EPISCOPAL DIOCESE OF ROCHESTER

ROCHESTER, NEW YORK

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018
(With Comparative Totals for 2017)

MMB

MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Diocesan Trustees of the
Episcopal Diocese of Rochester

Report on the Financial Statements

We have audited the accompanying financial statements of the Episcopal Diocese of Rochester (the "Diocese"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets 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.

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

Basis for Qualified Opinion

The Diocese has not adopted the accounting or disclosure requirements for functional expenses. Generally Accepted Accounting Principles require the disclosure of functional expenses in the financial statements. The Diocese has also elected to recognize grant revenue in the year received, disregarding any unconditional gifts which have not been received. As a result, for the year ended December 31, 2018, revenue and net assets are understated by $175,000. In 2018 and 2017, the Diocese has also excluded a liability regarding their retiree health reimbursement account plan (HRA), (Note I, page 21). In our opinion, the total liability related to the plan should be recorded. If this liability was recorded, total liabilities would have increased between $522,393 to $786,386 as of December 31, 2018 and 2017. Net assets as of December 31, 2018 and 2017 would have decreased by the same amount.

Qualified Opinion

In our opinion, except for the effects on the financial statements relating to the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Episcopal Diocese of Rochester as of December 31, 2018, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other financial information (page 31), for the year ended December 31, 2018, is presented for purposes of additional analysis and is not a required part of the 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 audit of the financial statements 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, except for the effects on the other financial information as explained in the Basis for Qualified Opinion paragraph of this report, the information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited Episcopal Diocese of Rochester's December 31, 2017 financial statements, and we expressed a qualified opinion on those audited financial statements in our report dated August 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
August 7, 2019

EPISCOPAL DIOCESE OF ROCHESTER

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions				With Donor Restrictions			December 31, 2018	December 31, 2017
	Operating	Special Purpose	Real Estate	Total	Endowment	By Donors	Total	Total All Funds	Total All Funds
ASSETS									
Cash and cash equivalents	$ 279,719	$ 1,023,433	$ -	$ 1,303,152	$ -	$ 21,467	$ 21,467	$ 1,324,619	$ 1,247,026
Mortgage and loans receivable, net	-	858,117	-	858,117	-	516,972	516,972	1,375,089	1,971,071
Prepaids and other assets	60,519	-	-	60,519	-	-	-	60,519	70,069
Investments	-	13,488,445	-	13,488,445	3,570,218	1,983,750	5,553,968	19,042,413	20,517,255
Due from (to) other funds	554,090	72,323	-	626,413	-	(626,413)	(626,413)	-	-
Land, buildings and equipment, net	-	-	165,579	165,579	-	-	-	165,579	174,569
TOTAL ASSETS	$ 894,328	$ 15,442,318	$ 165,579	$ 16,502,225	$ 3,570,218	$ 1,895,776	$ 5,465,994	$ 21,968,219	$ 23,979,990
LIABILITIES AND NET ASSETS									
LIABILITIES									
Accounts payable	$ 16,195	$ -	$ -	$ 16,195	$ -	$ -	$ -	$ 16,195	$ 7,950
Accrued liabilities and other	50,506	-	-	50,506	-	-	-	50,506	49,056
TOTAL LIABILITIES	66,701	-	-	66,701	-	-	-	66,701	57,006
NET ASSETS									
Without donor restrictions	827,627	15,442,318	165,579	16,435,524	-	-	-	16,435,524	17,347,582
With donor restrictions	-	-	-	-	3,570,218	1,895,776	5,465,994	5,465,994	6,575,402
TOTAL NET ASSETS	827,627	15,442,318	165,579	16,435,524	3,570,218	1,895,776	5,465,994	21,901,518	23,922,984
TOTAL LIABILITIES AND NET ASSETS	$ 894,328	$ 15,442,318	$ 165,579	$ 16,502,225	$ 3,570,218	$ 1,895,776	$ 5,465,994	$ 21,968,219	$ 23,979,990

The accompanying notes are an integral part of the financial statements

EPISCOPAL DIOCESE OF ROCHESTER

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions				With Donor Restrictions			December 31, 2018	December 31, 2017
	Operating	Special Purpose	Real Estate	Total	Endowment	By Donors	Total	Total All Funds	Total All Funds
REVENUE									
Parish Support	$ 997,613	$ -	$ -	$ 997,613	$ -	$ -	$ -	$ 997,613	$ 972,304
Interest on mortgages and loans	44,785	-	-	44,785	-	-	-	44,785	58,094
Other	29,395	-	-	29,395	-	17,500	17,500	46,895	125
TOTAL REVENUE	1,071,793	-	-	1,071,793	-	17,500	17,500	1,089,293	1,030,523
EXPENSES									
Mission outside the Diocese	248,000	-	-	248,000	-	-	-	248,000	238,000
Mission within the Diocese	178,770	-	-	178,770	-	-	-	178,770	214,281
Congregational development	269,333	-	-	269,333	-	-	-	269,333	283,075
Leadership development	142,167	-	-	142,167	-	-	-	142,167	124,890
Governance, committees and missioners	109,743	-	-	109,743	-	-	-	109,743	75,558
Executive staff	500,698	-	-	500,698	-	-	-	500,698	497,737
Support staff	432,188	-	-	432,188	-	-	-	432,188	391,344
Office Expense	89,331	-	-	89,331	-	-	-	89,331	127,820
Clergy and lay benefits	59,300	-	-	59,300	-	-	-	59,300	63,969
Distributions to beneficiaries	-	-	-	-	-	62,564	62,564	62,564	21,290
Loan forgiveness	-	154,575	-	154,575	-	-	-	154,575	-
Depreciation	-	-	3,190	3,190	-	-	-	3,190	3,486
	2,029,530	154,575	3,190	2,187,295	-	62,564	62,564	2,249,859	2,041,450
EXPENSES IN EXCESS OF REVENUE	(957,737)	(154,575)	(3,190)	(1,115,502)	-	(45,064)	(45,064)	(1,160,566)	(1,010,927)
Gain on disposal of assets	-	-	-	-	-	-	-	-	768,817
Transfer of property to third parties	-	-	(5,800)	(5,800)	-	-	-	(5,800)	-
Non-operating income	10,436	-	-	10,436	-	-	-	10,436	3,449
Investment (loss) income, net	-	(576,884)	-	(576,884)	(161,888)	(126,764)	(288,652)	(865,536)	3,008,374
CHANGE IN NET ASSETS	(947,301)	(731,459)	(8,990)	(1,687,750)	(161,888)	(171,828)	(333,716)	(2,021,466)	2,769,713
Net assets at beginning of year	796,660	16,376,353	174,569	17,347,582	3,947,266	2,628,136	6,575,402	23,922,984	21,153,271
Spending policy transfer	970,605	(712,200)	-	258,405	(215,160)	(43,245)	(258,405)	-	-
Inter-fund transfers	7,663	509,624	-	517,287	-	(517,287)	(517,287)	-	-
NET ASSETS AT END OF YEAR	$ 827,627	$ 15,442,318	$ 165,579	$ 16,435,524	$ 3,570,218	$ 1,895,776	$ 5,465,994	$ 21,901,518	$ 23,922,984

The accompanying notes are an integral part of the financial statements

EPISCOPAL DIOCESE OF ROCHESTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions				With Donor Restrictions			December 31, 2018	December 31, 2017
	Operating	Special Purpose	Real Estate	Total	Endowment	By Donors	Total	Total All Funds	Total All Funds
CASH FLOWS - OPERATING ACTIVITIES									
Change in net assets	$ (947,301)	$ (731,459)	$ (8,990)	$ (1,687,750)	$ (161,888)	$ (171,828)	$ (333,716)	$ (2,021,466)	$ 2,769,713
Adjustments to reconcile change in net assets to net cash used for operating activities:									
Depreciation	-	-	3,190	3,190	-	-	-	3,190	3,486
Realized and unrealized loss (gain) on investments, net	-	576,884	-	576,884	161,888	126,764	288,652	865,536	(3,008,374)
Gain on disposal of assets	-	-	-	-	-	-	-	-	(768,817)
Transfer of property to third parties	-	-	5,800	5,800	-	-		5,800	-
Changes in certain assets and liabilities affecting operations:									
Due to (from) other funds	-	65,593	-	65,593	-	(65,593)	(65,593)	-	-
Prepaids and other assets	9,550	-	-	9,550	-	-	-	9,550	(5,425)
Accounts payable	8,245	-	-	8,245	-	-	-	8,245	(9,554)
Accrued liabilities	2,284	-	-	2,284	-	(834)	(834)	1,450	20,825
NET CASH USED FOR OPERATING ACTIVITIES	(927,222)	(88,982)	-	(1,016,204)	-	(111,491)	(111,491)	(1,127,695)	(998,146)
CASH FLOWS - INVESTING ACTIVITIES									
Changes in mortgages and loans receivable, net	-	530,389	-	530,389	-	65,593	65,593	595,982	255,589
Sales of investments	-	730,909	-	730,909	215,160	124,643	339,803	1,070,712	1,054,665
Purchase of investments	-	(441,406)	-	(441,406)	-	(20,000)	(20,000)	(461,406)	(627,439)
Proceeds from the sale of buildings and equipment	-	-	-	-	-	-	-	-	1,183,018
Spending policy transfer	970,605	(712,200)	-	258,405	(215,160)	(43,245)	(258,405)	-	-
Inter-fund transfer	7,663	(2,000)	-	5,663	-	(5,663)	(5,663)	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	978,268	105,692	-	1,083,960	-	121,328	121,328	1,205,288	1,865,833
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,046	16,710	-	67,756	-	9,837	9,837	77,593	867,687
Cash and cash equivalents at beginning of year	228,673	1,006,723	-	1,235,396	-	11,630	11,630	1,247,026	379,339
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 279,719	$ 1,023,433	$ -	$ 1,303,152	$ -	$ 21,467	$ 21,467	$ 1,324,619	$ 1,247,026
NON-CASH INVESTING ACTIVITY									
Reclassification of assets from net assets with donor restrictions - by donors to net assets without donor restrictions - special purpose	$ -	$ 511,624	$ -	$ 511,624	$ -	$ (511,624)	$ (511,624)	$ -	$ -

The accompanying notes are an integral part of the financial statements

NOTE A: THE DIOCESE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Diocese

The Episcopal Diocese of Rochester (the "Diocese") was formed in December 1931. It stretches from Lake Ontario south to Pennsylvania, its east and west borders are formed by the Diocese of Central New York and the Diocese of Western New York. The Diocese comprises Episcopal congregations throughout eight counties in the State of New York. These are Steuben, Allegany, Schuyler, Yates, Livingston, Ontario, Wayne and Monroe Counties. It includes 45 active congregations and several summer and institutional chapels.

The vision and mission of the Diocese are described as follows:

- Vision – "Joy in Christ, as a way of life"
- Mission – "Grow and develop congregations spiritually, numerically and in missional leadership"

The Diocese is rich in material and spiritual resources and in people able and willing to use them.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), except for the items noted below:

	Generally Accepted Accounting Principles	Diocese Accounting Principles
Functional expense schedule including cost allocation disclosure	A schedule of functional expenses, by program, is required to be presented along with a disclosure for the method of allocating costs to the programs.	Schedule and disclosure are omitted.
Grant revenue and related receivable	Unconditional grants are required to be fully recognized in the period which the Organization received notification and a related receivable should also be recorded.	Grant revenue is recognized when payment is received from the grantor.
Health Reimbursement Accounts	See Note I	

NOTE A: THE DIOCESE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Financial statement presentation
The assets, liabilities, and net assets of the Diocese are classified as follows:

Without Donor Restrictions: Represents net assets available for use without any donor-imposed restrictions. The following funds without donor restrictions are maintained by the Diocese:

Operating: This fund is used to account for all resources which are intended for current operating activities. In addition, a significant portion of the income from investments held in other funds is transferred to the operating fund to support operations.

Special Purpose: This fund includes the Board Endowment investments and Housing Loan Fund.

Real Estate: This fund includes the Diocese's net investment in land, buildings and equipment.

With Donor Restrictions: Represents net assets that have donor-imposed restrictions that require the Diocese to treat the donated asset as specified. The following restricted funds are maintained by the Diocese:

Endowment: This fund consists of amounts contributed to the Diocese that are both perpetually restricted, the earnings from which are available to support operating activities and amounts restricted to specific purposes.

By Donors: This fund consists of amounts that are restricted by the donor for a specified purpose, as well as amounts belonging to parishes in the Diocese deposited with the Diocese for investment management purposes

Cash and cash equivalents
Cash balances are maintained at various financial institutions located in Upstate New York and are insured by the FDIC up to $250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Diocese has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash. Cash equivalents include money market accounts and certificates of deposit which have maturity dates of 12 months or less.

Mortgages and loans receivable
Mortgages and loans receivable represent amounts due to the Diocese under loan agreements with parishes, clergy and buyers of closed church properties. Loans are stated at unpaid principal balances, less an allowance for loan losses. The Diocese periodically evaluates the loan for collectability based on inherent collection risks and adverse situations that may affect the borrower's ability to repay. Loans for which no contractual payments have been received for a period of time are considered delinquent. After all collection efforts are exhausted, any amounts deemed uncollectible based upon an assessment of the debtor's financial condition are written off. The Diocese believes that no allowance for loan loss is necessary at December 31, 2018 and 2017.

Loans are placed on nonaccrual status when management believes collection of interest is doubtful. As of December 31, 2018 and 2017, the Diocese did not have any loans on nonaccrual status.

NOTE A: THE DIOCESE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Investments
Investments are stated at fair value. The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national security agencies. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The Diocese reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a market for these securities existed. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in the fair value of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Land, buildings and equipment
Land, buildings and equipment of the Diocese are stated at cost. However, missions (parish churches, which are not self-supporting) and other properties which were reverted back to the Diocese are recorded at the appraised value or estimated fair value at the time the Diocese obtained possession of the property. Effective January 2017, the Diocese changed their policy from capitalizing property and equipment in excess of $1,000, which have a useful life of greater than three years, to capitalizing property and equipment in excess of $2,500, which have a useful life of greater than three years. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Buildings and building improvements	40 Years
Equipment	3-10 Years

In June 2019 the Diocese completed the transfer and/or sale of three closed church properties in Allegany County (Belmont, Bolivar & Belvidere), for a combined total of $112,500 with a gain of approximately $57,000 less estimated legal and other sales costs of approximately $20,000.

Tax exempt status
The Diocese is a not-for-profit corporation and is exempt from income taxes as a religious organization. The Diocese has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Revenue
The Diocese recognizes revenue when it is realized or realizable and has been earned. Investment gain (loss) includes interest and dividends earned during the period as well as realized and unrealized gains and losses on investment, net of investment expense.

Use of estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

NOTE A: THE DIOCESE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Comparative totals as of December 31, 2017

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation 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 that the year ended December 31, 2017, from which the summarized information was derived.

Reclassifications

Certain prior amounts have been reclassified to conform with the current year presentation.

Change in accounting principle

During August 2016 FASB issued Accounting Standards Update No. 2016-14 "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities". The main provisions of ASU 2016-14 require a Not-For-Profit (NFP) to:

1) Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets.

2) Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item 1) rather than that of the previously required three classes. An NFP would continue to report the previously required amount of the change in total net assets for the period.

3) Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

NOTE A: THE DIOCESE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

4) Provide enhanced disclosures about:

   a. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.

   b. Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.

   c. Qualitative information that communicates how a NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.

   d. Quantitative information, and additional qualitative information, that communicates the availability of a NFP's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.

   e. Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location.

   f. Method(s) used to allocate costs among program and support functions.

   g. Underwater endowment funds, which include required disclosures of a NFP's policy, and any actions taken during the period, concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate of the original gift amounts (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater (deficiencies), which are to be classified as part of net assets with donor restrictions.

5) Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses.

6) Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 and was applied retrospectively except for disclosures regarding liquidity, availability of resources and net asset disclosures, which are presented only for the current year. The Diocese elected to omit the functional expense schedule and the methods used to allocate costs among program and support functions. There was no effect on total assets or change in net assets.

NOTE A: THE DIOCESE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

New accounting pronouncements

Investments at net asset value

Effective January 1, 2018, Episcopal Diocese of Rochester has elected to adopt Accounting Standards Update 2015-07 *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (the "ASU"). The ASU removes the requirement of leveling certain investments that provide a net asset value (or its equivalent) within the fair value hierarchy (see Note D). The objective of the ASU is to remove diversity in practice when leveling these investments. Application of the ASU is retrospective.

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Diocese is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Diocese's financial position or results of operations.

Leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the guidance in this new standard was effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Recently an exposure draft was issued which would delay the effective date one year. The Diocese is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Diocese's financial position or results of operations.

Subsequent events

The Diocese has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through August 7, 2019, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure, other than those in Notes A and G, were noted.

NOTE B: MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable consisted of the following:

	December 31, 2018	December 31, 2017
Without Donor Restrictions		
Clergy housing loan fund	$ 153,706	$ 167,943
Community development loans	704,411	1,220,563
	858,117	1,388,506
With Donor Restrictions		
Sibley revolving loan fund	516,972	582,565
	$ 1,375,089	$ 1,971,071

Mortgages and loans receivable bear interest at rates ranging from 2.5% to 5.0% and mature at various dates through January 2042. Approximately $592,000 and $636,000 of the balance of the receivables outstanding at December 31, 2018 and 2017, respectively, are secured by first and second mortgages. All remaining amounts outstanding are unsecured.

Effective February 2018, The Trustees of the Diocese authorized an early payment discount on the Community Development Loans (CDL) of up to 35% (to be calculated with a discount rate of 9% over the remaining term of the loan). This early payment discount is offered to the ten parishes with CDL loans if they wish to partially or fully pay-off these low interest loans by December 31, 2018. Since authorization, ten of the parishes have paid their discounted loan in full or made partial payments, totaling approximately $324,000 with a related discount of approximately $155,000 which is included as loan forgiveness on the accompanying statement of activities and changes in net assets.

Interest on mortgages and loans is recognized over the term of the mortgage or loan and is calculated using the simple-interest method on principal amounts outstanding.

Principal payments due to be received on mortgages and loans receivable are as follows, before discount program:

For the year ended December 31,	Amount
2019	$ 116,786
2020	120,218
2021	123,502
2022	125,379
2023	119,814
Thereafter	769,390
	$ 1,375,089

NOTE C: INVESTMENTS

Prior to January 2014, the Diocese served as the intermediary custodian of funds held for the benefit of certain congregations and other organizations. As intermediary custodian, the Diocese served as a fiscal intermediary for the parishes to administratively transact their funds. These funds are invested with Canandaigua National Bank (CNB), the custodian of the Diocesan Combined Endowment, with investment income allocated to the benefit of each congregation or organization. Prior to January 2014, the Diocesan balance sheet included the entire asset value of the CNB Combined Endowment. Effective January 2014, CNB moved to direct administration of investment deposits, withdrawals and other transactions with the congregations in the Diocesan Combined Endowment, and as such, the Diocese did not serve as intermediary custodian of the funds subsequent to this change. In 2014, the Diocese removed the investments of these parishes and congregations, and the related Funds Held for Others liability, from their financial statements and there was no effect on net assets. However, these funds continue to be invested together at CNB. The following investment and fair value disclosures pertain to the total fund at CNB.

The composition of the Combined Endowment Fund at CNB is as follows:

	December 31,	
	2018	2017
Diocesan funds	$ 17,126,451	$ 18,426,818
Parishes and other organizations for which the Diocese is Trustee	1,915,962	2,090,437
Total Diocesan Trusteed Combined Endowment at CNB	19,042,413	20,517,255
Non-Trusteed funds belonging to other parishes in the Diocese	8,202,310	7,944,533
Total Combined Endowment at CNB	$ 27,244,723	$ 28,461,788

The fair value of investments in the Combined Endowment Fund held by the CNB on behalf of the Diocese and Individual parishes in the Diocese consisted of the following:

NOTE C: INVESTMENTS, Cont'd

	December 31, 2018	December 31, 2017
Investments, stated at fair value:		
Money market funds	$ 3,325,428	$ 497,867
U.S. government obligations	1,543,930	1,393,910
Corporate bonds	1,282,356	1,920,525
Fixed income mutual funds	2,644,212	1,692,467
Mid cap mutual funds	2,039,340	1,324,750
Equity mutual funds	488,318	608,725
Common stock	8,677,024	12,798,643
REITS	-	108,385
Investments measured at net asset value	7,244,115	8,116,516
Total CNB Combined Endowment	$ 27,244,723	$ 28,461,788

The Diocese owns approximately a 70% and 72% pro-rata share of each individual investment class above as of December 31, 2018 and 2017, respectively.

NOTE C: INVESTMENTS, Cont'd

Investment (loss) income

The Diocese recorded the following investment (loss) income on the Diocesan Trusteed CNB Combined Endowment for the years ended:

	December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 300,245	$ 133,698	$ 433,943
Loss on investments	(759,994)	(367,850)	(1,127,844)
Investment related expenses	(117,135)	(54,500)	(171,635)
	$ (576,884)	$ (288,652)	$ (865,536)

	December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 263,592	$ 123,665	$ 387,257
Gain on investments	1,843,543	949,576	2,793,119
Investment related expenses	(116,050)	(55,952)	(172,002)
	$ 1,991,085	$ 1,017,289	$ 3,008,374

NOTE D: FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides 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 and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Investments included in level 1 may include equity securities, mutual funds, and exchange traded funds.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar 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 that 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017:

Money market funds, U.S. government obligations, fixed income mutual funds, mid cap mutual funds, equity mutual funds, common stock and real estate investment trusts (REITS): Valued at the closing price reported on the active market on which the individual funds are traded.

Corporate bonds: Valued by third party brokers based on terms and conditions using trades, bid price or spread, two sided markets, quotes, benchmark curves, discount rates, financial statements and trustee reports.

NOTE D: FAIR VALUE MEASUREMENTS, Cont'd

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, while the Diocese believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain 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 assets held in the CNB Combined Endowment Fund at fair value at December 31, 2018 and 2017:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 3,325,428	$ -	$ -	$ 3,325,428
U.S. government obligations	1,543,930	-	-	1,543,930
Corporate bonds		1,282,356	-	1,282,356
Fixed income mutual funds	2,644,212	-	-	2,644,212
Mid cap mutual funds	2,039,340	-	-	2,039,340
Equity mutual funds	488,318	-	-	488,318
Common stock	8,677,024	-	-	8,677,024
Investments measured at net asset value	-	-	-	7,244,115
	$ 18,718,252	$ 1,282,356	$ -	$ 27,244,723

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 497,867	$ -	$ -	$ 497,867
U.S. government obligations	1,393,910	-	-	1,393,910
Corporate bonds		1,920,525	-	1,920,525
Fixed income mutual funds	1,692,467	-	-	1,692,467
Mid cap mutual funds	1,324,750	-	-	1,324,750
Equity mutual funds	608,725	-	-	608,725
Common stock	12,798,643	-	-	12,798,643
REITS	108,385	-	-	108,385
Investments measured at net asset value	-	-	-	8,116,516
	$ 18,424,747	$ 1,920,525	$ -	$ 28,461,788

NOTE E: LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consists of the following:

	December 31, 2018	December 31, 2017
Land	$ 62,478	$ 68,278
Buildings and improvements	510,880	530,880
Equipment	38,153	40,003
	611,511	639,161
Less accumulated depreciation	445,932	464,592
	$ 165,579	$ 174,569

NOTE F: RETIREMENT AND BENEFIT PLANS

Retirement Plans
Diocesan clergy participate in the Church Pension Fund of the National Episcopal Church. Under the terms of this plan, the Diocese contributes 18% of each employee's salary to the plan. Employer contributions were approximately $61,100 and $59,600 for the years ended December 31, 2018 and 2017, respectively.

The Diocese sponsors a defined contribution plan for full-time lay employees. Under the terms of this plan, the Diocese contributes up to 12% of each employee's salary to the plan. In addition, employees are allowed to make elective tax-deferred contributions. Employer contributions were approximately $47,400 and $44,400 for the years ended December 31, 2018 and 2017, respectively.

Postretirement Health Insurance Benefits
On an annual basis, the Diocese determines what amount, if any, it will make available to pay health insurance benefits on behalf of its retired clergy, partners and Diocesan staff. The Diocese records an expense for these plans as insurance premiums are paid. Expense related to these plans totaled $678 and $3,878 for the years ended December 31, 2018 and 2017, respectively.

NOTE G: COMMITMENTS

The Diocese leased office equipment under a lease agreement which expired in April 2018. The lease required monthly payments of $154 through April 2018. During May 2018, the Diocese renewed this lease through August 2023 which requires monthly payments of $178. In January 2017, the Diocese entered into an agreement to lease a new office space. The lease requires monthly payments of $2,045 through January 2018. During 2018, the Diocese extended this lease agreement through January 2019. During 2019, the Diocese extended this lease agreement through January 2020. The Diocese recognized approximately $26,600 and $26,400 in lease expense for the years ended December 31, 2018 and 2017, respectively.

The future minimum payments on these agreements are as follows:

For the year ended December 31,	Amount
2019	$ 26,680
2020	4,185
2021	2,140
2022	2,140
2023	1,249
	$ 36,394

NOTE H: SALE OF DIOCESAN HOUSE

In January 2017, the Diocese closed on the sale of their administrative center, located on East Avenue in Rochester, New York to 935 East, LLC. The administrative center was sold for approximately $1,200,000. The Diocese received approximately $1,000,000 at closing after $200,000 was deposited with the escrow agent. 935 East, LLC also agreed to purchase select furnishings of the administrative center for an additional $25,000. The Diocese also incurred approximately $38,800 in moving expenses and improvements to its new office space, related to the sale of its administrative center.

NOTE I: HEALTH REIMBURSEMENT ACCOUNTS

During 2016, the Diocese began operating a health reimbursement account for its retired clergy that meet certain requirements such as age and employment history with the Diocese. The contribution amount is determined on an annual basis at the annual Diocesan convention. The amount expensed related to these accounts was $58,622 and $60,091 for the years ended December 31, 2018 and 2017, respectively. The Diocese has not recorded an obligation related to the account, which is required by generally accepted accounting principles as they consider potential alternatives for future funding of retiree benefits. The Diocese estimates that the current obligation could range from approximately $522,000 to $786,000.

Effective December 31, 2019, the Diocese will no longer accept new participants into its Health Reimbursement Account (HRA) plan. As of December 31, 2018, the Diocese believes that the actuarial estimate of the HRA liability, calculated as of December 31, 2016, is still accurate. The Diocese will reevaluate the estimated liability at December 31, 2019.

NOTE J: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2018:

	Amount
Cash and cash equivalents	$ 1,324,619
Mortgage and loans receivable, due in 2019	116,786
Other assets - prior year parish apportionments	45,160
Investments	19,042,413
Total financial assets available within one year	20,528,978
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(4,324,520)
Restricted by donors in perpetuity	(1,141,474)
Total amounts unavailable for general expenditures within one year	(5,465,994)
Amounts unavailable to management without Trustees' approval	(15,442,318)
	(379,334)
Plus:	
Approved draw from investments for 2019	1,010,000
Total financial assets available to management for general expenditures within one year	$ 630,666

The Trustees of the Diocese have worked to reduce the draw from investments from an average of 6.8% in the years following the recessions (2009 to 2012) to an average of 5.2% over recent years (2015-2018). In 2019, the Trustees authorized draws from unrestricted funds of approximately 5.0%, and reduced the target for overall, future draws to 4%.

Draws from investments account for approximately 50% of the funding for operations over the past four years. The remaining funding has come almost entirely from parish apportionment.

NOTE J: LIQUIDITY AND AVAILABILITY, Cont'd

As a matter of operating practice, the Episcopal Diocese of Rochester has maintained a balance of cash and cash equivalents of 12-15 months of investment draws required to fund operations. This practice provides flexibility for both unexpected expenditures and unpredictable, short term swings of the market value of investments.

Over the last four years, monthly draws from investments have averaged approximately $83,000. Over the next three years, the Diocese projects average monthly draws of approximately $85,000. The Diocesan CFO works with the Treasurer, Trustees and Diocesan Council to monitor and update budget and investment draw projections on a quarterly basis. With no debt and very limited fixed assets (real property, business equipment, etc.) that might require unexpected repairs or replacement, the Diocese believes it has more than adequate liquidity to meet normal operating expenses in the current fiscal year.

NOTE K: NET ASSETS

Net assets without donor restrictions are as follows:

	December 31, 2018
Undesignated	$ 827,627
Designated by the Trustees for endowment and special purposes	15,442,318
Invested in property and equipment	165,579
	$ 16,435,524

NOTE K: NET ASSETS, Cont'd

Net assets with donor restrictions at December 31, 2018, are restricted for the following purposes:

Subject to perpetual restrictions, income restricted to:	
Care for clergy	$ 6,600
Care and maintenance of cemetery	4,000
Women's auxiliary	2,500
Clergy, church property and Sunday school - Grace Church	8,000
For general purposes - Church of the Epiphany	5,000
For general purposes - St. John's Church, Sodus	2,868
For general purposes - St. James' Church, Watkins Glen	1,000
Swan memorial fund - St. Johns' Church, Mount Morris	191,642
Youth programs	10,000
For general purposes - Church of the Good Shepherd, Savona	1,634
Theological scholarships	278,858
For general purposes - Episcopal Diocese of Rochester	50,000
Episcopate expenses - Episcopal Diocese of Rochester	579,372
Total perpetually restricted net assets	1,141,474
Subject to expenditure for a specified purpose:	
Sibley loan fund	516,972
Care for clergy	184,025
Care and maintenance of cemetery - Allen's Hill Cemetery	105,526
Women's auxiliary	47,524
Clergy, church property and Sunday school - Grace Church	30,389
For general purposes - Church of the Epiphany	16,318
Youth programs	55,489
Theological scholarships	291,333
For general purposes - Episcopal Diocese of Rochester	303,924
Episcopate expenses - Episcopal Diocese of Rochester	2,066,731
Leadership development	400,665
Loans for clergy or churches - Bishops discretion	67,246
Scholarships for children of clergy	93,613
Millennium development	108,894
Deaf ministry	17,500
Other	18,371
Total purpose restricted net assets	4,324,520
Total net assets with donor restrictions	$ 5,465,994

NOTE L: ENDOWMENTS

The Diocese's endowment consists of both donor-restricted endowment funds and funds designated by the Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

Effective September 17, 2010, the New York Prudent Management of Institutional Funds Act (NYPMIFA) was enacted to replace and update the Uniform Management of Institutional Funds Act (UMIFA), which was adopted in New York in 1978. The Trustees of the Diocese has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Diocese considers the following factors:

(1) The duration and preservation of the fund
(2) The purposes of the Diocese and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Diocese
(7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Diocese; and
(8) The investment policies of the Diocese

In accordance with NYPMIFA the Diocese may determine, after consideration of the eight objectives described above, it would be prudent to appropriate funds below the historical dollar value of the perpetual endowment. However, the Diocese must inform all available donors of endowment gifts made pursuant to gift instruments executed before September 17, 2010 to opt out of the new rule permitting institutions to appropriate below the historic dollar value of endowment funds. The donor may or may not permit this additional appropriation. If the donor is unavailable or does not stipulate within 90 days the Diocese may appropriate below the historical dollar value of the perpetual endowment if it is deemed prudent. As of December 31, 2018 and 2017, the Diocese had restricted investments of $4,257,138 and $4,692,205, respectively, which are impacted by NYPMIFA.

NOTE L: ENDOWMENTS, Cont'd

Endowment net asset composition by type of fund as of December 31, 2018 and 2017:

	Without Donor Restriction	With Donor Restrictions	Total
December 31, 2018:			
Donor-restricted endowment funds	$ -	$ 4,257,138	$ 4,257,138
Trustee-designated	14,114,856	-	14,114,856
	$ 14,114,856	$ 4,257,138	$ 18,371,994
December 31, 2017:			
Donor-restricted endowment funds	$ -	$ 4,692,205	$ 4,692,205
Trustee-designated	15,090,604	-	15,090,604
	$ 15,090,604	$ 4,692,205	$ 19,782,809

NOTE L: ENDOWMENTS, Cont'd

For the years ended December 31, 2018 and 2017, the Diocese had the following endowment related activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at January 1, 2017	$ 13,064,219	$ 4,212,439	$ 17,276,658
Investment return:			
Interest and dividends	278,842	87,848	366,690
Net appreciation	1,855,184	588,828	2,444,012
Total investment return	2,134,026	676,676	2,810,702
Additions	622,239	-	622,239
Withdrawals	(19,500)	-	(19,500)
Appropriated for expenditure	(710,380)	(196,910)	(907,290)
Total change in funds	2,026,385	479,766	2,506,151
Total endowment funds at December 31, 2017	15,090,604	4,692,205	19,782,809
Investment return:			
Interest and dividends	308,462	93,965	402,427
Net depreciation	(952,942)	(286,942)	(1,239,884)
Total investment return	(644,480)	(192,977)	(837,457)
Additions	461,406	-	461,406
Withdrawals	(39,475)	(2,300)	(41,775)
Appropriated for expenditure	(753,199)	(239,790)	(992,989)
Total change in funds	(975,748)	(435,067)	(1,410,815)
Total endowment funds at December 31, 2018	$ 14,114,856	$ 4,257,138	$ 18,371,994

Funds with deficiencies
From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Diocese to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions and as of December 31, 2018, the Diocese had one fund with approximately a $8,400 deficiency. At December 31, 2017, there were no funds with deficiencies.

NOTE L: ENDOWMENTS, Cont'd

Return objectives and risk parameters

The investment objective for the assets under this policy is to achieve sum of inflation as measured by the Consumer Price Index plus 5%. The Investment Committee's objective for this investment portfolio is primary emphasis on moderate capital growth with some focus on income, while avoiding excessive risk. Most revenue for operations will come from the planned investment sales based upon a concept of total return and according to the approved annual budget need as determined by the Diocese. The Diocese feels that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that this Endowment is to exist in perpetuity, and therefore, should provide for grant making in perpetuity. To attain this goal, the overriding objective is to maintain purchasing power. That is, net of spending, the objective is to grow the aggregate portfolio value at the rate of inflation over the investment horizon.

The Investment Committee, as directed by the Trustees, desires long-term investment performance sufficient to meet the objectives. The Investment Committee and the Trustees understand that to achieve such performance the portfolio may experience periods of decline. The Investment Committee further understands that in a severe market, the potential recovery period could be extensive. The Investment Committee understands that the managed assets must also be invested so that funds are available to meet the needs of congregations and the Diocese and provide sufficient liquidity to allow reasonable withdrawal by congregations of unrestricted funds.

Although the Investment Committee prefers to limit the portfolio's volatility, they are comfortable with fluctuations in their portfolio, and the possibility of declines in value, in order to seek to grow their portfolio over time. The goal is to allow for risk (as measured by standard deviation) consistent with that of the composite benchmark plus or minus 5 % on an average basis.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, Episcopal Diocese of Rochester relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE L: ENDOWMENTS, Cont'd

Spending policy and how the investment objectives relate to spending policy
Where applicable, distributions are made using the total return method. Under the total return method, distributions consist of interest, dividends and realized and unrealized gains. In its determination to appropriate or accumulate, the Investment Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: the duration and preservation of the Fund; the purposes the Fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the organization; where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the Fund, giving due consideration to the effect that such alternatives may have on the organization, and the investment policy of the organization for each determination to appropriate for expenditure, the organization shall keep a contemporaneous record describing the consideration that was given by the Investment Committee to each of the factors enumerated above.

The spending policy target was 5%, reduced to 4% in March 2019, (of the trailing 5-year average, of the audited year-end market value of endowment assets); while maintaining the purchasing power of these investments. That is, net of spending, the objective is to grow the value of the portfolio at the rate of inflation over the investment horizon.

EPISCOPAL DIOCESE OF ROCHESTER

OTHER FINANCIAL INFORMATION

EPISCOPAL DIOCESE OF ROCHESTER

COMPARISON OF BUDGET TO ACTUAL OPERATING REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget Approved by Diocesan Convention as Revised (Unaudited)	Actual	Actual Over/Under Budget
REVENUE			
Parish Support	$ 995,160	$ 997,613	$ 2,453
Investment spending policy	966,000	970,605	4,605
Interest on mortgages and loans	57,000	44,785	(12,215)
Other	-	29,395	29,395
	2,018,160	2,042,398	24,238
EXPENSES			
D & F MS Asking	248,000	248,000	-
Mission Partnerships	170,525	178,770	8,245
Congregational development	270,000	269,333	(667)
Leadership development	139,500	142,167	2,667
Governance	106,000	109,743	3,743
Diocesan Staff - Salaries	630,635	643,310	12,675
Diocesan Staff - Benefits	273,500	254,654	(18,846)
Diocesan Staff - Expenses	34,000	34,922	922
Office Expense	86,000	89,331	3,331
Health benefits	60,000	59,300	(700)
Total operating expenses	2,018,160	2,029,530	11,370
Non-operating income	4,000	10,436	6,436
Income from operating fund	$ 4,000	$ 23,304	$ 19,304