(590,381)</u>	<u>-11.77%</u>



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

*YEARS ENDED DECEMBER 31, 2016 AND 2015*

	2016		2015	Budget Variance Favorable (Unfavorable)	
	Budget	Actual	Actual	Amount	Percent
<b>Excess (deficiency) of support and revenue over expenses</b>	\$ 123,799	\$ (396,561)	\$ (312,173)	\$ (520,360)	-420.33%
Transfer of funds:					
Reserve accounts	-	51,664	(29,920)	51,664	100.00%
Shrine Mont camp program support	(122,500)	(122,500)	(122,500)	-	0.00%
Other	-	449,877	401,711	449,877	100.00%
	<u>(122,500)</u>	<u>379,041</u>	<u>249,291</u>	<u>501,541</u>	<u>-409.42%</u>
<b>Total changes in net assets after transfers</b>	<u>\$ 1,299</u>	<u>\$ (17,520)</u>	<u>\$ (62,882)</u>	<u>\$ (18,819)</u>	<u>-1448.73%</u>

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

DECEMBER 31, 2016 AND 2015

	<b>2016</b>	<b>2015</b>
Aheron Scholarship	\$ (2,486)	\$ 14
Annual Council Fund	(100,365)	(49,878)
Atlee Mission Fund	(305,682)	(304,172)
Auto Reserve	(44,250)	(21,191)
Biggar/Power Fund	600	600
Bishop Johnston Vestments	46,000	-
Bishops & Staff Reserve	500	500
Bishop's Designated for Tanzania	53,725	56,125
Bishop's DMS Grant	(2)	(2)
Box Hill Income Fund	94,732	94,732
Building Repairs Reserve	(53,551)	(19,456)
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	11,018	6,494
Congregational Development & Revitalization	23,697	23,697
Council Scholarship Fund	310	275
Cursillo in the Diocese of VA	5,344	5,344
DaySpring	1,075,329	1,371,440
DaySpring Real Estate Fund	38,896,220	38,896,220
Deacons Reserve	47,484	47,484
Des - Intern - M&O	(2,500)	5,000
Des - St. Andrew's Charlottesville	87,474	107,258
Des - Trinity Highland Springs	31,341	2,074
Diaconal Formation Institute	(35,121)	(37,953)
Diocesan Cemetery Fund	9,352	2,198
Diocesan Historic Property Fund	1,110	19,115
Diocesan Intern Program	5,000	5,000
Diocesan Program Office	21,110	21,110
Diocese of Madagascar	100	100
Diocese of Renk -- Sudan	10,343	19,805
Diocese of Tanzania	133,013	146,543
East End Initiative	30,066	68,919
Ecumenical and Interfaith Committee	960	960
Education for Ministry	965	965
EPIC Moms	990	981
Episcopal Art Series	(21,717)	(21,717)
Episcopal Transition Reserve	10,000	8,000
General Convention	26,334	16,334
Haiti	809	1,282
Interim Ministry Development	1,080	1,080
John G Hayes Jr Income Fd	8,205	9,511
John G Hayes Missionary Fund	1,112	(129)
La Iglesia de Santa Maria	(32,362)	(32,362)
Lambeth Convention	142,047	165,813
Subtotal (carried forward)	<u>40,247,608</u>	<u>40,687,387</u>

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

DECEMBER 31, 2016 AND 2015

	<b>2016</b>	<b>2015</b>
Subtotal (brought forward)	\$ 40,247,608	\$ 40,687,387
Latino Ministry	(2,415)	(2,415)
Liberia	1,577	2,077
Mental Health Committee Reserve	20	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	70,412	79,789
Mountain Mission Reserve	31,553	28,148
Native American Ministry	8,685	7,652
Office Equipment Reserve	6,932	6,932
Omisol Road - Reserve	9,368	1,897
Payroll Acct - St Margaret's Woodbridge	4,668	82,668
Prevention of Misconduct Reserve	4,000	4,000
Property & Opr Exp - St Pauls Haymarket	(10,984)	(3,221)
Property Exp - Church Hill Dr. Woodbridge	69,580	27,311
Property Exp - Epiphany Herndon	54,787	55,410
Property Exp - Main St, Fairfax (Truro)	(11,527)	-
Property Exp - Pickett Road/Braddock Rd	(7,016)	-
Property Fund	11,599	9,404
Property Maintenance Fund	27,969	28,403
Real Estate Value Fund	13,498,767	12,756,306
Region 2 Mission (Deltaville)	72,058	65,811
Reserve-2015 Unrestricted Reserve	1,062,880	1,140,157
Risk Management Program	15,756	26,156
Rockingham Property Fund (Reg 14)	12,811	12,811
Santa Maria Stewardship (DuPont Grant)	56,000	-
Shelton Shop Rd Property	133,475	114,356
St Clare's (W Henrico) Mission	(126,417)	(126,417)
St Francis Mission Fd (Goochland)	(179,357)	(179,357)
ST Investments	32,209	31,613
St Margarets Ruther Glenn	135	135
Stewardship Committee Reserve	467	467
Stewardship of Creation Grant Fund	8,801	8,801
Trinity, Beaverdam	10,734	8,149
Trustees of the Funds	875,828	847,277
Virginia Diocesan Library	(21,960)	(4,687)
YASC - A Cameron	(380)	(630)
YASC - A Jacobs	25	-
YASC - A Russell	973	-
YASC - C Belous	980	-
YASC - A. Davis	25	-
Young Priests Initiative	9,888	9,888
Youth Ministry	100,970	100,970
<b>Total designated funds</b>	<b>\$ 56,265,984</b>	<b>\$ 56,011,763</b>

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

*DECEMBER 31, 2016 AND 2015*

	<b>2016</b>	<b>2015</b>
Bishop Jones' Evangelism Fund	\$ 660	\$ 500
Bishop Lee Fund for Small Church Vitality	500	134,877
B Maxwell Art Camp Scholarship Fund	51,205	1,906
Camp Equipment	121,291	13,155
Camp Program TOF Investments	11,578	114,994
Camp Scholarship Annual Fund	511,064	18,271
FCF - Unrestricted	484,061	121,289
Mustard Seed Grant Fund	13,155	18,101
Pledges Receivable - SM Shout It! Campaign	534,040	648,835
Shrine Mont Shout It! Campaign	19,613	683,991
St. Georges Camp	19,337	19,337
W Stanley Camp Scholarship Fund	792	692
Youth Mission Vouchers 2006	(6,750)	450
Youth Mission Vouchers 2007	3,000	3,000
Youth Mission Vouchers 2008	2,150	2,150
Youth Mission Vouchers 2009	3,600	3,600
Youth Mission Vouchers 2010	9,941	9,941
Youth Mission Vouchers 2011	1,205	1,605
Youth Mission Vouchers 2012	(687)	1,513
Youth Mission Vouchers 2013	4,495	5,295
Youth Mission Vouchers 2014	(9,167)	(5,167)
Youth Mission Vouchers 2015	(6,987)	(3,769)
<b>Total development funds</b>	<b>\$ 1,768,096</b>	<b>\$ 1,794,566</b>

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

*DECEMBER 31, 2016 AND 2015*

	<b>2016</b>	<b>2015</b>
A.H. & C.J. Robinson Fund	\$ 76,560	\$ 178,750
Albert Baker Fund	135,234	101,460
Alison Gibson Fund	621	607
Ball Fund	144,859	135,651
Bishop Goff's Discretionary Fund	6,182	14,702
Bishop Goodwin Memorial Scholarship Fd	12,860	12,860
Bishop Gulick's Discretionary Fund	11,731	14,253
Bishop Johnston's Discretionary Fund	(7,588)	2,966
Bishop Jones' Discretionary Fund	24,304	31,758
Bishop Jones Evangelism Grant Fund	6,920	5,179
Bishop Jones' Sabbatical Fund	6,711	6,707
Bishop Mason Memorial Fund	1,770	1,770
Bishops Combined Discretionary Fund	9,945	7,734
Bishop's Emergency Needs Fund	84,739	99,704
Bishop's Investment Fund	(23,786)	(23,786)
Bishop's Theological Education Fund	19,409	16,272
Bp PjL Disc Fd	648	644
Bp R. F. Gibson Memorial Fund	1,453	1,432
Bp R. F. Gibson Property Foundation	10,393	10,178
Bruce Fund	50,407	44,428
Canon Wingo Discretionary Fund	3,539	2,494
Charles Norse Fund	2,155	2,113
Columbia Walker Memorial Missions Fund	49,532	48,885
David Lewis Memorial Fund	5,585	5,613
Disabled Clergy Fund	720,744	668,778
Diocesan Fund for Human Need	15,073	12,602
Diocesan Fund for World Mission	15,581	23,019
Dickinson Memorial Fund	(41,250)	(27,500)
Diocesan Cemetery Fund	-	7,017
Diocesan Historic Property Fund	-	(18,017)
Dooley Fund	130,610	129,955
duPont Diocesan Enrichment Fund	2,148	(82)
duPont Small Church Clergy Development	17,050	17,050
E Holcombe Palmer Fund	3,301	4,480
ECW Gift - Bishop Goff	589	589
Ellen Goldsborough Fund	35,726	26,715
Episcopal Fund	16,414	92,326
Fear Not Fund	350	-
Forest Fund	49,000	43,188
Francis Edmonia Newman Fund	35,236	35,236
Freda W Kipps Income Fund	35,134	31,670
Gilliatt Campus Ministry Fund	10,149	10,539
Hugh McGuire Taylor Fund	35,623	35,266
Subtotal (carried forward)	<u>1,715,661</u>	<u>1,815,205</u>

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

DECEMBER 31, 2016 AND 2015

	<b>2016</b>	<b>2015</b>
Subtotal (brought forward)	\$ 1,715,661	\$ 1,815,205
Ida B Gale Fund	36,247	35,858
J. B. duPont - Technology Grant	(680)	(680)
Julia A Ward Income Fund	802	802
John and Ethel Davis Fund	1,247	1,215
John Lyons Fund	5,938	5,929
Katherine G Cook Scholarship	2,106	2,166
Lucille McGriff Fund	814	802
M Thorpe Disc Fd	955	955
Mary Amanda Stewart Fund	10,498	10,402
MEZ Grant	14,426	20,007
Moncure Memorial Fund	16,291	14,358
Pearl Leone Hecht Fund	178	178
Philip A. Arthur Memorial Fund	550	547
Scott Fdn Grant 2010	6,646	51,646
Smoot Bequest Income Fund	(104,078)	(104,078)
Smoot Bequest to Dio Fund	(109,408)	(109,408)
South African Bishops Fund	9,699	9,699
ST Investments - Restricted	293,095	287,689
St John's Waldrop Fund	33,176	33,176
St. John's Greensprings Fund	18,441	18,791
UTO Fund	187	187
Widows & Orphans Fund	(1,660)	(625)
<b>Subtotal</b>	<b>1,951,131</b>	<b>2,094,821</b>
Funds invested with the Trustees of the Funds	19,184,998	18,594,170
Beneficial interest in trusts	216,682	2,330,381
<b>Total other funds</b>	<b>\$ 21,352,811</b>	<b>\$ 23,019,372</b>