



**THE EPISCOPAL CHURCH IN
COLORADO**

2016 ANNUAL CONVENTION

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BISHOP AND DIOCESE OF COLORADO

Summary of Financial Statements

December 31, 2015



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***** For your information the enclosed is a summary of the 2015 financial statements. A full version (with the Notes) will be made available at the diocesan convention.***

BISHOP AND DIOCESE OF COLORADO

STATEMENT OF FINANCIAL POSITION

December 31, 2015

(With Summarized Comparative Financial Information
At December 31, 2014)

Assets			
		2015	2014
Current Assets			
Cash and cash equivalents (Note 2)	\$	477,153	\$ 1,077,595
Accounts receivable		12,568	611
Pledges receivable		300,560	265,935
Accrued interest and other income receivable		65,842	101,295
Notes receivable - current portion (Note 5)		73,025	80,360
Deferred charges		20,413	8,249
Deposits and prepaid expense		31,053	17,071
Total Current Assets		980,614	1,551,116
Property And Equipment, Net (Note 6)		52,953	41,091
Other Assets			
Restricted cash and cash equivalents (Note 2)		211,506	331,748
Investments (Note 3)		7,082,374	7,175,170
Investments restricted for permanent endowment (Note 3)		1,377,859	1,377,859
Notes receivable, net of current portion (Note 5)		271,917	353,949
Congregational assets (Note 6)		4,561,751	4,706,276
Assets held for sale (Note 6)		95,822	95,822
Total Other Assets		13,601,229	14,040,824
Total Assets	\$	14,634,796	\$ 15,633,031
Liabilities And Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$	290,114	\$ 253,162
Contributions payable to ECCM		1,178,975	1,850,913
Notes payable - current portion (Note 7)		40,701	38,180
Deferred revenue		67,171	74,119
Total Current Liabilities		1,576,961	2,216,374
Long-Term Liabilities			
Notes payable (Note 7)		1,298,990	1,339,435
Unfunded liability to retirees (Note 11)		168,193	205,613
Total Long-Term Liabilities		1,467,183	1,545,048
Total Liabilities		3,044,144	3,761,422
Net Assets			
Unrestricted		3,558,324	3,726,711
Unrestricted designated (Notes 8 and 9)		1,110,861	794,991
Temporarily restricted (Note 9)		5,543,608	5,972,048
Permanently restricted (Note 9)		1,377,859	1,377,859
Total Net Assets		11,590,652	11,871,609
Total Liabilities And Net Assets	\$	14,634,796	\$ 15,633,031

See the accompanying notes to financial statements.

BISHOP AND DIOCESE OF COLORADO

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2015 (With Summarized Financial Information For The Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Memo Only	
				2015 Total	2014 Total
Revenues, Gains And Other Support					
Operating revenue					
Pledge income	\$ 2,230,634	\$ —	\$ —	\$ 2,230,634	\$ 2,234,698
Interest and investment income (Note 3)	48,391	137,632	—	186,023	193,495
Other income	364,220	—	—	364,220	288,076
Total Operating Revenue	2,643,245	137,632	—	2,780,877	2,716,269
Other revenue					
Convention/conference fees, program and miscellaneous income	275,689	31,053	—	306,742	300,115
Contributions from the Foundation (Note 12)	90,000	—	—	90,000	90,000
Other contributions	337,924	131,948	—	469,872	1,498,200
Distributions from endowments and trusts	133,311	—	—	133,311	174,998
Net unrealized and realized gains (Note 3)	(51,303)	(181,588)	—	(232,891)	(138,644)
Net assets released (Note 10)	547,485	(547,485)	—	—	—
Total Other Revenue	1,333,106	(566,072)	—	767,034	1,924,669
Total Revenue, Gains And Other Support	3,976,351	(428,440)	—	3,547,911	4,640,938
Expenses And Losses					
Program services					
Canon missionary	340,078	—	—	340,078	350,400
Development office	204,515	—	—	204,515	277,919
Faith formation	389,698	—	—	389,698	134,848
Congregational aid and development	313,781	—	—	313,781	326,684
Other diocesan and regional programs	193,574	—	—	193,574	184,265
Contributions to ECCM (Note 8)	—	—	—	—	1,799,069
Net assets released from restrictions (Note 10)	547,485	—	—	547,485	724,709
Board-designated distributions (Note 8)	5,245	—	—	5,245	18,232
Total Program Services	1,994,376	—	—	1,994,376	3,816,126
Management and general					
Bishop's office	435,711	—	—	435,711	412,297
Administration	322,796	—	—	322,796	251,194
Finance and accounting	308,751	—	—	308,751	298,623
National Church	193,162	—	—	193,162	190,856
Communications	286,044	—	—	286,044	257,812
Diocesan convention	122,024	—	—	122,024	104,317
Retired health and pension benefits (Note 11)	3,872	—	—	3,872	10,628
Depreciation	162,132	—	—	162,132	181,364
Total Management And General	1,834,492	—	—	1,834,492	1,707,091
Total Expenses And Losses	3,828,868	—	—	3,828,868	5,523,217
Change In Net Assets	147,483	(428,440)	—	(280,957)	(882,279)
Net Assets, Beginning Of Year	4,521,702	5,972,048	1,377,859	11,871,609	12,753,888
Net Assets, End Of Year	\$ 4,669,185	\$ 5,543,608	\$ 1,377,859	\$ 11,590,652	\$ 11,871,609

See the accompanying notes to financial statements.

The Episcopal Diocese of Colorado

The Office of the Bishop Proposed Operating Budget for 2017

BUDGET SUMMARY	2015 Actual	2016 Approved Budget	2017 Proposed Budget
Revenue			
Congregational Pledges	\$ 1,827,014	\$ 1,829,695	\$ 1,909,645
Grant from Colorado Episcopal Foundation	90,000	90,000	90,000
Other Income	30,686	26,720	24,720
Cathedral Ridge Reimbursement	146,461	165,885	177,184
Initiatives Funded by Trusts	106,622	230,413	227,830
Total Revenue	2,200,783	2,342,715	2,429,379
Expense			
Departmental Ministries			
Ministry of the Bishop	404,210	404,939	401,234
Pastoral Care of Clergy and Lay Leaders	373,859	410,378	451,489
Evangelism, Christian Formation and Leadership Training	338,766	381,714	409,960
Congregational Development and Transition Ministry	279,577	289,784	285,422
Advocacy and Social Justice	103,371	179,164	176,442
Subtotal Ministry Departments	1,499,783	1,665,979	1,724,547
Support Departments			
Communications	247,685	205,513	214,788
Business Office	308,132	288,775	296,158
Subtotal Support Departments	555,817	494,288	510,946
Support of the Wider Church	194,662	196,470	203,265
Total Expense	2,250,261	2,356,738	2,438,758
Net Operating Surplus (Deficiency)	\$ (49,478)	\$ (14,023)	\$ (9,379)

The purpose of the ministry of The Office of the Bishop is *"to serve, support, and expand God's mission through The Episcopal Church In Colorado."* That ministry is organized into five key areas: (1) Pastoral Care and Support of Clergy and Lay Leaders, (2) Evangelism, Christian Formation & Leadership Training, (3) Congregational Development & Transition Ministry, (4) Advocacy and Social Justice, and (5) Development & Financial Stewardship--all under the oversight of the Ministry of the Bishop and all supported by the Communications Department and Business Office.

The proposed 2017 operating Budget for The Office of the Bishop is aligned in such a way as to directly reflect these ministry areas to the degree they can be funded at this time, and it incorporates the following major assumptions:

All staff to receive a 2% cost of living increase.

Health insurance benefits are projected to reflect a 6% increase.

The Office of the Bishop - Proposed Operating Budget for 2017

Revenue	2015 Actual	2016 Approved Budget	2017 Proposed Budget
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Congregational Pledges	<u>\$ 1,827,014</u>	<u>\$ 1,829,695</u>	<u>\$ 1,909,645</u>
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Diocesan Canons call for the mandatory financial support for the work of the wider Church by requiring each congregation to contribute 10% of its plate, pledge, and other regular giving for the year to the Annual Operating Budget for the Office of the Bishop. Diocesan Canons also invite every congregation to consider making a voluntary contribution of up to 5% of their plate and pledge to their Region. Based on the 2016 pledge forms, 59 congregations have reached or exceeded the required contribution. Having every congregation meet this mandatory requirement is essential to the growth and vitality of The Episcopal Church in Colorado.

Pledge income for 2017 is an estimate determined by an analysis of historical giving and prior pledge information for each congregation.

Other Income			
Interest Income	\$ 6,075	\$ 6,000	\$ 6,000
Personal/Prior Year Pledges	9,431	7,000	4,000
Miscellaneous Income	15,180	13,720	14,720
Other Income	<u>\$ 30,686</u>	<u>\$ 26,720</u>	<u>\$ 24,720</u>

Miscellaneous Income includes rental income and other miscellaneous revenues.

Cathedral Ridge Reimbursement:			
Business Office	18,000	18,000	18,000
Faith Formation	128,461	147,885	159,184
Cathedral Ridge Reimbursement	<u>\$ 146,461</u>	<u>\$ 165,885</u>	<u>\$ 177,184</u>

Finance Department assistance and Faith Formation support are reimbursed by Cathedral Ridge

Initiatives Funded by Trusts			
Oakes Home Trust - Medical and Health Assistance	82,400	105,000	105,000
Houghton/ Douglas Trust - Latino Ministry	-	16,164	16,442
Shepard-Holton - Institutional Program Care	-	23,000	20,000
Hicks Trust - Faith Formation	-	59,449	59,488
Currie Trust - Faith Formation Youth Camp Programs	8,000	4,000	4,000
Bonnell Trust - Anglican Studies/Clergy Education	13,274	17,800	17,800
Talbot - Holy Orders	2,949	5,000	5,100
Total Initiatives Funded by Trusts	<u>\$ 106,622</u>	<u>\$ 230,413</u>	<u>\$ 227,830</u>

The Office of the Bishop - Proposed Operating Budget for 2017

Expense	2015 Actual	2016 Approved Budget	2017 Proposed Budget
<u>Departmental Ministries</u>			
Ministry of the Bishop			
Staff and Related Costs	\$ 297,712	\$ 301,739	\$ 308,034
Travel and Other Expense	37,547	31,900	31,900
Standing Committee/Other Committee Costs	21,661	20,800	20,800
Annual Convention	30,786	35,000	25,000
Accruals-General Convention, Lambeth Conference	16,505	15,500	15,500
Total Ministry of the Bishop	<u>\$ 404,210</u>	<u>\$ 404,939</u>	<u>\$ 401,234</u>

The Ministry of the Bishop is one of oversight (or episcopate) of all congregations on the Diocese. As Chief Pastor, the Bishop serves as the Chief Executive Officer of the Corporation, manages the business affairs of the Diocese, is responsible for upholding the Constitution and Canons of The Episcopal Church, and for empowering and supporting all aspects of the Church's ministry across the Diocese. The ministry of the Bishop is directly supported through the Counsel and Advice of the Standing Committee which serves as the Board of Directors of the Corporation along with the assistance of an Administrative Assistant.

Due to the large size of the Diocese, the Bishop's travel is extensive. In addition to presiding at ordinations, confirmations, celebrations of new ministry, other special services, and pastoral care and consultation throughout the state, the Bishop is canonically required to visit each congregation in the Diocese at least once every three years. The Bishop's travel, entertainment, and business meal expenses are a reflection of this commitment. Additionally, the Bishop represents Colorado to The Episcopal Church and Anglican Communion at large, including regular meetings of the House of Bishops.

The Annual Convention of the Diocese is the primary gathering of The Episcopal Church in Colorado, providing clergy and lay leaders an opportunity to strengthen their understanding and commitment to God's mission among us. Clergy and lay leaders pay their own travel and lodging expenses. The Diocese pays for the planning, administration, security and facilities costs.

Pastoral Care of Clergy and Lay Leaders			
Staff and Related Costs	\$ 201,136	\$ 265,828	\$ 292,789
Legal	149,348	90,000	110,000
Clergy Conference & New Clergy Orientation	15,396	24,650	26,300
Commission on Ministry	20,158	15,500	16,900
Retiree Benefits	(20,193)	6,700	(2,200)
Other Expense	8,014	7,700	7,700
Total Pastoral Care of Clergy and Lay Leaders	<u>\$ 373,859</u>	<u>\$ 410,378</u>	<u>\$ 451,489</u>

The Canon to the Ordinary is primarily responsible for the pastoral care and support of the clergy and lay leaders of the Diocese, including supervising and supporting the daily operation and management of the Office of the Bishop. This includes implementing the initiatives and policies of the Bishop and Standing Committee as well as providing a variety of forms of pastoral support to clergy and lay leaders across the Diocese. The Canon to the Ordinary coordinates the work of the Senior Staff, the Commission on Ministry, the Trust and Endowment Committee, and the legal work of the Chancellors.

Key to the work of the Canon to the Ordinary is supporting clergy wellness across the Diocese which specifically includes programs to develop the clergy professionally and personally, and the management of clergy compensation and benefits, including health and pension programs.

The Canon to the Ordinary is supported by the work of an Administrative Assistant and Database Manager.

The Office of the Bishop - Proposed Operating Budget for 2017

Expense	2015 Actual	2016 Approved Budget	2017 Proposed Budget
Evangelism, Christian Formation & Leadership Training			
Staff and Related Costs	\$ 238,727	\$ 301,714	\$ 323,960
Children, Youth, Young Adult Ministry, and Adult	59,386	55,000	61,000
Church Development Institute	37,296	30,000	30,000
Church Development Institute Revenue	(37,296)	(30,000)	(30,000)
Anglican Studies	10,274	12,000	12,000
Other Expense	30,380	13,000	13,000
Total Evangelism, Christian Formation and Leadership Training	\$ 338,766	\$ 381,714	\$ 409,960

The Missioner for Evangelism, Christian Formation & Leadership Training is responsible for developing resources and equipping leaders for the work of evangelism, basic Christian catechesis, and substantive ongoing formation and discipleship for people of all ages. This ministry included the oversight and management of the Church Development Institute as well as the development of innovative programming at The Center at Cathedral Ridge.

Effective evangelism, substantive Christian formation, and effective leadership training are key to the growth of God's mission through The Episcopal Church In Colorado and in 2015 was supported by two full time assistants. 40% of the departments expenses are charged to The Center at Cathedral Ridge.

Congregational Development and Transition Ministry			
Staff and Related Costs	\$ 253,806	\$ 263,584	\$ 263,522
Travel	7,698	9,000	6,000
Deployment	1,460	2,700	2,700
Regional Missioner Meetings	2,558	3,000	3,000
Other Expense	14,055	11,500	10,200
Total Congregational Development and Transition Ministry	\$ 279,577	\$ 289,784	\$ 285,422

The Missioner for Congregational Development & Transition Ministry is responsible for equipping clergy, wardens, vestries, bishop's committees, and other lay leaders with the skills and resources needed to lead, cultivate and develop dynamic congregations that are rooted and grounded in God's mission.

In this area of ministry, strategic models and support for the new and emerging congregations and ministries are developed along with congregational development consulting, and the support and management for all clergy deployments and congregational transition for the Diocese.

The Office of the Bishop - Proposed Operating Budget for 2017

Expense (Continued)	2015 Actual	2016 Approved Budget	2017 Proposed Budget
Advocacy and Social Justice			
Oakes Home Trust Distribution			105,000
St. Francis Center	25,000	25,000	
St. Benedict Health & Healing Ministry	30,000	35,000	
32nd Ave Jubilee Ministry	25,000	30,000	
St. Clare's Ministry	2,400	3,000	
Reserve Distributions		12,000	
Houghton/Douglas Trust Distribution			
Our Merciful Savior, Denver			
Latino Ministries		16,164	16,442
Shepard-Holton Trust Distribution			20,000
Island Grove		7,000	
32nd Ave Jubilee Ministry		7,000	
Brigit's Village		4,000	
St. Elizabeth's School		5,000	
Jubilee Ministries Support	5,971	10,000	10,000
Colorado Episcopal Service Corp	10,000	25,000	25,000
Other	5,000	-	-
Advocacy and Social Justice	\$ 103,371	\$ 179,164	\$ 176,442

The Missioner for Advocacy and Social Justice is a newly established part-time position in the Office of the Bishop, and is responsible for calling The Episcopal Church in Colorado to the spiritual discipline of integrating the Christian faith and life with complex issues of justice in order to bear witness to the gospel in the world and to advocate on behalf of the poor, the marginalized, and dispossessed.

Key to this ministry is the oversight and development of Colorado Episcopal Service Corp (a separate diocesan institution) and the support of Colorado's 34 Jubilee Ministries.

This area of ministry oversees the administration of pass through grants from temporarily restricted trust and endowment accounts to various beneficiaries, and variations in those grants do not affect the bottom line of operating budget

Support Departments

Communications			
Staff and Related Costs	\$ 110,052	\$ 108,113	\$ 115,638
Episcopalian	33,781	23,000	26,250
Information Systems	59,885	47,900	49,100
Communication Programs	18,719	20,000	19,000
Other Expense	25,247	6,500	4,800
Total Communications	\$ 247,685	\$ 205,513	\$ 214,788

This department has a full time Director of Communications. Responsibilities include The Episcopalian, development and maintenance of a professional web site, assistance to other departments through the development and publication of newsletters and e-newsletters, professional representation of the Diocese to the media, and, in general, design and control of all communication tools and resources involving both internal and external communications to the diocesan staff, diocesan congregations and the greater community.

Business Office			
Staff and Related Costs	\$ 124,520	\$ 130,875	\$ 134,358
Facilities Management	114,843	87,100	90,400
Insurance, Property Taxes, & Audit	53,847	55,500	57,500
Accounting Software	9,512	9,000	8,000
Other Expense	5,410	6,300	5,900
Total Business Office	\$ 308,132	\$ 288,775	\$ 296,158

The Finance Department is staffed by the Controller and a part time accounting assistant, who also serves as Diocesan Archivist, under the supervision of the Treasurer and working closely with the Diocesan Finance Committee. This group is responsible for stewardship of the Diocese's financial resources and the reporting of the financial condition of the Diocese and results of its operations on a regular and timely basis. It performs all accounting functions, coordinates preparation of the annual budget, the annual audit, the collection, analysis and distribution of summary, diocesan-wide information, and interpretation of financial data for the use by executive staff, Standing Committee, and other committees of the Diocese. It is responsible for property, casualty and liability insurance, coordinates real estate matters including exempt property applications and reports.

In addition to the accounting and reporting functions, the Finance Office manages the internal organizational support functions including building services and maintenance, mail, purchasing and telecommunications.

The Office of the Bishop - Proposed Operating Budget for 2017

Expense (Continued)	2015 Actual	2016 Approved Budget	2017 Proposed Budget
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Support of the Wider Church

The National Church Pledge	\$ 182,362	\$ 182,970	\$ 190,965
Province VI Pledge	10,800	12,000	10,800
Colorado Council of Churches	1,500	1,500	1,500
Total Support of the Wider Church	\$ 194,662	\$ 196,470	\$ 203,265

Support of the Wider Church the pledge to the National Church is based on 10% of the estimated 2017 Diocesan pledge income. Colorado Council of Churches represents Diocesan support of Christian initiatives through the Colorado Council of Churches.

Cathedral Ridge Capital Campaign

Staff and Related Costs	64,331	60,002	58,560
Consultant Fees and Expenses	93,002	70,000	20,000
Office Expenses	8,107	2,000	1,000
Travel & Professional Expense	39,075	3,000	1,000
Cathedral Ridge Reimbursement	(204,515)	(135,002)	(80,560)
Total Cathedral Ridge Capital Campaign	\$ 0	\$ -	\$ -