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***BISHOP AND DIOCESE  
OF COLORADO  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017***

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**The Episcopal Diocese of  
Colorado**

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## Independent Auditors' Report

Members of the Standing Committee  
Bishop and Diocese of Colorado  
Denver, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the Bishop and Diocese of Colorado (the Diocese), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows and functional expenses 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.

### *Auditors' 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 auditors' 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 that 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 Diocese as of December 31, 2017 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 Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedule of financial position by fund and the schedule of activities by fund on pages 25 and 26, respectively, 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 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, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### ***Report On Summarized Comparative Information***

We have previously audited the Diocese' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 3, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

October 18, 2018

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# BISHOP AND DIOCESE OF COLORADO

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## STATEMENT OF FINANCIAL POSITION

December 31, 2017

(With Summarized Comparative Financial Information

At December 31, 2016)

### Assets

	2017	2016
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 1,708,296	\$ 544,130
Accounts receivable	20,798	25,813
Pledges receivable	313,451	296,983
Accrued interest and other income receivable	83,294	84,870
Notes receivable - current portion (Note 5)	67,475	71,125
Deferred charges	63,414	38,713
Deposits and prepaid expense	37,006	29,497
<b>Total Current Assets</b>	<b>2,293,734</b>	<b>1,091,131</b>
<b>Property And Equipment, Net (Note 6)</b>	<b>34,066</b>	<b>48,532</b>
<b>Other Assets</b>		
Restricted cash and cash equivalents (Note 2)	339,555	233,593
Investments (Note 3)	7,708,115	6,756,916
Investments restricted for permanent endowment (Note 3)	1,377,859	1,377,859
Notes receivable, net of current portion (Note 5)	108,140	243,353
Congregational assets (Note 6)	1,321,636	1,592,889
Assets held for sale (Note 6)	95,822	95,822
<b>Total Other Assets</b>	<b>10,951,127</b>	<b>10,300,432</b>
<b>Total Assets</b>	<b>\$ 13,278,927</b>	<b>\$ 11,440,095</b>

### Liabilities And Net Assets

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 405,984	\$ 286,704
Contributions payable to ECCM	390,837	728,411
Deferred revenue	95,083	109,200
<b>Total Current Liabilities</b>	<b>891,904</b>	<b>1,124,315</b>
<b>Long-Term Liabilities</b>		
Notes payable (Note 7)	479,184	—
Unfunded liability to retirees (Note 11)	134,027	165,881
<b>Total Long-Term Liabilities</b>	<b>613,211</b>	<b>165,881</b>
<b>Total Liabilities</b>	<b>1,505,115</b>	<b>1,290,196</b>
<b>Net Assets</b>		
Unrestricted	2,706,459	1,873,005
Unrestricted designated (Notes 8 and 9)	1,399,625	1,212,857
Temporarily restricted (Note 9)	6,289,869	5,686,178
Permanently restricted (Note 9)	1,377,859	1,377,859
<b>Total Net Assets</b>	<b>11,773,812</b>	<b>10,149,899</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 13,278,927</b>	<b>\$ 11,440,095</b>

# BISHOP AND DIOCESE OF COLORADO

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2017 (With Summarized Financial Information For The Year Ended December 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Memo Only	
				2017 Total	2016 Total
<b>Revenues, Gains And Other Support</b>					
Operating revenue:					
Pledge income	\$ 2,203,591	\$ —	\$ —	\$ 2,203,591	\$ 2,188,200
Interest and investment income (Note 3)	62,292	123,947	—	186,239	212,382
Other income	161,986	—	—	161,986	321,681
<b>Total Operating Revenue</b>	<b>2,427,869</b>	<b>123,947</b>	<b>—</b>	<b>2,551,816</b>	<b>2,722,263</b>
Other revenue:					
Convention/conference fees, program and miscellaneous income	437,387	83,200	—	520,587	392,311
Contributions from the Foundation	—	—	—	—	90,000
Colorado trust	537,001	—	—	537,001	—
Other contributions	141,117	108,018	—	249,135	131,275
Distributions from endowments and trusts	239,299	—	—	239,299	195,237
Net unrealized and realized gains (losses) (Note 3)	960,011	814,065	—	1,774,076	411,993
Net assets released (Note 10)	525,539	(525,539)	—	—	—
<b>Total Other Revenue</b>	<b>2,840,354</b>	<b>479,744</b>	<b>—</b>	<b>3,320,098</b>	<b>1,220,816</b>
<b>Total Revenue, Gains And Other Support</b>	<b>5,268,223</b>	<b>603,691</b>	<b>—</b>	<b>5,871,914</b>	<b>3,943,079</b>
<b>Expenses</b>					
Program services:					
Canon missionary	320,117	—	—	320,117	282,109
Development office	84,464	—	—	84,464	141,500
Faith formation	459,864	—	—	459,864	495,755
Congregational aid and development	266,682	—	—	266,682	277,354
Other diocesan and regional programs	391,928	—	—	391,928	264,139
Contributions to ECCM (Note 12)	81,611	—	—	81,611	54,103
Colorado trust distribution	254,351	—	—	254,351	—
Net assets released from restrictions (Note 10)	525,539	—	—	525,539	458,370
Board-designated distributions (Note 8)	76,261	—	—	76,261	64,692
Transfer from mission to parish status	—	—	—	—	1,576,617
<b>Total Program Services</b>	<b>2,460,817</b>	<b>—</b>	<b>—</b>	<b>2,460,817</b>	<b>3,614,639</b>
Management and general:					
Bishop's office	429,074	—	—	429,074	429,690
Administration	448,414	—	—	448,414	417,722
Finance and accounting	270,828	—	—	270,828	268,422
National Church	201,232	—	—	201,232	192,395
Communications	231,682	—	—	231,682	231,834
Diocesan convention	101,050	—	—	101,050	124,194
Retired health and pension benefits (Note 11)	34,604	—	—	34,604	34,637
Depreciation	70,300	—	—	70,300	70,299
<b>Total Management And General</b>	<b>1,787,184</b>	<b>—</b>	<b>—</b>	<b>1,787,184</b>	<b>1,769,193</b>
<b>Total Expenses</b>	<b>4,248,001</b>	<b>—</b>	<b>—</b>	<b>4,248,001</b>	<b>5,383,832</b>
<b>Change In Net Assets</b>	<b>1,020,222</b>	<b>603,691</b>	<b>—</b>	<b>1,623,913</b>	<b>(1,440,753)</b>
<b>Net Assets, Beginning Of Year</b>	<b>3,085,862</b>	<b>5,686,178</b>	<b>1,377,859</b>	<b>10,149,899</b>	<b>11,590,652</b>
<b>Net Assets, End Of Year</b>	<b>\$ 4,106,084</b>	<b>\$ 6,289,869</b>	<b>\$ 1,377,859</b>	<b>\$ 11,773,812</b>	<b>\$ 10,149,899</b>

# BISHOP AND DIOCESE OF COLORADO

## STATEMENT OF CASH FLOWS For The Year Ended December 31, 2017 (With Summarized Financial Information For The Year Ended December 31, 2016)

			Memo Only	
	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
<b>Cash Flows From Operating Activities</b>				
Net income (loss)	\$ 1,020,222	\$ 603,691	\$ 1,623,913	\$ (1,440,753)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	70,300	—	70,300	70,299
Transfer of mission capital assets	—	—	—	1,574,775
Unrealized and realized gains (losses)	(813,779)	(814,065)	(1,627,844)	(301,863)
Changes in assets and liabilities:				
Due to/from	(112,819)	112,819	—	—
Accounts receivable	5,015	—	5,015	(13,245)
Pledges receivable	(16,468)	—	(16,468)	3,577
Interest receivable	(5,536)	7,112	1,576	(19,028)
Deferred charges	(24,701)	—	(24,701)	(18,300)
Deposits and prepaid expenses	(7,509)	—	(7,509)	1,556
Accounts payable and accrued liabilities	117,517	—	117,517	(3,410)
Contributions payable to ECCM	(337,574)	—	(337,574)	(450,564)
Deferred revenue	(14,117)	1,763	(12,354)	42,029
Unfunded liability to retirees	(31,854)	—	(31,854)	(2,312)
<b>Net Cash Used In Operating Activities</b>	<b>(151,303)</b>	<b>(88,680)</b>	<b>(239,983)</b>	<b>(557,239)</b>
<b>Cash Flows From Investing Activities</b>				
Net purchase (sale) of investments	203,850	(384,192)	(180,342)	627,321
Collection of notes receivable	39,213	99,650	138,863	30,464
Proceeds from notes payable	—	479,184	479,184	—
Proceeds from sale of property and equipment	1,072,406	—	1,072,406	—
Purchase of property and equipment	—	—	—	(11,482)
<b>Net Cash Provided By Investing Activities</b>	<b>1,315,469</b>	<b>194,642</b>	<b>1,510,111</b>	<b>646,303</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>1,164,166</b>	<b>105,962</b>	<b>1,270,128</b>	<b>89,064</b>
<b>Cash And Cash Equivalents, Beginning Of Year</b>	<b>544,130</b>	<b>233,593</b>	<b>777,723</b>	<b>688,659</b>
<b>Cash And Cash Equivalents, End Of Year</b>	<b>\$ 1,708,296</b>	<b>\$ 339,555</b>	<b>\$ 2,047,851</b>	<b>\$ 777,723</b>

# BISHOP AND DIOCESE OF COLORADO

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2017

(With Summarized Financial Information

For The Year Ended December 31, 2016)

Page 1 Of 2

	Program Services								
	Canon Missioner	Faith Formation	Congregational Aid And Development	Other Diocesan Regional Programs	Colorado Trust	Development Office	Contributions To ECCM	Net Assets Released	Board-Designated Distributions
Contributions/grants	\$ —	\$ —	\$ 266,682	\$ 160,442	\$ 254,351	\$ —	\$ 81,611	\$ 285,394	\$ 76,261
Employee compensation	186,745	148,395	—	112,834	—	—	—	—	—
Financial assistance	—	—	—	—	—	—	—	240,145	—
Depreciation	—	—	—	—	—	—	—	—	—
Employee health benefits	46,255	18,347	—	42,842	—	—	—	—	—
National Church giving (Note 12)	—	—	—	—	—	—	—	—	—
Conventions and conferences	—	—	—	—	—	—	—	—	—
Legal and audit	—	—	—	—	—	—	—	—	—
Pension plan contributions (Note 11)	16,901	19,311	—	16,350	—	—	—	—	—
Youth/young adult programs	—	235,110	—	—	—	—	—	—	—
Clergy conferences and programs	—	—	—	15,524	—	—	—	—	—
Travel and entertainment	11,652	8,507	—	—	—	117	—	—	—
Regional programs	—	—	—	9,164	—	7,346	—	—	—
Computer maintenance - software	—	—	—	—	—	—	—	—	—
Equipment rental and purchases	—	—	—	—	—	—	—	—	—
Payroll taxes	11,341	5,711	—	—	—	—	—	—	—
Retiree health and pension benefits (Note 11)	—	—	—	—	—	—	—	—	—
Property casualty and liability insurance	—	—	—	5,175	—	—	—	—	—
Worship and program expense	—	—	—	793	—	—	—	—	—
Miscellaneous	2,555	2,241	—	60	—	—	—	—	—
Postage	—	—	—	—	—	—	—	—	—
Standing Committee meetings	—	—	—	—	—	—	—	—	—
Leadership programs	29,947	12,224	—	561	—	—	—	—	—
Repairs and maintenance	—	—	—	14,572	—	—	—	—	—
Contracted services	—	3,886	—	—	—	75,751	—	—	—
General office expense	—	—	—	63	—	1,250	—	—	—
Utilities	—	—	—	—	—	—	—	—	—
Other meetings expense	7,985	—	—	3,463	—	—	—	—	—
Printing	—	—	—	—	—	—	—	—	—
Province giving	—	—	—	—	—	—	—	—	—
Telephone and ISP service	—	—	—	—	—	—	—	—	—
Mobile phones	1,760	1,388	—	—	—	—	—	—	—
Staff development	2,537	2,322	—	—	—	—	—	—	—
Web design and hosting	—	—	—	—	—	—	—	—	—
Property taxes	—	—	—	745	—	—	—	—	—
Honorarium	—	—	—	7,840	—	—	—	—	—
Chrismal mass expense	—	—	—	—	—	—	—	—	—
Deployment services and expenses	2,439	—	—	—	—	—	—	—	—
Ecumenical programs	—	—	—	1,500	—	—	—	—	—
Publications and manuals	—	2,422	—	—	—	—	—	—	—
Ordinations	—	—	—	—	—	—	—	—	—
Total Expenses	\$ 320,117	\$ 459,864	\$ 266,682	\$ 391,928	\$ 254,351	\$ 84,464	\$ 81,611	\$ 525,539	\$ 76,261

See the accompanying notes to financial statements.



# BISHOP AND DIOCESE OF COLORADO

## STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2017 (With Summarized Financial Information For The Year Ended December 31, 2016)

### Page 2 Of 2

	Management And General							Retired Health And		Memo Only		
	Bishop's Office	Admini- stration	Finance		National Church	Communi- cations	Diocesan Convention	Pension Benefits	Deprecia- tion	2017		2016
			Accounting							Total Expenses	Total Expenses	
	\$	—	\$ (34,741)	\$	—	\$	—	\$	—	\$	1,090,000	\$ 701,245
Contributions/grants	218,017	176,783	89,445	—	—	81,600	—	—	—	—	1,013,819	1,042,563
Employee compensation	—	—	—	—	—	—	—	—	—	—	240,145	1,847,891
Financial assistance	—	—	—	—	—	—	—	—	70,300	—	70,300	70,299
Depreciation	—	—	—	—	—	—	—	—	—	—	279,470	240,403
Employee health benefits	54,516	65,526	31,242	—	—	20,742	—	—	—	—	190,432	181,595
National Church giving (Note 11)	—	—	—	190,432	—	—	—	—	—	—	166,550	120,691
Conventions and conferences	65,500	—	—	—	—	—	101,050	—	—	—	158,483	175,144
Legal and audit	—	139,083	19,400	—	—	—	—	—	—	—	125,419	129,003
Pension plan contributions (Note 10)	34,603	24,824	6,086	—	—	7,344	—	—	—	—	66,113	65,517
Clergy conferences and programs	—	50,589	—	—	—	—	—	—	—	—	43,409	54,243
Travel and entertainment	18,566	3,636	—	—	—	931	—	—	—	—	39,437	40,057
Payroll taxes	3,753	5,704	6,686	—	—	6,242	—	—	—	—	34,604	34,637
Retiree health and pension benefits (Note 10)	—	—	—	—	—	—	—	34,604	—	—	42,748	29,118
Property casualty and liability insurance	—	—	37,573	—	—	—	—	—	—	—	9,724	13,066
Worship and program expense	—	—	6,000	—	—	2,931	—	—	—	—	16,387	16,756
Miscellaneous	7,718	559	—	—	—	3,254	—	—	—	—	10,797	12,358
Postage	—	—	2,867	—	—	7,930	—	—	—	—	12,480	18,471
Standing Committee meetings	12,480	—	—	—	—	—	—	—	—	—	44,366	53,044
Leadership programs	—	—	—	—	—	1,634	—	—	—	—	14,572	12,521
Repairs and maintenance	—	—	—	—	—	—	—	—	—	—	94,018	80,694
Contracted services	—	—	—	—	—	14,381	—	—	—	—	18,494	27,797
General office expense	—	—	17,181	—	—	—	—	—	—	—	10,441	10,926
Utilities	—	—	10,441	—	—	—	—	—	—	—	22,993	10,175
Other meetings expense	1,455	10,090	—	—	—	—	—	—	—	—	26,282	19,601
Printing	—	—	—	—	—	26,282	—	—	—	—	10,800	10,800
Province giving	—	—	—	10,800	—	—	—	—	—	—	11,241	10,975
Telephone and ISP service	—	—	11,241	—	—	—	—	—	—	—	8,643	9,383
Mobile phones	1,812	2,803	—	—	—	880	—	—	—	—	17,306	5,233
Staff development	5,947	3,558	390	—	—	2,552	—	—	—	—	596	7,838
Web design and hosting	—	—	—	—	—	596	—	—	—	—	745	2,802
Property taxes	—	—	—	—	—	—	—	—	—	—	7,840	7,840
Honorarium	—	—	—	—	—	—	—	—	—	—	1,844	800
Chrismal mass expense	1,844	—	—	—	—	—	—	—	—	—	2,439	26
Deployment services and expenses	—	—	—	—	—	—	—	—	—	—	1,500	1,500
Ecumenical programs	—	—	—	—	—	—	—	—	—	—	2,554	6,298
Publications and manuals	110	—	—	—	—	22	—	—	—	—	2,753	2,037
Ordinations	2,753	—	—	—	—	—	—	—	—	—		
Total Expenses	\$ 429,074	\$ 448,414	\$ 270,828	\$ 201,232	\$ 231,682	\$ 101,050	\$ 34,604	\$ 70,300	\$ 4,248,001	\$ 5,383,832		

See the accompanying notes to financial statements.

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# **BISHOP AND DIOCESE OF COLORADO**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

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### **1. Summary Of Significant Accounting Policies**

The Bishop and Diocese of Colorado (the Diocese), also known as The Episcopal Diocese of Colorado and the Episcopal Church in Colorado, is a not-for-profit corporation that was organized in Colorado on April 22, 1880. The Diocese is one of approximately 100 domestic dioceses that make up the Episcopal Church, which is sometimes referred to herein as the National Church. The Diocese serves 102 Episcopal congregations throughout the state of Colorado by developing and facilitating church leadership, providing churches with guidance and support and by enabling and expanding ministries offered by individual missions and parishes to best serve their congregations and communities. The Diocese accedes to the Constitution and Canons of the Episcopal Church. The Ecclesiastical Authority of the Diocese is vested in its Bishop. The governing body of the Diocese is the Standing Committee. The mission of the Diocese and the Bishop's Office is to serve, support, enable and expand the mission of the Episcopal Church in Colorado.

#### **Fund Accounting And Financial Statement Presentation**

The Diocese' financial records are maintained on an accrual basis of accounting. To ensure observance of limitations and restrictions placed on the use of resources available to the Diocese, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified, for accounting and reporting purposes, into funds based on their nature and purposes. Each fund has a separate set of self-balancing accounts. While the Diocese accounts for its financial information utilizing fund accounting, the financial statement format conforms to general practice using a one-column approach for the statement of financial position. The statements of activities and cash flows utilize separate columns according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Supplemental information has been provided to show financial position and activities by fund.

## **BISHOP AND DIOCESE OF COLORADO**

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### Notes To Financial Statements (*Continued*)

The following is a description of the fund groups within each asset class:

#### ***Unrestricted Net Assets***

*Operating Fund* - Accounts for all unrestricted resources over which the Standing Committee has discretionary control to use in carrying on the operations of the Diocese in accordance with the limitations of its charter and bylaws, except for amounts set aside by the Standing Committee for designated purposes and investments in land, buildings and equipment, each of which are accounted for in separate funds disclosed below. The principal sources of unrestricted resources are pledges, program service fees, investment income and contributions.

Expenditures approved by the Standing Committee through the Operating Budget or specific authorization provide for the expense of the Bishop's Office, administrative expense of the Diocese and the cost of programs and supporting services conducted by the Diocese.

*Regional Fund* - Accounts for the five separate regions, each of which is administered by a Regional Missioner. The expense of the Regional Missioner is provided by the Operating Budget; other administrative expense is covered by regional funds. Individual congregations provide designated funds directly to their respective regions to support regional programs, missional activities, including aid to local congregations, and administrative expense. These funds and the related expenditures are administered by each region individually and are accounted for in the Regional Fund.

*Property and Equipment Fund* - Accounts for the cost of property and equipment used in the operation of the Diocese and the value of congregational assets titled to the Diocese but reserved for the exclusive use of the congregation

*Designated Endowment Fund* - Accounts for all unrestricted resources that the Standing Committee has designated for specific purposes, projects or investment as an aid in the planning of expenditures and the conservation of assets

#### ***Temporarily Restricted Net Assets***

*Restricted Fund* - Accounts for those resources currently available for use, but expendable only for purposes specified by the donor or grantor. Such resources may originate from gifts, grants, bequests, income generated from permanently restricted funds or other similar sources where the donor has specified the purpose for which the funds are to be used.

## **BISHOP AND DIOCESE OF COLORADO**

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### Notes To Financial Statements (*Continued*)

#### ***Permanently Restricted Net Assets***

*Permanently Restricted Endowment Fund* - Accounts for the principal amount of gifts and bequests accepted with the donor stipulation that the principal be maintained intact in perpetuity or invested to provide a permanent source of income, until the occurrence of a specified event or for a specified period, and that only the income from investment thereof be expended either for general purposes or for purposes specified by the donor.

#### **Property, Equipment And Depreciation**

Property and equipment costing more than \$5,000 utilized in the operation of the Diocese are carried at cost when purchased or, if donated, at fair value on the date of receipt. Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Expenditures for significant renewals and replacements are capitalized, while repairs and maintenance are charged to operations when incurred.

Property and equipment is utilized elsewhere in the Diocese, principally by Diocesan missions, where real property is held in the name of the Diocese and reserved for the exclusive use of the mission. The value of such properties, while held in the name of the Diocese, is included as an asset under the category of congregational assets. Should the mission become a parish, the property is transferred to the new parish. Should the mission dissolve or no longer have a use for the property, the property would be an unrestricted asset of the Diocese. Likewise, should a parish dissolve, its property would revert to the Diocese.

Depreciation on property and equipment and congregational assets is computed utilizing the straight-line method over periods ranging from 3 to 40 years.

#### **Collectibles**

The Diocese has several organs located in missions in Colorado for which the values are not readily determinable. These organs are considered collectibles. The Diocese has not capitalized the organs, as the value cannot be determined.

#### **Investments**

Investments are presented in the financial statements at fair value.

## **BISHOP AND DIOCESE OF COLORADO**

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### Notes To Financial Statements *(Continued)*

In several accounts, including the Quasi-Endowment Fund (unrestricted assets) and the Oakes Home Trust (restricted assets), investment income is reinvested, and the funds make distributions using the total-return method. This method is designed to protect the value of the endowment against the expected impact of inflation and to provide real growth of the endowment, while also funding operations and restricted program purposes with a relatively constant source of funds from year to year. Distributions under the total-return method are made at the annual rate of 5% of the average market value of the fund over the previous 13 quarters and are recomputed for the following year each March 31.

Generally, investment income (or total-return distributions, where applicable) from trust and endowment accounts in the Permanently Restricted Endowment Fund are distributed directly to the respective accounts in the Temporarily Restricted Fund, where they are held for ultimate release in accordance with donor restrictions.

#### **Revenue Recognition**

The Diocese reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Pledge revenue is generally recognized as received, except for pledges received in the following January that were designated as being applicable to the prior-calendar year pledge.

No allowance for doubtful accounts has been established, as management believes accounts receivable are fully collectible.

When a mission acquires real property and improvements, which are titled in the name of the Diocese, the value of the asset is recognized as contribution income. Conversely, when title to the property is transferred to the congregation, the distribution of the asset is shown as an expense.

## **BISHOP AND DIOCESE OF COLORADO**

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### **Notes To Financial Statements *(Continued)***

#### **Donated Services**

Services donated by employees, members and nonmembers are not recorded in the Diocese' financial records or statements, as information relative to such service is not practicable to obtain or measure.

#### **Cash And Cash Equivalents**

Cash and cash equivalents are defined as amounts deposited in demand accounts, money market accounts, savings accounts and amounts on deposit with the Colorado Episcopal Foundation (the Foundation) with maturities of three months or less at the date of acquisition.

The Diocese receives the majority of its revenue from member churches in the form of pledges. The Colorado Canons provide that churches contribute 10% of their plate and pledge revenues to support the operations of the Diocese. An additional 5% giving is recommended to support regional programs and mission support.

The revenue of the churches, upon which the contributions to the Diocese and regions are based, is dependent on the stability of the Colorado economy and the commitment of individual parishioners to all levels of the Church.

#### **Estimates And Assumptions**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Comparative Financial Information**

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Diocese' financial statements for the year ended December 31, 2016, from which the summarized information was derived. Certain summarized financial information for the year ended December 31, 2016 has been reclassified to the presentation of the current year.

#### **Income Taxes**

The Diocese is a nonprofit religious organization, exempt from income tax under the provisions of Section 501(c)(3) of the U.S. Internal Revenue Code.

## BISHOP AND DIOCESE OF COLORADO

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### Notes To Financial Statements *(Continued)*

#### Subsequent Events

Management evaluates subsequent events through the date that the financial statements are available for issue, which is the date of the Independent Auditor's Report.

## 2. Cash And Cash Equivalents

The Diocese maintains cash accounts in commercial banks. These accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the cash and cash equivalents may be in excess of the FDIC-insured level.

Following is a summary of cash and cash equivalents at December 31, 2017:

Cash on hand	\$	100
Deposit accounts		711,117
Cash equivalents held at the Foundation		<u>1,336,634</u>
<b>Total Cash And Cash Equivalents</b>	<b>\$</b>	<b><u>2,047,851</u></b>

Amounts are recorded on the statement of financial position as follows:

Cash and cash equivalents	\$	1,708,296
Restricted cash and cash equivalents		<u>339,555</u>
<b>Total Cash And Cash Equivalents</b>	<b>\$</b>	<b><u>2,047,851</u></b>

## 3. Investments

The investments, at fair value, consisted of the following at December 31, 2017:

	<u>Cost</u>	<u>Fair Value</u>
<b>Foundation</b>		
Board designated	\$ 555,000	\$ 931,821
Temporarily restricted (including a real estate investment)	1,276,373	6,503,727
Permanently restricted endowments	1,377,859	1,377,859
<b>Total Investments At The Foundation</b>	<b>3,209,232</b>	<b>8,813,407</b>
<b>Real Estate</b>		
Real estate investment	250,000	272,567
<b>Total Investments</b>	<b>\$ 3,459,232</b>	<b>\$ 9,085,974</b>

## BISHOP AND DIOCESE OF COLORADO

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### Notes To Financial Statements (Continued)

The investment return for the year ended December 31, 2017 is shown below:

	Net Investment Income	Net Unrealized And Realized Gain (Loss)	Total Investment Return
<b>Unrestricted</b>			
Operating Fund	\$ 30,861	\$ —	\$ 30,861
Regional Fund	1,239	—	1,239
Designated Endowment Fund	10,197	58,632	68,829
Property Fund	19,995	901,379	921,374
<b>Total Unrestricted</b>	62,292	960,011	1,022,303
<b>Temporarily Restricted Fund</b>	123,947	814,065	938,012
<b>Total Investment Return</b>	\$ 186,239	\$ 1,774,076	\$ 1,960,315

#### 4. Fair Value Measurements

The majority of the Diocesan investments are held at the Foundation. The Diocese agreed to invest up to \$250,000 to assist the Bishop in the purchase of a home in return for a proportional interest in the home. In December 2004, the transaction was concluded. A \$250,000 real estate investment has been recorded in the Petry Housing Fund; should the fair value of the investment increase or decrease materially, the change will be recorded as an unrealized gain or loss. As improvements to the property are made by the Bishop, the percentage ownership in the property will be adjusted to reflect the ratio of the individual investments to the total.

The Diocese adopted Financial Accounting Standards Board Accounting Standards Codification topic, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value.

Under this topic, assets are grouped at fair value in three levels and are classified and disclosed in one of the following categories:

*Level 1* - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 includes mutual funds, listed equities, listed derivatives and money market funds.



## BISHOP AND DIOCESE OF COLORADO

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### Notes To Financial Statements (*Continued*)

*Level 2* - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives.

*Level 3* - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds and distressed debt.

All investments, including the real estate investment, recorded by the Diocese are measured in accordance with Level 2.

With the exception of the real estate investment, all of the Diocese' investments are managed by the Foundation. The Foundation's Equity and Bond Funds are pooled funds invested in mutual funds (Level 1 as described on page 14) with fair value determined by valuing the underlying mutual funds using quoted market prices of similar assets in an active market. As the Bond and Equity Funds themselves do not have quoted market prices, they are classified as Level 2 investments. In accordance with the investment policy, all of the funds are invested to achieve approximately 60% in equities and 40% in fixed income obligations. The real estate investment fair value is based on the County Assessor's bi-annual assessment.

Fair values of assets measured at December 31, 2017 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Fund	\$ 4,984,025	\$ —	\$ 4,984,025	\$ —
Bond Fund	3,191,912	—	3,191,912	—
Real estate investment (including real estate)	910,037	—	910,037	—
<b>Total Investments</b>	<b>\$ 9,085,974</b>	<b>\$ —</b>	<b>\$ 9,085,974</b>	<b>\$ —</b>

## BISHOP AND DIOCESE OF COLORADO

### Notes To Financial Statements *(Continued)*

#### 5. Notes Receivable

A summary of notes receivable at December 31, 2017 follows:

**Designated Endowment Fund**

\$50,000 revolving line of credit to Our Merciful Savior,  
Denver, at 5%, interest paid monthly \$ 50,000

**Temporarily Restricted Fund**

Various auto loans at various interest rates 5,400

**Property Fund**

\$195,000 note receivable from Jessie Weaver, Gunnison,  
at 6.0% interest rate and final payment due March 2027 120,215

**Total Notes Receivable** \$ 175,615

Maturities of notes receivable at December 31, 2017 are:

<b>Year Ending December 31,</b>	<b>Designated Endowment Fund</b>	<b>Temporarily Restricted Fund</b>	<b>Property Fund</b>	<b>Total</b>
2018	\$ 50,000	\$ 5,400	\$ 12,075	\$ 67,475
2019	—	—	12,820	12,820
2020	—	—	13,611	13,611
2021	—	—	14,450	14,450
2022	—	—	15,341	15,341
Thereafter	—	—	51,918	51,918
<b>Total Notes Receivable</b>	50,000	5,400	120,215	175,615
<b>Current Portion</b>	(50,000)	(5,400)	(12,075)	(67,475)
<b>Long-Term Portion</b>	\$ —	\$ —	\$ 108,140	\$ 108,140

## BISHOP AND DIOCESE OF COLORADO

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### Notes To Financial Statements *(Continued)*

#### 6. Property, Equipment And Congregational Assets

Property and equipment utilized in the Office of the Bishop include:

Buildings and improvements	\$ 891,622
Furnishings and equipment	27,738
Automobiles	<u>44,470</u>
<b>Total Property And Equipment</b>	<b>963,830</b>
Accumulated depreciation	<u>(929,764)</u>
<b>Net Property And Equipment</b>	<b><u>\$ 34,066</u></b>

Congregational assets, including real estate and improvements, include:

Buildings	\$ 9,344,973
Contents	<u>864,135</u>
<b>Total Buildings And Contents</b>	<b>10,209,108</b>
Accumulated depreciation	<u>(9,860,682)</u>
<b>Net Buildings And Contents</b>	<b>348,426</b>
Land	1,069,032
Assets held for sale	<u>(95,822)</u>
<b>Net Congregational Assets</b>	<b><u>\$ 1,321,636</u></b>

#### 7. Notes Payable

On June 30, 2017, the Diocese acquired property at 281 North Sherman Street, Denver for \$625,000 for rental to the Episcopal Service Corps, who are young adults living in intentional community where corps members engage in self-reflection, leadership training and social justice and advocacy work. The purchase was financed by proceeds from the Hicks Trust and a mortgage of \$480,000 payable in monthly installments of \$2,000 with a maturity date of July 31, 2042 and interest rate of 3.875%. The balance of the mortgage was \$479,184 at December 31, 2017.

## BISHOP AND DIOCESE OF COLORADO

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### Notes To Financial Statements *(Continued)*

#### 8. Unrestricted Designated Net Assets

The unrestricted net assets of the Designated Endowment Fund are segregated and designated by the Standing Committee for the following purposes:

<b>Designated Endowment Fund</b>	
Petry real estate investment	\$ 272,567
Diocesan-designated fund	684,042
Mission loan fund - loans to congregations	60,567
<b>Total Designated Endowment Fund</b>	<u>1,017,176</u>
<b>Regional Programs Fund</b>	<u>382,449</u>
<b>Total Unrestricted, Designated Net Assets</b>	<u><u>\$ 1,399,625</u></u>

During the year ended December 31, 2017, the Standing Committee authorized the following distributions from the Designated Fund and Operating Fund:

#### Distributions Within The Unrestricted Funds Class

<b>Depreciation Expense</b>	\$ 70,300
<b>Other Distributions</b>	
Regional expenditures	292,804
Congregational aid and development	20,769
Other Board-designated distributions	30,092
Other	81,611
<b>Total Other Distributions</b>	<u>425,276</u>
<b>Board-Designated Distributions From Designated Funds</b>	<u>495,576</u>
<b>Operating Fund Distributions</b>	<u>25,400</u>
<b>Total Board-Designated Distributions</b>	<u><u>\$ 520,976</u></u>

**9. Restricted Net Assets**

The Diocese' endowment consists of 12 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Standing Committee 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 Standing Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation Of Relevant Law**

The Standing Committee of the Diocese has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 permanently 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (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 and
- (7) The investment policies of the Diocese

## BISHOP AND DIOCESE OF COLORADO

### Notes To Financial Statements *(Continued)*

At December 31, 2017, the Diocese had the following endowment net assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ —	\$ 6,289,869	\$ 1,377,859	\$ 7,667,728
Standing Committee-designated net assets	1,399,625	—	—	1,399,625
<b>Total</b>	<b>\$ 1,399,625</b>	<b>\$ 6,289,869</b>	<b>\$ 1,377,859</b>	<b>\$ 9,067,353</b>

The changes in the endowment funds for the year ended December 31, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Endowment Assets - January 1, 2017</b>	\$ 1,212,857	\$ 5,691,127	\$ 1,377,859	\$ 8,281,843
Contributions	439,596	91,755	—	531,351
Other additions	—	59,720	—	59,720
Investment return				
Investment income	11,436	157,625	—	169,061
Net realized and unrealized gains	58,632	814,431	—	873,063
<b>Total Investment Return</b>	<b>70,068</b>	<b>972,056</b>	<b>—</b>	<b>1,042,124</b>
Appropriation of endowment assets for expenditure	(322,896)	(524,789)	—	(847,685)
<b>Endowment Assets - December 31, 2017</b>	<b>\$ 1,399,625</b>	<b>\$ 6,289,869</b>	<b>\$ 1,377,859</b>	<b>\$ 9,067,353</b>

### 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 or SPMIFA requires the Diocese to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2017.

## **BISHOP AND DIOCESE OF COLORADO**

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### **Notes To Financial Statements *(Continued)***

#### **Return Objectives And Risk Parameters**

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Diocese must hold in perpetuity or for a donor-specified period(s), as well as Standing Committee-designated funds. Under this policy, as approved by the Standing Committee, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index and Bond Index based on asset allocation while assuming a moderate level of investment risk. The Diocese expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year will likely vary from this amount.

#### **Strategies Employed For Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Diocese 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.

#### **Spending Policy And How The Investment Objectives Relate To Spending Policy**

The Diocese adopted a policy of appropriating for distribution each year a rate of no more than 5% of the Endowment Fund's average assets of the immediately preceding 13 quarters while complying with any donor-imposed restrictions. Total return is defined as interest, dividends and realized and unrealized gains and losses, net of fees. In establishing this policy, the Diocese considered the long-term expected return on its endowment. Accordingly, over the long term, the Diocese anticipates the current spending policy to allow its endowment to grow on an annual basis. This is consistent with the Diocese' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

## BISHOP AND DIOCESE OF COLORADO

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### Notes To Financial Statements (*Continued*)

Temporarily and permanently restricted net assets consist of the following at December 31, 2017:

	<b>Temporarily Restricted Net Assets</b>	<b>Permanently Restricted Net Assets</b>
Oakes Home Trust - care of the indigent sick	\$ 3,584,436	\$ 900,000
Bonnell Theology Trust - clergy continuing education	137,174	149,007
John W. Houghton Trust - support of Hispanic ministries	166,339	173,936
Talbot Trust - seminarian scholarships	92,107	106,004
Douglas Mission Trust - Transfiguration, Evergreen	139,517	27,461
J.W. Douglas Trust - new mission development	23,097	12,451
Gustave Lehman - seminarian scholarships	7,578	9,000
<b>Endowment Related</b>	<b>4,150,248</b>	<b>1,377,859</b>
Hicks Trust - youth and young adult ministry	1,316,588	—
Shepard-Holton Trust - care of the aged and children	621,496	—
Bishop's Directionary Fund	35,321	—
Bishop's Discretionary Fund	20,449	—
Hessee Trust Fund - campus ministries in Colorado	38,692	—
Camp and Conference Task Force Fund	22,085	—
ECW Auto Loan Fund - auto loans for clergy	18,918	—
Icthus Trust - nonrecurring personal expenses of clergy	21,727	—
St. George Leadville Fund	11,485	—
Currie Trust - youth camp scholarship	6,226	—
Bishop Wolfrum Fund - small congregational development	6,291	—
Other	20,343	—
<b>Grand Total</b>	<b>\$ 6,289,869</b>	<b>\$ 1,377,859</b>



## BISHOP AND DIOCESE OF COLORADO

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### Notes To Financial Statements *(Continued)*

#### 10. Net Assets Released

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Oakes Home Trust	\$	223,663
Bishop's Directionary Fund		79,485
Hicks Trust		69,475
Spiritual Direction Colorado Fund		51,461
Douglas Mission Trust		3,264
Bishop's Discretionary Fund		14,818
Shepard-Holton Trust		24,123
Bonnell Theology Trust		28,345
Talbot Trust		9,263
Houghton Trust		14,917
Currie Trust		4,000
JW Douglas Trust		1,525
Our Merciful Savior Fund		1,200
		<hr/>
	\$	525,539
		<hr/>

#### 11. Retirement Provisions

The Diocese participates in two pension plans administered by the Church Pension Fund.

The Clergy Plan, a defined benefit plan, covers all regularly compensated clergy employed directly by the Diocese. The Diocese contributes 18% of the clergy's stipend (including the portion designated as a housing allowance). Contributions to the Clergy Plan totaled \$82,886 in 2017. The vesting requirement is five years.

The Lay Employees Plan, a defined contribution plan, covers all eligible employees. The Diocese contributes 5% of an eligible employee's salary and will match up to an additional 4% of salary, the total of which shall not exceed 9%. The Diocesan contribution for lay employees in 2017 was \$42,533. Vesting is immediate.

The Diocese provides retirement benefits to lay employees retired before January 1, 1993. Substantially all employees with 10 years of service at retirement receive monthly payments ranging from \$405 to \$410. For 2017, these payments totaled \$9,780.

## **BISHOP AND DIOCESE OF COLORADO**

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### Notes To Financial Statements (*Continued*)

The Diocese also assists retired clergy and lay staff with medical insurance premiums. Diocesan policy requires the retiree to be at least 65 years old and to have a minimum of 10 years of service. Benefits vary based upon date of retirement and length of service. Effective June 30, 2004, the Church Pension Fund began funding the full cost of a Medicare supplement health policy for retired clergy. This liability has not been recorded as it is not estimable.

At that time, the Diocesan assistance with medical insurance premiums, as described above, terminated, except for retired bishops, for whom the Diocese has provided a premium plan, and a few individuals previously receiving Diocesan assistance who are not supported by the Pension Fund. In 2017, the Diocese paid \$21,936 in medical trust premiums on account of eligible, retired employees. The total of Diocesan-paid pension and medical benefits to retirees was \$34,604. The total unfunded liability to retirees is \$134,027.

## **12. Affiliations**

The Diocese is affiliated with The Episcopal Church. The Diocese paid \$190,432 in 2017 to support The Episcopal Church.

The Foundation is a diocesan institution subject to the Diocesan Canons. It operates as an independent not-for-profit corporation providing financial and other services and resources to assist the Diocese and congregations in Colorado. The Bishop serves on its Board of Trustees, and the Diocesan Standing Committee approves the appointment of its Trustees.

### **The Foundation**

On April 12, 2010, the Diocese assigned a contract for the purchase of real property in Teller County, Colorado, for a camp and conference center to Episcopal Camp and Conference Ministries (ECCM), a newly formed Diocesan institution. ECCM was incorporated on March 26, 2010 as a newly formed diocesan institution for the purpose of purchasing a camp and conference center. The Board of Directors includes the Bishop, the Treasurer of the Diocese and several additional members. The Diocese contributed \$81,611 to ECCM in 2017.

The property was purchased on April 13, 2010 for \$2,600,000 with financing provided by the Foundation and St. John's Church in the Wilderness by loans of \$1,300,000 each. The loan provided by the Foundation was forgiven in 2012, and the loan provided by St. John's Church in the Wilderness was restructured as a triple net lease.

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## **Supplementary Information**

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# BISHOP AND DIOCESE OF COLORADO

## SCHEDULE OF FINANCIAL POSITION BY FUND

December 31, 2017

(With Summarized Financial Information As Of December 31, 2016)

	Assets							Meno Only	
	Unrestricted			Temporarily		Permanently		2017	
	Operating Fund	Regional Programs Fund	Designated Endowment Fund	Property Fund	Unrestricted Funds	Restricted Fund	Restricted Fund	Total All Funds	Total All Funds
<b>Current Assets</b>									
Cash and cash equivalents	\$ 354,097	\$ 382,449	\$ 122,865	\$ 848,885	\$ 1,708,296	\$ —	\$ —	\$ 1,708,296	\$ 544,130
Accounts receivable	20,798	—	—	—	20,798	—	—	20,798	25,813
Pledges receivable	313,451	—	—	—	313,451	—	—	313,451	296,983
Accrued interest and other income receivable	34,642	—	4,083	3,853	42,578	40,716	—	83,294	84,870
Notes receivable - current portion	—	—	50,000	12,075	62,075	5,400	—	67,475	71,125
Deferred charges	63,414	—	—	—	63,414	—	—	63,414	38,713
Due to/from other funds	(113,950)	—	—	232,532	118,582	(118,582)	—	—	—
Deposits and prepaid expenses	37,006	—	—	—	37,006	—	—	37,006	29,497
<b>Total Current Assets</b>	<b>709,458</b>	<b>382,449</b>	<b>176,948</b>	<b>1,097,345</b>	<b>2,366,200</b>	<b>(72,466)</b>	<b>—</b>	<b>2,293,734</b>	<b>1,091,131</b>
<b>Property And Equipment, Net</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>34,066</b>	<b>34,066</b>	<b>—</b>	<b>—</b>	<b>34,066</b>	<b>48,532</b>
<b>Other Assets</b>									
Restricted cash and cash equivalents	—	—	—	—	—	339,555	—	339,555	233,593
Investments	—	—	840,228	364,160	1,204,388	6,503,727	—	7,708,115	6,756,916
Investments restricted for permanent endowment	—	—	—	—	—	—	1,377,859	1,377,859	1,377,859
Notes receivable, net of current portion	—	—	—	108,140	108,140	—	—	108,140	243,353
Congregational assets	—	—	—	1,321,636	1,321,636	—	—	1,321,636	1,592,889
Assets held for sale	—	—	95,822	—	95,822	—	—	95,822	95,822
<b>Total Other Assets</b>	<b>—</b>	<b>—</b>	<b>840,228</b>	<b>1,889,758</b>	<b>2,729,986</b>	<b>6,843,282</b>	<b>1,377,859</b>	<b>10,951,127</b>	<b>10,300,432</b>
<b>Total Assets</b>	<b>\$ 709,458</b>	<b>\$ 382,449</b>	<b>\$ 1,017,176</b>	<b>\$ 3,021,169</b>	<b>\$ 5,130,252</b>	<b>\$ 6,770,816</b>	<b>\$ 1,377,859</b>	<b>\$ 13,278,927</b>	<b>\$ 11,440,095</b>
<b>Liabilities And Net Assets</b>									
<b>Current Liabilities</b>									
Accounts payable and accrued liabilities	\$ 404,221	\$ —	\$ —	\$ —	\$ 404,221	\$ 1,763	\$ —	\$ 405,984	\$ 286,704
Contributions payable to ECCM	—	—	—	390,837	390,837	—	—	390,837	728,411
Deferred revenue	95,083	—	—	—	95,083	—	—	95,083	109,200
<b>Total Current Liabilities</b>	<b>499,304</b>	<b>—</b>	<b>—</b>	<b>390,837</b>	<b>890,141</b>	<b>1,763</b>	<b>—</b>	<b>891,904</b>	<b>1,124,315</b>
<b>Long-Term Liabilities</b>									
Notes payable	—	—	—	—	—	479,184	—	479,184	—
Unfunded liability to retirees	134,027	—	—	—	134,027	—	—	134,027	165,881
<b>Total Long-Term Liabilities</b>	<b>134,027</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>134,027</b>	<b>479,184</b>	<b>—</b>	<b>613,211</b>	<b>165,881</b>
<b>Total Liabilities</b>	<b>633,331</b>	<b>—</b>	<b>—</b>	<b>390,837</b>	<b>1,024,168</b>	<b>480,947</b>	<b>—</b>	<b>1,505,115</b>	<b>1,290,196</b>
<b>Net Assets</b>									
Unrestricted	76,127	—	—	2,630,332	2,706,459	—	—	2,706,459	1,873,005
Unrestricted designated	—	382,449	1,017,176	—	1,399,625	—	—	1,399,625	1,212,857
Temporarily restricted	—	—	—	—	—	6,289,869	—	6,289,869	5,686,178
Permanently restricted	—	—	—	—	—	—	1,377,859	1,377,859	1,377,859
<b>Total Net Assets</b>	<b>76,127</b>	<b>382,449</b>	<b>1,017,176</b>	<b>2,630,332</b>	<b>4,106,084</b>	<b>6,289,869</b>	<b>1,377,859</b>	<b>11,773,812</b>	<b>10,149,899</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 709,458</b>	<b>\$ 382,449</b>	<b>\$ 1,017,176</b>	<b>\$ 3,021,169</b>	<b>\$ 5,130,252</b>	<b>\$ 6,770,816</b>	<b>\$ 1,377,859</b>	<b>\$ 13,278,927</b>	<b>\$ 11,440,095</b>

See the independent auditors' report.

# BISHOP AND DIOCESE OF COLORADO

## SCHEDULE OF ACTIVITIES BY FUND For The Year Ended December 31, 2017 (With Summarized Financial Information For The Year Ended December 31, 2016)

	Unrestricted						Memo Only	
	Operating Fund	Regional Programs Fund	Designated Endowment Fund	Property Fund	Elimination	Total Unrestricted	Temporarily Restricted Fund	Permanently Restricted Fund
							2017 Total All Funds	2016 Total All Funds
<b>Revenues, Gains And Other Support</b>								
Pledge income	\$ 1,904,320	\$ 299,271	\$ —	\$ —	\$ —	\$ 2,203,591	\$ —	\$ 2,188,200
Interest and investment income	30,861	1,239	10,197	19,995	—	62,292	123,947	212,382
Other income	161,986	—	—	—	—	161,986	—	321,681
<b>Total Operating Revenue</b>	<b>2,097,167</b>	<b>300,510</b>	<b>10,197</b>	<b>19,995</b>	<b>—</b>	<b>2,427,869</b>	<b>123,947</b>	<b>2,722,263</b>
Other revenue:								
Convention/conference fees, program and miscellaneous income	437,387	—	—	—	—	437,387	83,200	392,311
Contribution from the Foundation	—	—	—	—	—	—	—	90,000
Colorado trust	537,001	—	—	—	—	537,001	—	—
Other contributions and bequests	17,747	—	140,325	—	(16,955)	141,117	108,018	131,275
Distributions from endowments and trusts	239,299	—	—	—	—	239,299	—	195,237
Net unrealized and realized gains	—	—	58,632	901,379	—	960,011	814,065	411,993
Net assets released	525,539	—	—	—	—	525,539	(525,539)	—
<b>Total Other Revenue</b>	<b>1,756,973</b>	<b>—</b>	<b>198,957</b>	<b>901,379</b>	<b>(16,955)</b>	<b>2,840,354</b>	<b>479,744</b>	<b>1,220,816</b>
<b>Total Revenue, Gains And Other Support</b>	<b>3,854,140</b>	<b>300,510</b>	<b>209,154</b>	<b>921,374</b>	<b>(16,955)</b>	<b>5,268,223</b>	<b>603,691</b>	<b>3,943,079</b>
<b>Expenses</b>								
Program services:								
Canon missioner's office/regional operations	320,117	16,955	—	—	(16,955)	320,117	—	282,109
Development and financial stewardship	84,464	—	—	—	—	84,464	—	141,500
Faith formation	459,864	—	—	—	—	459,864	—	495,755
Congregational aid and development	—	266,682	—	—	—	266,682	—	277,354
Other diocesan and regional programs	382,761	9,167	—	—	—	391,928	—	264,139
Colorado trust distribution	254,351	—	—	—	—	254,351	—	—
Net assets released from restrictions	525,539	—	—	—	—	525,539	—	458,370
Board-designated distributions	25,400	—	30,092	20,769	—	76,261	—	64,692
Transfer from mission to parish status	—	—	—	—	—	—	—	1,576,617
Contributions to ECCM	—	—	—	81,611	—	81,611	—	54,103
<b>Total Program Services</b>	<b>2,052,496</b>	<b>292,804</b>	<b>30,092</b>	<b>102,380</b>	<b>(16,955)</b>	<b>2,460,817</b>	<b>—</b>	<b>3,614,639</b>
Management and general:								
Bishop's office	429,074	—	—	—	—	429,074	—	429,690
Administration	448,414	—	—	—	—	448,414	—	417,722
Finance and accounting	270,828	—	—	—	—	270,828	—	268,422
National Church	201,232	—	—	—	—	201,232	—	192,395
Communications	231,682	—	—	—	—	231,682	—	231,834
Diocesan convention	101,050	—	—	—	—	101,050	—	124,194
Retired health and pension benefits	34,604	—	—	—	—	34,604	—	34,637
Depreciation expense	—	—	—	70,300	—	70,300	—	70,299
<b>Total Management And General</b>	<b>1,716,884</b>	<b>—</b>	<b>—</b>	<b>70,300</b>	<b>—</b>	<b>1,787,184</b>	<b>—</b>	<b>1,769,193</b>
<b>Total Expenses</b>	<b>3,769,380</b>	<b>292,804</b>	<b>30,092</b>	<b>172,680</b>	<b>(16,955)</b>	<b>4,248,001</b>	<b>—</b>	<b>5,383,832</b>
<b>Change In Net Assets</b>	<b>84,760</b>	<b>7,706</b>	<b>179,062</b>	<b>748,694</b>	<b>—</b>	<b>1,020,222</b>	<b>603,691</b>	<b>(1,440,759)</b>
<b>Net Assets, Beginning Of Year</b>	<b>(8,633)</b>	<b>374,743</b>	<b>838,114</b>	<b>1,881,638</b>	<b>—</b>	<b>3,085,862</b>	<b>1,377,859</b>	<b>11,590,652</b>
<b>Net Assets, End Of Year</b>	<b>\$ 76,127</b>	<b>\$ 382,449</b>	<b>\$ 1,017,176</b>	<b>\$ 2,630,332</b>	<b>\$ —</b>	<b>\$ 4,106,084</b>	<b>\$ 6,280,869</b>	<b>\$ 10,149,899</b>

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