The background of the page features a large, faint, and semi-transparent seal of the Diocese of Olympia. The seal is an oval shape with a decorative border. Inside the border, the words "DIOCESE OF OLYMPIA" are written in a circular arrangement. The central part of the seal depicts a shield with a blue field containing a white cross, and a red field containing a white cross. Above the shield is a crown. The entire seal is rendered in a light, watermark-like style.

Living Our Baptism

Journal of the Diocese of Olympia

102nd Annual Convention

November 9-10, 2012

Seattle, Washington

Journal of Proceedings
2012 Annual Convention

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Section 1

Minutes of the 102nd Annual Diocesan Convention of the Diocese of Olympia
Seattle Airport Hotel & Conference Center, Seattle, Washington

Friday, November 9, 2012

Call to Order, Welcome & Opening Worship

The 102nd Convention of the Diocese of Olympia was called to order by the Rt. Rev. Greg H. Rickel, bishop diocesan; Rickel welcomed those gathered to the celebration of *Living Our Baptism*.

Certification of Quorums

The Rev. Marda Steedman Sanborn, secretary of convention, declared she had satisfactory evidence that a canonical quorum in both orders was present and **moved** that convention dispense with the reading of all names.

No objection; the Secretary certified the quorum

Convention Organized for Business

Bishop Rickel declared the 102nd Convention of the Diocese of Olympia organized for business.

Introduction of the Head Table

Bishop Rickel introduced those seated at the head table: **the Rev. Marda Steedman Sanborn**, secretary of convention; **Mrs. K. Ann McCartney**, parliamentarian; the Rev. Andrea McMillin, dispatch of business; and **Ms. Judy Andrews**, diocesan chancellor. He also acknowledged **Mr. Duncan Bayne**, diocesan vice chancellor and chair of the Resolutions Committee.

Committee on Dispatch of Business

Bishop Rickel recognized the Rev. Andrea McMillin, chair; McMillin **moved** Dispatch of Business document A.10 for acceptance. *[Document, pg. xx]*

Motion carried

Agenda adopted

McMillin reviewed the rules for submitting resolutions within the six-hour window.

Secretary of Convention

Bishop Rickel recognized Mrs. Pam Tinsley, co-chair of the Nominations Committee; on behalf of the Committee Tinsley **moved** the Rev. Marda Steedman Sanborn be elected Secretary of Convention.

Motion carried

Steedman Sanborn elected

Steedman Sanborn appointed the following Assistant Secretaries serving this convention: **Dede Moore, Sharon Pethers, Blaire Notrica, Angela Mealing, Dana Chapman** and **Shannon Jergenson**.

Parliamentarian

Bishop Rickel appointed **Mrs. K. Ann McCartney** as the parliamentarian for the 102nd Convention.

Chancellor and Vice Chancellor

Bishop Rickel appointed **the Hon. Judy Andrews, Esq.**, chancellor of the Diocese of Olympia; **the Hon. Duncan Bayne, Esq.**, and **the Hon. Mike Reynvaan, Esq.**, vice chancellors of the Diocese of Olympia.

Appointments accepted

Chancellor Judy Andrews appointed the following assistant chancellors: **Jeffrey Helsdon, R. Thomas Olsen** and **Tom Platt**.

Bishop Appointments

Bishop Rickel appointed the Convention Committees and Commissions by reference to document E.10 *[Document, pg. xx]*. Bishop Rickel continued with the following appointments (*all three-year terms*):

Board of Directors

Mr. George Garcia, St. Joseph-St. John, Lakewood; **Ms. Pat McGuire**, St. Bede, Port Orchard; **the Rev. Ray Sheldon**, Faith Community Church, Kingston.

Commission on Ministry

Mr. Bill Demmon, St. Antony, Silverdale; **the Rev. Janet Campbell**, Diocese of Olympia & St. Luke, Renton; **the Rev. Bonnie Campbell**, St. Mark, Montesano; **the Rev. Karen Pierce**, St. Paul, Port Townsend; additional appointments to be made at a later date.

Liturgy & Arts Commission

Mr. Sean Horner, St. Mark's Cathedral, Seattle; **Ms. Cheryl Smith**, Good Samaritan, Sammamish.

Commission on Church Architecture

The Rev. Janet Campbell, Diocese of Olympia & St. Luke, Renton; **Mr. Guy Falskow**, St. Stephen, Seattle; **Ms. Jeanette Moore**, St. Mark's Cathedral, Seattle; **Mr. Allen Moses**, Church of the Redeemer, Kenmore.

Personnel Commission

Ms. Linda Bruen, Good Samaritan, Sammamish; **the Rev. Bill Fulton**, St. Antony, Silverdale; **Ms. Cheryl Middleton**, St. Mark's Cathedral, Seattle.

Church Schools Board

The Rev. Lex Breckinridge, St. Thomas, Medina; **the Rev. Corbett Clark**, Oregon Episcopal School, Portland.

No action required

Disciplinary Board

Bishop Rickel appointed the following members for three-year terms: **Mr. Mac Brown**, St. Mark's Cathedral, Seattle; **Mr. Karl Oles**, Church of the Redeemer, Kenmore; **the Rev. Tom Warne**, Church of the Good Shepherd, Vancouver. Church Attorney: **Mr. Marvin L. Gray, Jr.**, Church of the Ascension, Seattle.

Appointments ratified

Clergy and Staff Transitions

Bishop Rickel referred convention members to document A.7, Clergy & Staff Transitions, highlighting the following: Clergy new to the diocese—**Eric Stelle, Maria Jimenez-Mesenbring, Robert Charles (R.C.) Laird, Jane Rohrer, Richard Gillett, Steve Thomason**; Clergy licensed—**Marilyn Behrens, Richard Loop**; Deceased—**Charles Hunter, Joyce McConnell, Bridget Moore, Jim Blundell, Kathy Glenn, Richard Younge, Henry Seamen, Steve Tellari, Kenneth Snyder**; New to the diocesan staff – **Jane Huang, Rebecca Kirkpatrick**.

Office of the Bishop Report on Congregational Status

Bishop Rickel recognized Secretary Steedman Sanborn who reported, pursuant to Canon 2, section 4(b), she had received from the Office of the Bishop the Congregations in Good Standing Report stating all congregations are in either good standing or provisional good standing for this convention.

No action required

Faith Action Network

Bishop Rickel recognized Ms. Jackie O'Ryan; O'Ryan presented on the current work of this group.

Introduction of theme

Bishop Rickel recognized the Rev. Samuel Torvend and the Rev. Janet Campbell to introduce the theme for the convention and the upcoming year: *Living Our Baptism*.

Bricks for Haiti

Bishop Rickel joined Ms. Jennifer Daugherty to update the convention on this fundraising campaign; a short video was shared. Bishop Rickel announced that half of the offering from the convention Eucharist would be designated for the Bricks for Haiti campaign; in light of recent hurricane Sandy, the other half of the offering collected would be designated for the ERD response to Sandy.

Recess

Bishop Rickel declared the business session of Convention in recess until 8:30 AM Saturday morning.

Eucharist and Bishop's Address

Bishop Rickel presided and preached his annual address to the convention. *[Text, pg. xx]*

Bishop's Cross Presentations

During the evening dinner, Bishop Rickel presented Bishop's Cross awards to Laura Poston and David Dahl.

Laura Poston: Laura Poston has heard the call to great involvement in the life of her church congregations. Wherever she is a member, she gives of herself in so many ways from her early training in pastoral care and Eucharistic visitor, to governance in times of growth and transition, to the stories of Godly Play. She is well known for her work in her parish and in the diocese. Although a "cradle Episcopalian," Laura's journey in discerning her church home instilled in her a desire for

ecumenical cooperation. While part of the Society of Friends, Laura was very much drawn to the Quaker emphasis on issues of peace and justice as well as the structure of meeting for worship. With the members of Church of Our Saviour, she has explored an ecumenical journey with the Methodists and the Lutherans. When Laura returned to the Episcopal Church while living in New York, she quickly became immersed in her new community. She was the first female lay leader, participated in social outreach ministries (including an ecumenical group that fed the homeless in Manhattan), worship committee, the choir, and the buildings and grounds committee. Later, within a year of joining St. John's, Snohomish, she was elected to the vestry and active as a worship leader/lay leader. Subsequently, she discovered Church of Our Saviour, Monroe—this congregation felt like home. She may have arrived as a worshiper needing prayers and blessing, but again she was soon growing in God through the classes and social activities that were part of congregational life. She eventually received diocesan training in pastoral care, began a pastoral care committee, and trained as a worship leader and a chalice bearer. Excited to be part of a growing and energized parish, Laura was elected to the Bishop's Committee and called to lead adult faith formation classes. Laura was asked to provide experienced leadership during transition in her parish as vicar's warden, receiving training in church renewal and development training sponsored by the national church. She provided guidance in a congregation developing lay leadership that could support a new priest. Her diocesan involvement grew, too, being elected to the Cathedral Chapter and appointed to the previous call committee for St. Mark's Cathedral. Although she was initially called to the diocesan Commission on Stewardship and Planned Giving, at the advice of Carl Knirk, she moved to the Commission for Evangelism, where her talents would be put to greater use. Involved in many ways in Church of Our Saviour, the diocese and the ecumenical community, she has served on the altar guild, became a delegate to diocesan convention, and working towards an outreach program that the Lutherans, Episcopalians and Methodists might do together. Most recently, at Church of Our Saviour, she was one of three worship leaders to lead Morning Prayer. Eventually she felt called to revive the Godly Play program. As she learned the stories for Godly Play, her understanding of the rhythm of the church year expanded dramatically and made the bible stories her own and deepened her faith. For her years of dedication and service to the church, no matter the congregation, I present this Bishop's Cross to **LAURA POSTON.**

David Dahl: Who could have guessed, in March of 1970, that the action of the vestry of Christ Church to hire a young musician from Pacific Lutheran University as organist and choir master was the beginning of a relationship that would grow and flourish over the next 40 years? At Christ Church, David was quickly recognized for his fine musicianship and knowledge of liturgy and church music. He welcomed all to the choir and soon produced a group of dedicated singers who provided worship music second to none. David was also tireless in educating the congregation about the music of the church. In the mid-1970s David introduced his vision of a new pipe organ for Christ Church. After months of planning and research, the vestry approved a plan to raise funds for the new organ. In 1979 the John Brombaugh and Associates organ, Opus#22, was installed for \$100,000. Today the organ is valued at \$850,000. David began the 3rd Friday organ programs and Music at Christ Church series to introduce audiences to the rich tradition of church music. The 3rd Friday program provides an opportunity for many young, talented organists to gain skill as performers. David also mentored young musicians in the parish, generously providing opportunities for them to perform in services. David has been recognized far beyond the confines of our campus for his musical talent. He has been an active recitalist. He has been a consultant for several organ projects in churches and academic institutions. He has actively supported high quality organ building. David has traveled extensively in Europe on tours of historic organs. He is a published composer of organ music through Augsburg-Fortress Press. He was recently awarded the Distinguished Service Award from the Organ Historical Society and the Distinguished Alumnus Award from Pacific Lutheran University where he now holds the title Professor of Music/University Organist Emeritus. The people of Christ Church could not be more proud of David for his many musical achievements. Through seven rectors, many clergy associates, thirty senior wardens, numerous parish administrators and youth directors, through years when the parish grew, then struggled, then grew again, David was often the single constant presence in our community of faith. He was there for all the seasons in their lives, from baptisms to burials, for generations of families. For his humility, his gentle nature, joyful sense of humor, and fine musicianship I present the Bishop's Cross to **DAVID DAHL.**

Saturday, November 10, 2012

Morning Prayer

Morning Prayer was celebrated with a homily by the Rt. Rev. James Magness, Bishop Suffragan for the Armed Services & Federal Ministries.

Call to Order / Dispatch of Business

Bishop Rickel called the convention to order. Dispatch of Business chair, Andrea McMillin, provided reminders and rules for voting and speaking to the convention.

Committee on Privilege

Bishop Rickel recognized the Rev. Ken Grabinski, chair, Committee on Privilege, to present the report on the granting of privilege of convention. Grabinski referred to document E.11 and **moved** that seat and voice be granted to those listed, as well as the Rt. Rev. Craig Anderson, retired bishop; Emma Davis, diocesan youth presence, and the Rev. Nancy Wynen. *[Document, pg. xx]*

**Motion carried
Privilege granted**

Special Presentation

Bishop Rickel asked the Rev. Ken Grabinski, aka Deacon Dad, to remain on the stage. There followed a tribute to his years of work with youth in our diocese. Bishop Rickel presented the Rev. Ken Grabinski with a Bishop's Cross.

Committee on Nominations

Bishop Rickel recognized Mrs. Leann Torgerson-Harrison and Mrs. Pam Tinsley, co-chairs, to continue the report of the Nominations Committee. Convention members were referred to report B.3 *[Document, pg. 22]*. The Committee nominated the following persons for diocesan offices:

Standing Committee

The Rev. Sheila Crisp, St. Joseph-St. John, Lakewood
The Rev. Jane Maynard, Christ Church, Tacoma
Mr. Rhoderick J. Elin, St. Paul, Bellingham
Mrs. Alice Reid, St. Thomas Medina
Bishop Rickel asked if there were any further nominations from the floor; Mr. Don Little, St. Bede, Port Orchard, was nominated in the lay order.

Nominations closed, ballots prepared

Cathedral Vestry

The Rev. Mike Jackson

**Nominations closed
Jackson elected**

Diocesan Council—Clergy Be Attitudes Regional Ministry

The Rev. Robert C. "R.C." Laird, St. Luke Seattle

**Nominations closed
Laird elected**

Diocesan Council—Clergy Columbia Regional Ministry

The Rev. Jaime Case, St. Luke/San Lucas, Vancouver

The Rev. Shelly Fayette, Church of the Good Shepherd, Vancouver

Nominations closed, ballot prepared

Diocesan Council—Clergy Eastside Episcopal Churches

The Rev. Lex Breckinridge, St. Thomas, Medina

The Rev. Christina Jillard, St. Margaret, Bellevue

Nominations closed, ballot prepared

Diocesan Council—Lay Eastside Episcopal Churches

Mr. Brian Gregory, St. Thomas, Medina

Ms. Sunshine Pegues, Good Samaritan, Sammamish

Nominations closed, ballot prepared

Diocesan Council—Clergy Evergreen Regional Ministry

The Rev. Bonnie Malone, St. George, Maple Valley

**Nominations closed
Malone elected**

Diocesan Council—Lay Evergreen Regional Ministry

Ms. Nadine Baxter, St. Matthew/San Mateo, Auburn

Ms. Vicki Van Blaricom, Church of the Good Shepherd, Federal Way & St. James, Kent

Nominations closed, ballot prepared

Diocesan Council—Clergy Holy C Regional Ministry

The Rev. James Thibodeaux, St. Peter, Seattle

**Nominations closed
Thibodeaux elected**

Diocesan Council—Lay Holy C Regional Ministry

Ms. Marie I. Cain, Church of the Ascension, Seattle

**Nominations closed
Cain elected**

Diocesan Council—Clergy Mount Baker Regional Ministry

The Rev. Jonathan Weldon, St. Paul, Bellingham

**Nominations closed
Weldon elected**

Diocesan Council—Lay Mount Baker Regional Ministry

Ms. Betty Anne McCoy, Christ Church, Anacortes

**Nominations closed
McCoy elected**

Diocesan Council—Lay Peninsula Regional Ministry

Ms. Sue Clary, St. Luke, Sequim

Nominations closed

Clary elected

Diocesan Council—Clergy Peninsula Regional Ministry

The Rev. Kathleen Kingslight, St. Paul, Bremerton

The Rev. Dennis S. Tierney, St. Barnabas, Bainbridge Isl.

Nominations closed, ballot prepared

Diocesan Council—Lay Rainier Regional Ministry

Ms. Charlotte Brown, St. Joseph-St. John, Lakewood

Nominations closed

Brown elected

Diocesan Council—Clergy Sno Isle Regional Ministry

The Rev. Rilla Barrett, Church of Our Saviour, Monroe. Bishop Rickel asked if there were any further nominations from the floor; the Rev. Nigel Taber-Hamilton, St. Augustine’s in-the-Woods, Freeland, was nominated.

Nominations closed, ballot prepared

Diocesan Council—Lay Sno Isle Regional Ministry

Ms. Denice Patrick, St. Hilda-St. Patrick, Edmonds

Mr. Forrest A. Ryan, Church of Our Saviour, Monroe

Nominations closed, ballot prepared

Diocesan Council—Lay Willapa Regional Ministry

Ms. Susan Rolfe, St. Andrew, Aberdeen

Nominations closed

Rolfe elected

Archivist and Records Manager

Ms. Diane Wells.

Nominations closed

Wells elected

Treasurer

Ms. Barbara Fox, Church of the Resurrection, Bellevue.

Nominations closed

Fox elected

Historiographer

Br. Carle Griffin.

Nominations closed

Griffin elected

Introduction to voting procedures

First ballot

Bishop Rickel recognized Mrs. Katie Akesson, elections official; Akesson introduced the balloting system to be used in the 2012 elections. Bishop Rickel declared the polls open.

First ballot completed

Report from the Treasurer

Bishop Rickel recognized diocesan treasurer, Mr. Steve Faust, for his annual report.

Action on the 2013 Budget

Bishop Rickel thanked Steve Faust for his years of work as treasurer. Steve commended to convention the 2013 operating budget and **moved** for its ratification. *[Document, pg. xx]*

**Motion carried
2013 Budget ratified**

Constitution and Canons Committee

Bishop Rickel recognized Mr. Doug Oles, chair; Oles presented the report of the committee. *[Document, pg. xx]*

Second vote on changes to Constitution

Our diocesan Constitution provides (in Article XXI) that it may be amended by a majority vote of the two orders voting separately at two successive annual meetings of Convention.

Article XIV, Section 2

To conform the Constitution to recent practice, and based on a diocesan staff recommendation, the committee offers clarification as to the number of members on the nominating committee (for Annual Convention), as follows:

At least ninety days prior to the Annual Meeting of Convention, the Bishop shall appoint a committee of not fewer than five members of Convention...

Motion carried in the clergy order

Motion carried in the lay order

**Amendment to Article XIV, Section 2,
adopted on second reading**

First vote on changes to Constitution

Article XV (Admission of New Parishes and Missions)

Section 1(d) in Article XV provides that a Parish desiring admission into union with Convention must present evidence that it has at least twenty-five adult Communicants in Good Standing. Meanwhile, Canon 8(1) provides that a Parish may only be organized with at least 50 adult Communicants in Good Standing. Because the operative threshold is 50 adults, it seems appropriate to eliminate the discrepancy. We therefore propose to amend Article XV(1)(d) as follows:

...the Parish shall have delivered...

(d) Satisfactory evidence that the Parish has been regularly organized by the election of two wardens, with a total of not fewer than six nor more than fifteen vestry members, and that the Parish contains at least ~~fifty~~^{twenty-five} adult Communicants in Good Standing.

Proposed Referral: Mr. Joe McGuire, St. Bede, Port Orchard, **moved** to refer this constitutional change to the bishop and Standing Committee for study and recommendation as to the number of adult communicants required to form a Parish; such recommendation to be forwarded to the Constitution and Canons Committee for drafting the necessary constitutional and canon changes to be presented to the 2013 diocesan convention. Seconded.

Motion carried
Amendment to Article XV referred

Vote on changes to Canons

Pursuant to Canons 28 and 29, canons may be enacted or amended by a “vote of a majority of each Order.” These amendments “take effect upon the adjournment of the meeting of convention at which they are enacted” unless the convention votes unanimously for the changes to take immediate effect.

Canon 4 (Committees of Convention)

The Committee on Constitution and Canons distributes its report in advance of Convention by posting it online and by sending it to all members of Convention. It does not, however, send written copies 10 days in advance to “clerks of the Vestries and Bishop’s Committees.” Therefore, to exculpate the Committee, we recommend the following amendment to Canon 4(d):

The [Canons] Committee report ... must be submitted ~~in writing to all members of Convention the clergy and clerks of the Vestries and Bishop’s Committees at least ten days before the Annual Meeting of Convention.~~

Motion carried in the lay order
Motion carried in the clergy order
Amendment to Canon 4 adopted

Canon 9 (Rectors, Parishes and Vestries)

Canon 11 (Missions)

Section 10 of Canon 9 restricts both Vestries and Bishop’s Committees from altering church buildings without the Bishop’s consent. This seems somewhat

incongruous, because Canon 9’s title indicates that it applies only to Parishes. The consensus of the Committee was to state the requirement separately under Canon 9 (for Parishes) and Canon 11 (for Missions). Thus, Canon 9(10) would be amended as follows:

No Vestry ~~or Bishop’s Committee~~ shall remove, take down or otherwise dispose of any church, chapel, rectory or other Parish building, nor shall the location thereof be changed without the previous written consent of the Bishop, acting in consultation with the Standing Committee of the Diocese.

Correspondingly, the existing Section 5 of Canon 11 would become Section 5(a), and a new Section 5(b) would be added as follows:

No Bishop’s Committee shall remove, take down or otherwise dispose of any church, chapel, rectory or other Mission building, nor shall the location thereof be changed without the previous written consent of the Bishop, acting in consultation with the Standing Committee of the Diocese.

Motion carried in the lay order
Motion carried in the clergy order
Amendments to Canon 9 & 11 adopted

Canon 10 (Parish Registers and Parochial Reports)

Because Canon 10 includes requirements both for Parishes and Missions, the Committee concluded that the word “Parish” should be deleted from the title. In Section 1, the requirement for Parishes and Missions to “maintain a Parish Register” would be clarified to “maintain a Register.” In Section 3, the reference to the “Parish Register” being a responsibility of the priest in charge would be changed to “Register.” The National Canons refer inconsistently to a “Parish Register” and to a “Register.” Because the requirement applies both to Parishes and Missions, it seems more consistent to call it simply the “Register”.

Motion carried in the lay order
Motion carried in the clergy order
Amendments to Canon 10 adopted

Canon 18 (Pensions)

In the fourth line, the reference to “the Church’s national canons” should be corrected to “the Church’s National Canons”, for consistency with other references.

Motion carried in the lay order
Motion carried in the clergy order
Amendment to Canon 18 adopted

Canon 19 (Regional Ministries)

Section 7(c) of this canon requires the Convenor/Assistant Convenor of each Regional Ministry to establish a procedure for timely selection of a young adult delegate to Convention. The canon does not specify what happens if a Regional Ministry fails to make such a selection. At the suggestion of diocesan staff, the Committee proposes a new Section 8 to read as follows:

If a Regional Ministry has failed to give written notice of its young adult delegate at least a fortnight before commencement of Convention, the Bishop may appoint a young adult from that Regional Ministry to participate at Convention.

Proposed Amendment: Ms. Pat McGuire, St. Bede, Port Orchard, proposed an **amendment** to change the word “fortnight” to read “14 days”; seconded.

Motion failed

Amendment rejected

Motion carried in the lay order

Motion carried in the clergy order

Amendment to Canon 19 adopted

Comprehensive Strategic Review

Bishop Rickel recognized Mr. Russ Crabtree, Holy Cow! Consulting; Crabtree presented on the process this past year referring convention members to the executive summary [[Document pg. xx](#)].

St. Mark’s Cathedral

Bishop Rickel recognized the new dean of St. Mark’s Cathedral, Dean Steve Thomason, to bring greetings from the Cathedral.

Breakout Sessions

Convention members joined the conversation on our theme of *Living Our Baptism* by attending one of the offered breakout sessions:

- *Private Birdbath or People’s Font? Celebrating baptism and re-shaping the church.*
- *Flowing From the Waters: Christian Identity, Belief & Action.*
- *From the Font to the Home: Celebrating Baptismal Life in the Household.*
- *In the Midst of Much Need: How Do We Embody the Promises We Make?*
- *We Thank You for this Gift: Our Call to Care for Earth’s Endangered Waters.*

Report of the first ballot

Bishop Rickel called on Secretary Marda Steedman Sanborn for the report of the first ballot.

Standing Committee

Concurrence between orders (60 clergy/156 lay on this ballot) required to elect.

Clerical Order —

Jane Maynard 83 clergy 183 lay

Sheila Crisp 35 clergy 130 lay

MAYNARD ELECTED

Concurrence between orders (58 clergy/156 lay on this ballot) required to elect.

Lay Order —

Rhoderick Elin 38 clergy 109 lay

Alice Reid 65 clergy 148 lay

Don Little 11 clergy 54 lay

NO ELECTION

Diocesan Council—Columbia—Clergy

Simple majority (211) needed to elect.

Jaime Case 213

Shelly Fayette 208

CASE ELECTED

Diocesan Council—Eastside—Clergy

Simple majority (211) needed to elect.

Lex Breckinridge 293

Christina Jillard 127

BRECKINRIDGE ELECTED

Diocesan Council—Eastside—Lay

Simple majority (210) needed to elect.

Brian Gregory 116

Sunshine Pegues 302

PEGUES ELECTED

Diocesan Council—Evergreen—Lay

Simple majority (209) needed to elect.

Nadine Baxter 313

Vicki Van Blaricom 103

BAXTER ELECTED

Diocesan Council—Peninsula—Clergy

Simple majority (211) needed to elect.

Kathleen Kingslight 197

Dennis Tierney 223

TIERNEY ELECTED

Diocesan Council—Sno Isle—Clergy

Simple majority (205) needed to elect.

Rilla Barrett 349

Nigel Taber-Hamilton 59

BARRETT ELECTED

Diocesan Council—Sno Isle—Lay

Simple majority (202) needed to elect.

Denice Patrick 243

Forrest Ryan 160

PATRICK ELECTED

Second ballot

Bishop Rickel recognized Mrs. Katie Akesson, elections official, to introduce the second ballot. Bishop Rickel declared the polls open.

Second ballot completed

Keynote Address

Bishop Rickel recognized the Rt. Rev. James Magness, Bishop Suffragan for the Armed Services & Federal Ministries to address the convention.

Committee on Resolutions

Bishop Rickel recognized Mr. Duncan Bayne, chair, Resolutions Committee; Bayne presented and moved the Courtesy Resolutions as a block.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks to all persons – lay and clergy – who have given freely of their time and talents to provide leadership for this Diocese over the past year, especially those who are completing their terms on Diocesan Council, the Standing Committee, and various boards, commissions, committees and task forces.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia remember in their prayers all those in countries around the world where war, or the threat of war, is a daily reality, and for all in military service who risk life and personal safety on our behalf to bring about peace, especially the military chaplains in their rounds, duties and deployment.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia give thanksgiving for the leadership and ministry of our Presiding Bishop, the Most Reverend Katharine Jefferts Schori and that of her husband, Richard.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Archbishop of Canterbury Rowan Williams with our thanks and our prayers.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its love and best wishes to our Bishops Retired, Bavi Edna “Nedi” Rivera, and her husband, the Rev. Robert “Bob”

Moore; Sanford “Sandy” Hampton, and his wife, Mari; Vincent Warner, and his wife Shen; and William Choi, and his wife Catherine; Cabbell “Cabby” Tennis, and his wife, Hyde; Craig Anderson and his wife, Lizbeth, and to Terry Cochrane, widow of the Rt. Rev. Robert Cochrane, 6th Bishop of Olympia.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia gives thanks for the Rt. Rev. James Magness, Bishop Suffragan for Armed Services Federal Ministries, for his life, witness, and message and for sharing the wealth of his wisdom with us at this convention.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Jim Waggoner, Bishop of Spokane and to all the clergy and people of the Diocese of Spokane.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Michael Hanley, Bishop of Oregon and to all the clergy and people of the Diocese of Oregon.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Michael Ingham, Bishop of the Diocese of New Westminster and to all of the clergy and people of the Diocese of New Westminster.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Danilo Bustamante, Bishop of the South Philippines and to all the people of the Diocese of the South Philippines.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Martin Barahona, Bishop of El Salvador and to all the clergy and people of the Diocese of El Salvador.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Suheil Duwani, Bishop of Jerusalem and the Middle East and to all of the clergy and people of the Diocese of Jerusalem and the Middle East.

Be It RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia recognizes and celebrates the 100th Anniversary of Holy Spirit, Vashon, the 50th Anniversary of Holy Cross, Redmond, and the 50th Anniversary of the Good Shepherd, Vancouver.

Be It RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia recognizes and celebrates the 10th Anniversary of the founding of the Little Sisters of Saint Clare.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks and appreciation for the leadership of Ms Barbara Fox as President of the Standing Committee.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks and appreciation for the leadership of Mr Steve Faust for his seven years as Treasurer of the Diocese of Olympia.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia thanks for the able work of our Chancellor Judith Andrews.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks to the Secretary of Convention, the Rev. Marda Steedman-Sanborn and to those who assisted her in preparing for this Convention.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks to those who serve as pages, tellers and work in other capacities behind the scenes, making it possible for this Convention to be together and conduct its business to the Glory of God.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia thanks all the staff of the SeaTac Hilton, for their care for us.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks and appreciation to the diocesan staff who work faithfully on behalf of the people and congregations of our Diocese and the wider Church each and every day in the spirit of Servant Leadership.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks for the ministry of all who have worked so hard on this Convention's planning: the Commission for Liturgy and Arts for creating our wonderful liturgies, particularly, Ms. Becky Morrill; Chair of Dispatch of Business, the Rev. Andrea McMillin; Ms. Dede Moore, Bishop's Executive for Governance, for their dedicated and effective work, the diocesan staff, and the volunteers who gave their time during this convention.

**Motion carried
Courtesy Resolutions adopted**

Bayne presented and moved Resolution #1 with a committee recommendation of "do pass."

Resolution #1—2014 Diocesan Assessment Rate

Resolved, That this 102nd Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2014 diocesan assessment rate factor be set at 17.0% of the Net Disposable Income (NDI). *[Document, pg. xx]*

**Motion carried
Resolution #1 adopted**

Bayne presented and moved Resolution #2 with a committee recommendation of "do pass."

Resolution #2—Cost of Living Adjustment (COLA) for 2013

Resolved, That this 102nd Convention of the Diocese of Olympia authorize the setting of the Cost of Living Adjustment for 2013 parochial clergy salary scale at 2.7%. *[Document, pg. xx]*

**Motion carried
Resolution #2 adopted**

Bayne presented and moved Resolution #3 with a committee recommendation of "do pass."

Resolution #3—Achieving Healthcare Parity

Resolved, That the 102nd Convention of the Diocese of Olympia adopt the following standard and minimum employer contribution to healthcare premiums for clergy and lay persons employed 1500+ hours per year and their dependents by 1/1/2016: 100% of the current least expensive Denominational Health Plan for the employee and 75% of the current, least expensive Denominational Health Plan for dependents of the employee. *And be it further Resolved,* that equity is to be reached over a period of three years by January 1, 2016, in accordance with a phased schedule beginning January 1, 2013:

Mandatory Minimum 01/01/13

Lay Employee 100%, Dependents 0%

Recommended Step 01/01/14

Clergy Employee 100%, Dependents 90%

Lay Employee 100%, Dependents 25%

Recommended Step 01/01/15

Clergy Employee 100%, Dependents 85%

Lay Employee 100%, Dependents 50%

Mandatory Minimum 01/01/16

Clergy Employee 100%, Dependents 75%

Lay Employee 100%, Dependents 75%

Congregations already paying the minimum contribution or more than the minimum contribution

may maintain their current level of contribution as long as parity is achieved by 01/01/2016. Clergy and lay employees may choose to waive medical benefits in the Denominational Health Plan provided they are covered by a spouse's medical plan, a military plan, or are retired and receiving Medicare. *And be it further*

Resolved, that legally married or registered domestic partners in same-sex couples receive spousal benefits. *And be it further*

Resolved, that congregations complete a Health Insurance Verification Form by March 15 of each year, beginning in 2013, with vestry/bishop's committee certification of compliance to this resolution. Failure to provide verification of compliance will place a congregation in Provisional Good Standing status in the Diocese and this status will be noted at Diocesan Convention. *[Document, pg. xx]*

Motion carried
Resolution #3 adopted

Bayne presented and moved Resolution #4 with a committee recommendation of "no opinion."

Resolution #4—How What We do Affects or Involves People Living in Poverty

Resolved, That the 102nd Convention of the Diocese of Olympia call upon all of its constituent committees, commissions, institutions, and congregations, to include as part of every meeting in calendar year 2013, no matter what the purpose, the following agenda item: "How will what we are doing here affect or involve people living in poverty?" *[Document, pg. xx]*

Discussion: **In favor** – *The Rev. Robin Ringland*, La Iglesia de la Resurrección, Mount Vernon.

Proposed amendment: *The Rev. Nigel Taber-Hamilton*, **moved** to amend the language as follows:

Resolved, That the 102nd Convention of the Diocese of Olympia call upon all of its constituent committees, commissions, institutions, and congregations, to consider the inclusion include as a regular part of every meeting in calendar year 2013, no matter what the purpose, the following agenda item: "How will what we are doing here affect or involve people living in poverty reinforce our core mission to bring – by action and by word – the Good News about Jesus to those who are God's particular concern?" Seconded.

Discussion on amendment: **Opposed** – *The Rev. Peter Strimer*, St. Andrew, Seattle; *Ms. Rachel Yobs*, Grace Church, Bainbridge Island; *the Rev. Gen Grewell*, diocesan archdeacon.

The Rev. R.C. Laird, St. Luke, Seattle, **moved** the previous question on the amendment and the main motion.

Motion carried
Debate ended
Motion failed
Amendment rejected
Motion carried
Resolution #4 adopted

Bayne presented and moved Resolution #5 with a committee recommendation of "no opinion."

Resolution #5—Modify Capital Campaign Purpose

Resolved, That the 102nd Convention of the Diocese of Olympia approve the modification of the Mission and Ministry portion of the Capital Campaign of the Diocese conducted between 1993 to 1997 from a revolving loan program to a grant program. *[Document, pg. xx]*

Discussion: *The Rev. Ann Lukens*, St. Michael & All Angels, Issaquah, spoke on behalf of the sponsors. **Opposed**: *Ms. Sara Yerkin*, St. Bede, Port Orchard; *the Rev. Peter Strimer*, St. Andrew, Seattle; *Ms. Tovi Harris*, St. James, Kent. **In favor**: *Mr. Don Little*, St. Bede, port Orchard; *the Rev. Ray Sheldon*, Faith Community Church, Kingston; *Ms. Pat McGuire*, Board of Directors. **Questions for clarification** responded to by Chris Smith-Clark, diocesan Canon for Finance: *The Rev. Peter Strimer*, St. Andrew, Seattle; *the Rev. Nigel Taber-Hamilton*, St. Augustine's in-the-Woods, Freeland.

Mr. Brett Bowton-Meade, St. Mark's Cathedral, Seattle, **moved** the previous question.

Motion carried
Debate ended
Motion carried
Resolution #5 adopted

Ky Chen Award

Bishop Rickel presented the Ky Chen Employee Excellence "No Problem" awards to **Liz Sloat**, St. Mark's Cathedral, Seattle, and Francisco Lopez, La Iglesia de la Resurrección, Mount Vernon.

Liz Sloat: Liz joined the Cathedral staff during the tenure of the former Dean and immediately exhibited a high standard of excellence in all her work supporting the dean, other staff, the vestry and parishioner-volunteers. During a lengthy interim transition period, Liz was a “rock” of solid dependability. The Canon Missioner observed that Liz is “the best multi-tasker I’ve ever seen.” The descriptive phrase, “no problem,” attributed to Ky Chen and adopted in the name of this award is also illustrative of how Liz reacts to the many, many requests made of her in managing the complex communications life of the Cathedral parish. She handles time demands with grace and love for her work—a profound example of ministry in the workplace. Liz also worships at the Cathedral; and her presence with her three sons at the Sunday family service is a joy. In celebration of her work, service, and ministry I present the Ky Chen Employee Excellence “No Problem” Award to **Liz Sloat**.

Francisco Lopez: Francisco Lopez has been with La Iglesia de la Resurrección since its first service in 2002, volunteering to play music, which he continues to do to this day. When Resurrección moved its office to the St. Paul’s church office in 2004, Francisco came on as a part-time employee. Although his background was as a farm worker, welder and musician, he quickly learned the skills necessary to serve God’s people as an Episcopalian. Highly skilled in the use of the telephone, he has contacted all of the recipients of Christmas gifts, called all the members of the congregation for special events and services, and reached out to the larger community alerting them to immigrant rights activities and emergencies. He has kept the computers running at the church as well as assisted young people set up computers they have bought in garage sales or have received as donations to the church. Francisco runs the driver’s licensing test preparation program at Resurrección, which has enabled hundreds of people to learn the rules of the road and become licensed drivers. He patiently sits with people who cannot read or only speak Mixteco and helps them understand the laws and rules of driving. Francisco never looks at the hours on the clock. If someone comes to him who needs a ride to Seattle to go to a hospital or doctor appointment or needs to go to the Mexican consulate or the immigration court and doesn’t know their way around Seattle, Francisco will take them, even if it means leaving at 4 a.m. Francisco is the face of Resurrección at many Skagit Valley Cluster and Diocesan events. His smile breaks through barriers of language and culture. As co-chair of the Indo-Hispanic Ministry Committee and one of the representatives of that group to the

Multi-cultural Ministries Commission, Francisco always has quiet words of wisdom to offer. Francisco was named Pastoral Leader for La Iglesia de la Resurrección in 2009. Today he is employed full-time leading Resurrección until a new priest is appointed. Without a word of complaint Francisco is taking on all the administrative as well as pastoral work, diving into the world of budgets and grant reports, training and support of a new Bishop’s Committee as well as supervising a new employee in the office. Often you will see Francisco’s daughters with him at the office, as he patiently cares for them while his wife works. He shows by example the importance of family, the value and worth of children, and models the values of gender equality. For Francisco, working at Resurrección is not just a job. It is the place where he exercises his baptismal ministry seeking and serving Christ in all persons and respecting the dignity of all human beings. He is an icon of Christ for all who come to know him. In celebration of his work, service and ministry, I present the Ky Chen Employee Excellence “No Problem” Award to **FRANCISCO LOPEZ**.

General Convention Report

Bishop Rickel recognized Ms. Katrina Hamilton; Hamilton reported on the July 2012 national General Convention and shared a video with reflections by deputation members. Bishop Rickel acknowledged Hamilton as the youngest deputation chair at the convention and also thanked all members of the deputation.

Rhodes: Looking Back; Looking Forward

Bishop Rickel introduced Mr. Greg Rhodes as the leader of the next phase of our review and visioning process; Rhodes spoke of how work in 2013 will draw on the work this past year with Russ Crabtree and Holy Cow! Consulting and move forward into the next phase—a diocesan-wide, multi-pronged exploration of our culture in western Washington and where the Episcopal Church stands within it, pointing toward a mission-oriented 21st century future for our church.

Report of the second ballot

Bishop Rickel called on Secretary Marda Steedman Sanborn for the report of the second ballot.

Standing Committee

Concurrence between orders (58 clergy/145 lay on this ballot) required to elect.

Lay Order —

Rhoderick Elin 32 clergy 104 lay

Alice Reid 78 clergy 163 lay
Don Little 4 clergy 22 lay

REID ELECTED

Third ballot

No further ballots required.

Episcopal Relief & Development

Bishop Rickel recognized Mr. Brian Sellers-Peterson; Sellers-Peterson presented on the current work and campaigns of Episcopal Relief and Development.

Mission to Seafarers

Bishop Rickel recognized Mr. Ken Hawkins; Hawkins reported on recent activities of the Mission to Seafarers.

St. Francis the Wanderer

Bishop Rickel recognized the Rev. Sally Carlson; Carlson introduced this new ministry group, and reported on recent activities. A video of the animal blessing at the Woodland Park Zoo was shared.

Evangelism Commission

Bishop Rickel recognized the Rev. Andrea McMillin; McMillin introduced two new initiatives sponsored by the Evangelism Commission in 2013: one centered on preaching and one centered on congregation websites.

Bishop's Committee on Israel/Palestine

Bishop Rickel recognized Mr. Randy Urmston; Urmston presented on the current work of the Bishop's Committee on Israel/Palestine.

American Friends of the Diocese of Jerusalem

Bishop Rickel recognized Ms. Janet McCully; McCully presented on the current work of the American Friends of the Diocese of Jerusalem.

Bishop's Committee on the Environment

Bishop Rickel recognized Ms. Nancy McConnell; McConnell reported on the work of the Bishop's Committee on the Environment and introduced the Rev. Patty Baker who spoke briefly about how St.

Clare, Snoqualmie, utilized a Green Grant from the Committee.

Recognition of youth, pages, volunteers and diocesan staff

Bishop Rickel thanked the following groups for their dedication and hard work in putting together the 102nd Convention of the Diocese of Olympia: voting and non-voting youth presence; youth and young adults working behind the scenes as pages; Katie Akesson, elections official; registration volunteers; liturgist and worship leaders particularly—not just for this convention but all year-long—Becky Morrill; our Liturgy and Arts Commission; musician Jason Anderson; Head Table participants, Judy Andrews, Andrea McMillin, Ann McCartney, and Marda Steedman Sanborn; the entire Diocesan Staff who work on behalf of the diocese each and every day; and finally, Dede Moore, who makes this meeting possible.

Magness Final Reflections

Bishop Rickel re-introduced Bishop Suffragan James Magness; Magness reflected on his experience at the Diocese of Olympia convention.

Final Announcements

Secretary Marda Steedman Sanborn announced the 2013 Convention will be November 8-9 at the Hotel Murano (the old Sheraton) in Tacoma.

Final Remarks

Bishop Rickel addressed his final remarks to the convention. He then announced, "the business of this convention having been completed, the 101st diocesan convention is adjourned sine die."

Adjournment

The convention adjourned at 3:54 pm.

Evening Prayer & Commissioning

Closing prayers, including the commissioning of all those elected during the convention, were shared.

Section 2

Sermon & Convention Address – the Rt. Rev. Greg Rickel 102nd Diocesan Convention

Living our Baptism—That is our theme for our convention, but quite frankly, that is our theme as Christians, or at least, I would dare say it should be. To live it, we have to know what it is. And as with any sacrament, that is not always easy. Sacraments, by their very nature do not beg to be understood, as much as discovered. They do beg to be known, but mostly through experience, and not by knowledge. So, while it is a theme for this convention, it is also going to be a theme for our coming life together during this next year.

We are post election and I have to say, no matter where you are on the political spectrum, perhaps we can find some unity in the sentiment, “Aren’t you glad it is over?” I was reminded in preparing this, with our theme, *Living our Baptism*, of the quote by H.L. Mencken. He said, “A national political campaign is better than the best circus ever heard of, with a mass baptism and a couple of hangings thrown in.” We can be together in being happy that circus has ended.

I want to greet each and every one of you, and thank you for giving of your time to be here. It is very good to be with you. I want to greet you, if you are a guest in our midst, and most especially I want to greet our special guest, the Rt. Rev. Jay Magness, Suffragan Bishop for Federal Ministries and the Armed Forces. I will tell you more about Bishop Magness as I introduce him to you later in this convention, but let me say this now: In his consecration, which I attended at the National Cathedral, Bishop Ted Gulick preached, someone Jay worked with for a time, and someone I count as a good friend in the House of Bishops. He said this in his sermon about Bishop Magness: “He is the hardest working person I know.” I will tell you there is no more arduous post than his and all I have witnessed in his ministry so far is the deep truth of what Bishop Gulick said that day. We are so blessed that he could be with us for these two days, and I would ask that you help me welcome him into our midst.

As we gather, we do not forget the suffering that goes on, east of us, on the other coast as they continue to clean up after Sandy, and now heavy snow and cold. Many of them are fellow Episcopalians, and we send our prayers out to them, from this our home.

When I think of baptism I always think of one of my favorite movies of all times, *Tender Mercies*, with Robert Duvall. There is a scene where he and the son of his love interest Tess Harper are baptized, and, afterwards, riding home in the front of the truck, the boy asks Duvall, do you feel different? After a bit of a pause, Duvall says smiling not quite like he had at any other time in the movie, with a look that says yes, he smiles and says, “No, son, I don't. I reckon that will take some time.”

I have watched that scene over and over through the years and have wondered if it was not that Duvall's character, Mac, wasn't answering the question, but that it was the wrong question. I don't know, but what his words said did not match his eyes, or even so, his life from that point on. And what he said is right on, “I reckon it will take some time.”

Living it, the baptism, I liked it because he got what is the real miracle of baptism, not magic, not some insurance policy you are given, but a call to a new life. It is the place each of us takes the step into a way of living, but it never marks a finished product, but instead the beginning of a new walk, a new way.

So, the question I always wonder might have been asked here is not, do you feel different, but rather, are you different? That is the question I would want us to sit with, carry from here, live with, are you different? Are we different?

That is a deep question we have to keep asking throughout our lives. If I try to answer it as your bishop, for us as a body, a collective, I would have to answer, after these last five years, yes. We are different. I don't think we are always right, but we are certainly different. At our last convention, your Standing Committee and I introduced the idea of a Comprehensive Strategic Review, which would be

facilitated by Russ Crabtree with Holy Cow! Consulting and the author of *"The Fly in the Ointment: Why Denominations Aren't helping their congregations and how they can"* As most of you have to be aware, we did that, and have completed his work, and he will report to this convention. I want to thank Russ. I want to thank all of you and countless others who came out to be part of this important work.

As you will hear from Russ, we had the best return rate he has ever experienced, and the results are quite promising and positive. He recently presented to our governing bodies and regional leadership and he will present to you as well. All of his data will soon be available to you and to anyone in this diocese who wants to read it. He will be presenting data that suggests we are different, and in some good ways.

There is lots of data, but beyond the overarching themes he found, I have asked that he focus on one statement he made to us at that meeting, that while we as a diocese are in an excellent position to move to the next thing, primed for change, we cannot rely on what has worked so far to get us to that next thing. Said another way, what brought us to this point, will not get us to the next one.

So, with Russ's help and what he helped us learn about ourselves, we will shift, you will see the handoff right before your eyes here at this convention to Greg Rhodes, who, along with a hand selected group of people from across this diocese, will take the next leg of the journey, where we look outside ourselves, and find the gaps, the disconnects with who we say we are, and what the world needs of us. Somewhere in that gap is our mission for the years ahead. To live our baptism is to search relentlessly for just that, the gap that exists in reaching the world the One we Follow, Jesus Christ, asked us to reach, to minister to, to tend and care for, in an effort to create a kingdom of justice, peace, and reconciliation.

You will again be asked to be part of that, and I am pleading with you to do so. We cannot let down, for we are called to a bold mission and the quest for it is ours to steward. All of this is in preparation for what I have said to you since I first met you. I plan to stay in service to you for about 12 years, maybe a bit more, or until you have had it with me, whichever comes first. I know for some of you that time has come and gone, and to those of you in that camp my apologies.

Somehow the number of year has not always been clear. I had a person say the other day, hey you have been here five years didn't you say you were leaving? I hate to disappoint. Wishful thinking I guess!

But I do believe a system needs a change after that amount of time and I still intend to do that for you, at 12, or so. I have no idea what I will do but I have great faith the way will be revealed. It is difficult to believe that when we gather next convention, we will be half way to that time. And, in this first six years I have been fairly up front, and clear about what I saw you ask for in the profile that brought me here, and we have done well in following those, and I have been so overwhelmed by the tremendous willingness and dedication to those focus areas. And, now, as we approach the last half of that time, I am convinced that this becomes more of yours to do, more of yours to direct, and for all of us together to envision where our current good place, calls us to move. That work, that transition is, to me, a deep way of living our baptism.

So, after five years and moving into our sixth year together, I am also going on a much needed sabbatical. I will be taking four months, as per my letter of agreement, from July 1 to October 31 of 2013. When we gather next year for convention I will be fresh back from the sabbatical, hopefully with many stories to tell and new learnings to share and to guide me into that second half of my time here.

Sabbatical to me has become too often a vacation, which is not really what is meant to be. Sabbatical is not vacation, but certainly can and should be refreshing and different. Sabbatical is not time off work but it is time away, time to do something that you could never do in the normal course of your work, but yet, hopefully, it will affect and enrich your work, once you return to it. So, with that in mind, my main focus for my sabbatical will be refining and improving my use of the Spanish language. Anyone who has heard my version of it knows that will be time well spent!

My family and I intend to start that journey with an immersion experience at the School of the World on the Pacific Coast of Costa Rica in July, where they ask that you take up two things, not just the language but something else, and so I am going to undertake something that has always fascinated me, and also scares me to death. I figure a sabbatical is for that too. So I am not just taking Spanish, but also surfing. That's right, catching the big one, or as is

most likely the case, the big one catching me! At this point my greatest hope is to come back, you know ...alive ... in one piece!

I was actually inspired to this notion by my leading of a retreat in the Diocese of El Camino Real, a retreat for young male clergy (there had been before us one for young female clergy led by Bishop Mary Gray-Reeves and she asked me to lead this one) It was a tremendous blessing and in that group were several surfers, who talked about riding the waves, the balance, the skill in catching the right one, and they used this as a metaphor for what we are all trying to do with the church, and our calls for ministry in it.

I don't think I can walk a straight line and pass a sobriety test after drinking iced tea so the whole balance thing is going to be a challenge, but that is what a sabbatical is all about. It will be interesting to say the least, and yes, different!

I also hope to do some more study on the history of First Nations people in our diocese and also to learn ways we may reconcile that history and make it brighter in the years to come. I promise to report in on a regular basis and the planning for my time away is in a good place right now.

In this convention, we will hear the report of our efforts for the Church in Haiti. Jennifer Daughtery will lead you in this and I will thank her then, but want to thank her now for once again, taking on such a huge task, and doing it with so much finesse, and grace, and dedication. Some have asked what we will do for this coming year. And for this year we are going to take a bit of a different tack. This year, led by our Canon for Stewardship and Development Lance Ousley, we are going to take a serious look at Episcopal Charities Appeal (ECA) in this diocese. In years past we have focused on a special mission to fund as a diocesan effort. However this year we want to do something that emphasizes living our baptism through service that reflects the calling that we have been given as the church. So, one of the many ways we are striving to do this is through re-visioning our Episcopal Charities Appeal ministry into becoming more fully Episcopal Community Action. Over the course of the year we are urging each of our congregations to be more deeply involved through service in these and other outreach ministries. While we will continue this year to have our Lenten and Holiday appeals to fund the grants for this ministry we want to focus on Episcopal community action as we are living our baptism. This

will be an important part of our re-visioning this ministry. We know that as this ministry structure is transformed we, too, will be transformed by the ministry of service we all do across our great diocese.

For years many of you have been generous and we have been able to fund many ministries through that generosity. But as we look around the church at other similar dioceses, and similar efforts such as our ECA, we see room for improvement, and capacity for increase in that generosity, and so in this next year, as we live into our baptismal promises, we are going to give a special focus to that work, and the strength we can bring the needs of this world through our collective gifts and work.

And I feel compelled to mention something here that many would say I would be better to leave well enough alone. But when I consider our theme, living our baptism, I can't. In this election just passed, we witnessed again the great division in our country, the 50-50 world we live in. Sadly, we see this in the church. If I see anything, and have grieved anything in my time as bishop, I see that, and this is a place where we often are not different. I want to call that out. I want to call us to responsibility for it. We will disagree, often vehemently, but our baptism, our vows we make in those waters, call us to handling those conflicts, in different, and better ways than we often witness in the press or in the world.

Thomas Merton once remarked, "As soon as God puts you in one monastery, you want to be in another." We, too, are often fickle, and our attempts at reconciling are often too shallow to do true honor to our brother Jesus.

Folks, we just have to work harder at that. Merton went on to say, "We are not at peace with others because we are not at peace with ourselves, and we are not at peace with ourselves because we are not at peace with God."

I was reminded of some of this by watching a piece on Dillon Klebold's mother, Klebold being one of the shooter's in Columbine. I remember being a rector then and preaching a sermon, centered around the story which recounted that someone had put crosses up for all those that died at Columbine, which meant that the shooters had crosses too. Someone, in the middle of the night, cut those down, the crosses for the shooters.

In my sermon, I stated, that if there is any truth to the grace of God, then at some point, those crosses would have to be put back up, as difficult as

that is, and I cannot imagine, not begin to imagine how difficult that would be, how long, maybe in a lifetime it wouldn't be so, but if grace be true, then surely, some day, in some time, those crosses would go back up. I would rank the heat I took for that sermon up there in the top five of "taking fire."

Klebold's mother who has remained quiet and out of the spotlight since those days, was speaking of being the mother to someone so villainized. She said that one of the most difficult things for her during that time was the belief by so many, and many of those Christians, that her grief and loss was not valid because her son had no value. She went on to say, I know it would have been better for the world if he had never been born, but I have to say, it would not have been better for me. We need to find it in ourselves to be gentler with one another, and to start from a place which realizes the worth of that blessed human we so want to demonize, and for every good reason may have made you as angry as you could ever be. We are called to be different.

The world needs some difference when it comes to this. If we are called to anything in baptism, we are called to that. What is born of the flesh is flesh, and what is born of the Spirit is spirit.

Some years ago I was blessed to go to Rome, and I stood in the baptistery at St. John Lateran, and up above is a quote, by Leo the Great, from 461, it is inscribed there. For ages people have come to the waters there, to be changed, to be made different, to begin their new journey into the faith. It is translated as

*"Here in Spirit-soaked fertility a brood
destined for another City,
Begotten by God's blowing and borne
upon this torrent
By the Church their virgin mother.
Reborn in these depths they reach
for heaven's realm,
The born-but-once unknown by felicity.
This spring is life that floods the world,
The wounds of Christ its awesome source,
Sinner, sink beneath this sacred surf
That swallows age and spits up youth.
Sinner, here scour sin away down to innocence,
For they know no enmity who are by
One font, one Spirit, one faith made one.
Sinner, shudder not at sin's kind and number,
For those born here are holy."*

**Leo the Great
Inscription on the Lateran Baptistery c.461**

For those born here are holy. I want to finish my remarks here—at the waters. I have traveled to all of your churches and I find fonts in interesting places. Sometimes I don't quite know where they are. But I think fonts should be right here, in our way, reminding us, always from where everything begins. I am amused that we move the font for many reasons: so people can see or because it is the special day. When we used to need water to baptize we would take people to the river. You wouldn't move a river.

I, as a rector, had especially brides, or the mother of brides!, ask me to move the font, because it was in the way! YES, I would say, it is supposed to be! I think we need to nail the sucker down, so it cannot move.

St. Paul's, Queen Ann. They have a new font. It is running water and a mammoth thing, a work of art, and it is not moving. That thing is cemented to the floor. AMEN. You couldn't move that thing if you wanted to. Now, Melissa, the rector, tells me that it has a design flaw, but I don't think it is, in fact, maybe it has the greatest designer ever. Because, when someone gets into it, and that is what you do with this one, you get into it and sit down, and when you do, the water is displaced and it does not just trickle out and over, but it BURSTS out, in a powerful stream and that stream goes right for the front doors! Just like we need to.

So, I want to end with one more story, because what I have told you so far is me, the furniture rearranger, and I think that is important, but I learned that is deeper than that. Back in my former parish, before being elected your bishop, and even before that, when I was a seminarian in that same parish, I tutored an 8th grader there. He and I became close and to this day we keep in touch. But, when I came back to become the rector some years later, he was in prison. I kept telling his mother, we need to tell this community, that is what it is for, to be there for you, but she wouldn't. Until one day, she came to me and she said, OK, we need to tell them. We need to because I need a letter from this church to the parole board telling them we will be there for him; that he has a place to come to.

And so on the next Sunday I did tell them, and when I did, I got out the parish register, and looked up the registering of his baptism in it, and I told the congregation. Over a decade ago you, or people just like you, Christians, answered for you, that question we hear every time we baptize, "Will you do all in

your power to support this person in their life in Christ?" And we answer, "We Will." Folks, today is pay day. Today is pay day. Today you make could on that promise, that vow. And I asked if anyone wanted to step up to the pulpit and sign that letter they could. And that whole mass came, and it took a long time, and we sang, and we signed. That is the day I moved from furniture arranging to living our baptism. That is different! We are different. It has been said, "In baptism one returns to the state of creation ... when all humanity was unified." L Michael White.

That is not an easy thing, but it is our call, from these waters. And this is how we are different. May we be blessed from these waters, as we move from this place, and as we walk through our lives: living our baptism.

The Rt. Rev. Gregory Rickel
November 9, 2012
Seattle, Washington

Section 3

Reports to the 2012 Convention

Clergy & Staff Transitions (A.6)

Canonical clergy transferring in from other dioceses: **Eric Stelle** (Alabama), **Jane Rohrer** (Nevada), **Maria Jimenez-Mesenbring** (Southeast Florida), **Robert Charles Laird** (Minnesota), **Richard Gillett** (Los Angeles), **Steve Thomason** (Arkansas). Clergy transferred to other dioceses: **Mary Allen** (Delaware), **Peter DeVeau** (West Missouri), **Robin Smith** (Pennsylvania), **Hal Carter** (Upper South Carolina), **Carter Hawley** (Oregon). Clergy licensed: **Marilyn Behrens** (El Camino Real). Deacons ordained (permanent): **Mark Blindheim**, **Carter Hawley**. Deacons ordained (transitional): **Christine Hertlein**, **Brenda Sol**, **Jessie Vedanti**, **Craig Vocelka**, **Diane Ramerman**, **Carol Rodin**, **Michael Carroccino**, **Curtis Farr**, **Alfredo Feregrino**, **Eric Mason**, **Sarah Monroe**, **Jonathan Myers**. Priests ordained: **Catharine Reid**, **Halcott Carter**, **Janet Loyd**, **Jessie Vedanti**, **Brenda Sol**, **Craig Vocelka**, **Christine Hertlein**. Priests received: **Bill Tarter**. Clergy who have retired from full-time ministry (as recorded with the Church Pension Fund): None. Deceased: **Charles Hunter**, **Richard Younge**, **Joyce McConnell**, **Henry Seamen**, **Bridget Moore**, **Steve Tellari**, **Jim Blundell**, **Kenneth Synder**, **Kathy Glenn**. New to the Diocesan Staff: **Jane Huang**, Accountant; **Rebecca Kirkpatrick**, Chaplain for University of Washington Campus Ministry.

Final Agenda (A.10)

Diocese of Olympia 102nd Annual Convention

Friday-Saturday, November 9-10

“Living Our Baptism”

Friday, November 9

11:00 AM **Lunch**

11:30 AM **Registration**

1:00 PM **Exhibit Exploration**

1:00–1:45 PM **Workshop Session 1**

103: Church Website Checklist / 106: Liturgical Actions of General Convention 2012 / 108: Micro-Enterprise Fund (Jump Start) / 110: One Family in Four / 112: Carbon Offsets & Our Mission in Southern Philippines / 113: Getting Started with a Planned Giving Ministry / 115: SERVE – Bringing the Episcopal Service Corps to Seattle

2:00–2:45 PM **Workshop Session 2**

101: A Taste of the College for Congregational Development / 104: How are You Marketing to Youth on Your Website? / 106: Liturgical Actions of General Convention 2012 / 109: The Church’s Mission to Federal Servants / 110: One Family in Four / 112: Carbon Offsets & Our Mission in Southern Philippines / 114: Forming Stewards with Children, Youth, Young Adults & Families / 116:

Profit to Prophet – The Episcopal Church Call and Response to Immigration and Human Trafficking

3:00–3:45 PM **Workshop Session 3**

102: Creating Fundable Projects / 105: How Do I Use Mission InSite? / 107: Convention Orientation / 109: The Church’s Mission to Federal Servants / 111: Young Adult Vocational Discernment / 117: A New Diocesan App / 114: Forming Stewards with Children, Youth, Young Adults & Families / 116: Profit to Prophet – The Episcopal Church Call and Response to Immigration and Human Trafficking / 118: Who is Faith Action Network?

4:00 PM **Convention Business Session #1**

Opening song & prayer

Call to order / Certification of quorums / Declaration convention organized for business / Introduction of head table / Dispatch of Business report / Nomination & election of Secretary / Appointment of assistant secretaries / Appointment of parliamentarian and chancellors / Bishop appointments / Appointment of Disciplinary Board /

Clergy and staff transitions / Office of the Bishop Report on Congregational Status / Faith Action Network / Introduction of theme / Bricks for Haiti / Announcements

- 4:45 PM **Break / Exhibit Exploration**
5:15 PM **Convention Eucharist & Bishop's Address**
7:00 PM Dinner & time for fellowship
- Autumn Harvest buffet dinner
 - Bishop's Cross Awards
 - Total Experience Gospel Choir

Saturday, November 10

- 8 AM – on Registration / Exhibits open
8:30 AM **Convention Business Session #2 Morning Prayer**
Call to order / Dispatch of Business / Privilege Committee Report / Special Recognition / Nominations Committee report / Ballot #1 / Treasurer's Report / Action on 2013 budget / Constitution & Canons Report / Holy Cow! Consulting / Courtesy Resolutions / Ballot #1 Report / Ballot #2 / Announcements
10:30 AM **Break / Exhibit Exploration**
11 AM **Break-out Sessions**
1. Private Birdbath or People's Font? Celebrating Baptism & Re-shaping the Church

2. Flowing From the Waters: Christian Identity, Belief, and Action
3. From the Font to the Home: Celebrating Baptism in the Household
4. In the Midst of Much Need: How Do We Embody the Promises We Make?
5. We Thank You For This Gift: Our Call to Care for Earth's Endangered Waters

12:00 PM **Lunch**

1:00 PM **Convention Business Session #3 Opening song & prayer**

Ballot #2 Report / Ballot #3 / Bishop for Federated Ministries / Resolutions / Ky Chen Awards / General Convention report / Rhodes Presentation: Looking Back; Looking Forward / Ballot #3 Report / Ballot #4 / Song break / Episcopal Relief & Development / Mission to Seafarers / St. Francis the Wanderer / Evangelism Commission / Bishop's Committee on Israel/Palestine / American Friends of the Diocese of Jerusalem / Bishop's Committee for the Environment / Ballot #4 report / Recognitions / Six-hour Resolutions / Bishop Magness reflections / Final announcements / Bishop's Final Remarks

Closing Prayers & Commissioning

4:00 PM Adjournment

Nominations Committee Report to Convention (B.3)

MEMBERS OF THE 2012 NOMINATIONS COMMITTEE: **The Rev. Rilla Barrett**, *Church of Our Saviour, Monroe (Sno Isle)*; **Mr. Val Brustad**, *St. James' Church, Kent (Evergreen)*; **the Rev. Bonnie Campbell**, *St. Mark's Church, Montesano (Willapa)*; **the Rev. Stephen Moore**, *All Saints' Church, Bellevue (Eastside)*; **the Rev. Carol Rodin**, *Christ Church, Anacortes (Mount Baker)*; **Ms. Diane Stipp**, *St. Stephen's Church, Seattle (Be Attitudes)/St. Mark's Cathedral, Seattle (Holy C)*; **Ms. Pam Tinsley**, *St. Andrew's Church, Tacoma (Rainier)*, Co-Chair; and **Dr. Leann Torgerson-Harrison**, *Trinity Church, Everett (Sno Isle)*, Co-Chair.

BRIEF DESCRIPTION OF EACH GOVERNING BODY/OFFICE

Standing Committee: The Standing Committee serves as a council of advice for the bishop and becomes the diocesan ecclesiastical authority in the bishop's absence. It makes decisions about the sale, encumbrance or disposal of real property belonging to parishes of the Diocese. It interviews and makes recommendations to the bishop on candidates for Holy Orders, and the consent of the Standing

Committee is required for ordination. The Standing Committee also gives or withholds consent to the election of bishops throughout the church and has judicial responsibilities in the case of clergy misconduct where the clergy or the complainant does not accept the adjudication of the bishop. By canon, no two members of the Standing Committee may be from the same congregation. Continuing

members of the Standing Committee include the following: **The Rev. John Allen**, St. John's Church, Olympia (2013); **Mr. Bob Jacobs**, St. Margaret's Church, Bellevue (2013); **The Rev. Marilyn Cornwell**, Church of the Ascension, Seattle (2014); **Mr. Jim Campbell**, St. Mark's Church, Montesano (2014); **the Rev. Rachel Taber-Hamilton**, Trinity Church, Everett (2015); and **Becky Clark**, St. Matthew/San Mateo, Auburn (2015).

Diocesan Council: Between Diocesan Conventions, the Council oversees the budget and program goals of the Diocese, carrying out priorities adopted by Convention. Council develops a proposed budget to be ratified by the next convention. Members assume and accept the role of public relations and goodwill toward individuals and congregations facilitating connectedness within the Diocese. Members accept assignments, work on task groups, and attend regional, committee and commission meetings as necessary. Under the new structure, adopted by Convention 2011, the Diocesan Council includes the bishop, and two members (one clergy and one lay) representing each of the regional ministries; all members are elected by the whole convention. Continuing members of the Diocesan Council include the following: **Mr. Tom Boyns**, St. Stephen's Church, Seattle (2014-Be Attitudes); **Ms. Sally Barnes**, St. Matthew's Church, Castle Rock (2014-Columbia); **Mr. Joe McGuire**, St. Bede's Church, Port Orchard (2014-At-Large); **The Rev. Jim Neal**, St. Hugh of Lincoln, Allyn (2013-Willapa); and **The Rev. Martin Yabroff**, St. Andrew's Church, Tacoma (2013-Rainier).

Cathedral Vestry: Under the new Cathedral governance model, adopted by Convention in 2002, the membership of the Cathedral Vestry is comprised of representatives of the Diocese and the community in addition to the St. Mark's parish. As required by St. Mark's Cathedral bylaws, Art. VI, §3, the Cathedral's Nominating & Leadership Committee forwards to the Diocesan Convention, through the

diocesan Nominations Committee, its selection for diocesan representative to the Cathedral vestry for a three-year term. *Terms of the two remaining diocesan representatives:* **Mr. Dale Ramerman**, Christ Church, Anacortes (Mt Baker), term expires January 2013; **Mr. Michael D. Evans**, Epiphany Parish of Seattle (Holy C), term expires January 2014.

Secretary of the Diocese of Olympia: The Secretary of the Diocese takes part in the planning, preparation and leadership of Convention. The secretary receives (through the assistant secretary) all resolutions, amendments, and official written business of convention. The secretary is official signatory of Convention correspondence and is an officer of the Diocese. As an officer, the secretary serves on the Board of Directors. This is a volunteer position.

Archivist and Records Manager: The archivist and records manager is the official custodian of diocesan records and is responsible for the direction and implementation of the archives and records management program of the Diocese of Olympia. This is a part-time, paid position.

Treasurer: The treasurer of the Diocese has responsibility for the assets of the Diocese, including investments, cash, and real property. The treasurer advises the bishop on financial matters, oversees the diocesan accounting and insurance office, and serves as an officer of the diocesan corporation. The treasurer is accountable to the bishop and the diocesan convention. The treasurer also serves as a member of the Board of Directors, the James F. Hodges Diocesan Investment Fund, the Budget and Finance Committee of Diocesan Council, and the ERT (Early Response Team). This is a volunteer position.

Historiographer: The historiographer is responsible for creating, maintaining and continuing a history of the Diocese, including its significant leadership and events. This is a volunteer position.



The Rev. Sheila Crisp. *Priest-in-charge, St. Joseph-St. John, Lakewood (Rainier).* I have a gift for administration and listening, and I bring a calming presence to tense situations. I am interested in participating in the work of the Standing Committee and will bring positive energy to the work. I am excited about being a part of the process of ordination as a member of the Standing Committee. My experience as priest-in-charge of a small diverse congregation gives me the opportunity to practice my gifts for team building and conflict resolution. As convener of the Dismantling Racism Training Team, student of the College for Congregational Development and through a position on the clergy association board I have developed my skills as a facilitator. I am committed to growing the church and will work hard to listen to the guidance of the Holy Spirit in decision making. In working with a team it is important to be spiritually grounded and have a good time.



The Rev. Jane Maynard. *Rector, Christ Church, Tacoma (Rainier).* Besides serving as rector of Christ Church, Tacoma, I have served as priest-in-charge in three congregations in our diocese, including Good Samaritan, Sammamish; Epiphany, Seattle; and St. Thomas, Medina. Diocesan service includes terms on the DSOMAT board, the Stewardship/Planned Giving Commission and the CADO board, where I was president in 2011-2012. My varied service within the diocese has provided me with a broad understanding of the needs of our parishes. I bring eight years of experience as a professor at CDSP working with students throughout the church preparing for ordained leadership. I have served as a priest in three other Province VIII dioceses, including Idaho, Los Angeles and California, and thus bring a broad exposure to the church, particularly in the west. I'm completing the College for Congregational Development, and have a passion for shared leadership and congregational health. I would be honored to serve on the Standing Committee.

Rhoderick J. Elin. *Occupation: administrator. Member of St. Paul, Bellingham (Mount Baker).* As the regional chief of operations for Catholic Community Services, I've been part of an administrative team responsible for social and mental health development and oversight, acquiring and leasing office/program



space, the acquisition and sale of real property, and low-income housing development and management. Now, prior to retirement this year, I've taken on three special projects: a capacity-building program for sustainability for the agency's Hope House basic needs program; a survey of Whatcom County faith-based organizations' direct involvement in local outreach; and facilitating monthly gatherings of non-profit, governmental, and faith community group leadership in the hopes of initiating greater outreach collaborations. Finally, observing and supporting my son as he went through the ordination process, I'm much more aware of and have an appreciation for the process which, I feel, would be of value in the Standing Committee's interview and consent of ordination process.



Alice Reid. *Occupation: retired. Member of St. Thomas, Medina (Eastside).* I have been an Episcopalian, by choice, for over 50 years. I love the liturgy, music and that we are encouraged to use our intellect when pursuing our religious studies. I have served the church as Eucharistic minister and lay reader beginning at St. Andrew's Cathedral, Honolulu in 1990; as part-time lay staff at St. Mark's Cathedral as newcomer coordinator for seven years; as a junior warden, senior warden and diocesan convention delegate at St. Thomas. Volunteer activities include co-chairing the 150th diocesan anniversary celebrations with Mary Bayne; and co-chairing the auction at the Bishop's Bash at the Museum of Flight with Jim Paddleford. During my business life I developed leadership and organizational skills and thoroughly enjoy working cooperatively with other people. I have prayerfully considered nomination to the Standing Committee and feel that I have the skills and experience necessary for the work of that committee.

CATHEDRAL VESTRY



The Rev. Mike Jackson. *Retired, assisting priest, St. Mark's Cathedral.* As part of the Cathedral community for twelve years, associated with it for over 40 years, and currently an assisting priest there, gives me a good knowledge of the Cathedral pastorally and organizationally. Serving on the earlier Cathedral Chapter which represented the Cathedral's diocesan role, I am currently on of the Cathedral's governance committee, heading the evaluation of the role of diocesan representatives on the Cathedral vestry, and responsible for vestry exit interviews. I have a strong background in church management (rector, parish administrator, diocesan councils and committees) and organization (published by Alban Institute), as well as social service agency management, plus experience as a lay vestry member and on numerous civic boards (e.g., Crisis Clinic, Samaritan Center of Puget Sound). I have a deep sense of the baptismal ministry of all Christians and the primacy of the Eucharist, and am committed to the Church's mission of justice and peace.

DIOCESAN COUNCIL BE-ATTITUDES REGIONAL MINISTRY



CLERGY: The Rev. Robert C. Laird (R.C.). *Vicar, St. Luke, Seattle.* I am passionate about the life of the church, on the local, diocesan, and church-wide levels, and am glad to bring that passion to the Diocesan Council. Along with that passion, I bring my drive to work, along with my sense of humor, which I have found is important in complicated business meetings. I have served on two standing commissions of the General Convention as well as the Board of Trustees of the General Theological Seminary in New York, and am ready to do the prayerful work that serving on the Diocesan Council will require.

DIOCESAN COUNCIL COLUMBIA REGIONAL MINISTRY



CLERGY: The Rev. Jaime J. Case. *Rector, St. Luke/San Lucas, Vancouver.* I was raised in the Philippines in rural areas. I speak Ilocano and some Tagalog. My ministry has been to Latino/Hispanic Congregations. I speak Spanish. My current parish has English and Spanish congregations.

promoting fresh expressions of ancient faith as well as congregational vitality and connectedness. As co-convenor of the Columbia region, I am continually inspired by the voices and talents of Episcopalians in southwest Washington. Our budget is a missional document that clearly reflects who are are and what we value. As someone involved with workers' struggles and anti-poverty work, I care deeply about how our budget and grant programs honor our commitment to serving Christ in the least of these. My ecumenical and interfaith work inform how I work collaboratively, understanding that we need each other, across the diocese, to help the Kingdom flourish among us. It would be my privilege to represent the Columbia region on Diocesan Council.



CLERGY: The Rev. Shelly Fayette. *Associate Priest, Church of the Good Shepherd, Vancouver.* Our focus is mission. By serving on Council, I would be honored to contribute to the diocese's vibrant leadership in

DIOCESAN COUNCIL EASTSIDE EPISCOPAL CHURCHES



CLERGY: The Rev. Lex Breckinridge. *Rector, St. Thomas, Medina.* St. Paul observed to the little community in Rome that it is "in hope we were saved." I believe there is so much hope for God's future here in Olympia that

we want to share with the wider Church and with those who don't yet know the church's hospitality. For me, one of the signs of this godly hope is the work being done by the Holy Spirit at St Thomas in calling forth the energy and resources in our community to support a significant new building program. St Thomas

is building for a vital and sustainable future and I would seek to bring that mission-minded hope for God's future to the work of Diocesan Council.



CLERGY: *The Rev. Christina Jillard.* *Rector, St. Margaret, Bellevue.* As a member of Diocesan Council, I would bring experience and passion for coordinating ministry priorities effectively. We who care so greatly

about our ministry want to be sure that we're using our resources and skills in the best ways that we can. I bring experience in facilitating discussions and priority-setting among groups and individuals so that we are working cooperatively to achieve our mutual goals. Among my diocesan activities, I serve on the Stewardship & Development Commission, am a graduate of the College for Congregational Development, and am now a consultant in the Congregational Consulting Network. I would be honored to serve as the clergy representative for the Eastside region.

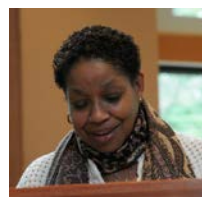


LAY: *Brian Gregory.* *Occupation: youth minister. Member of St. Thomas, Medina.* My first experience in an Episcopal Church was like coming home to a place I never knew existed. The liturgy, the mystery, and the

sacramental nature of our life together was new, but made all the more meaningful from my understanding of God, Christ, and myself that formed in other traditions over the years. I deeply want to see the Episcopal Church thrive and effectively minister to all those who come through our doors. I

want our liturgy to be lively and Spirit-filled. I want to see our ministries, particularly those to youth, invite and equip everyone to follow Christ through their entire life. What I would bring to the Diocesan Council is diverse experience in youth ministry, both within and outside of the Episcopal Church. While maintaining Anglican ethos, I desire to draw the best of other traditions into our life and ministry in order to enrich our church.

LAY: *Sunshine (Beverly) Pegues.* *Occupation: management – telecommunications. Member of Good Samaritan, Sammamish.* I have a deep love of the Episcopal faith. Through constant worship, evangelism and outreach, I strive to exemplify what Jesus taught. I balance my unending desire to give my time, talents and professional skills with my love to be in the church taking in comfort, spirituality, intellectual stimulation, and fellowship. I see the Diocese as my home. I love to visit other churches



taking in the surroundings, seeing their successes and enjoying their diverse services. I enjoy the daily bible readings. My professional background provides me a wide breadth of knowledge to draw upon to make practical business decisions. I am diplomatic, trustworthy and strategically focused. I utilized my work skills at Good Samaritan to re-stimulate the outreach ministry as the chair, be a member of the liturgical arts ministry, serve on the Finance Committee, and assume treasurer duties. I serve on the diocesan Rebuild Haiti Steering Committee.

DIOCESAN COUNCIL EVERGREEN REGIONAL MINISTRY



CLERGY: *The Rev. Bonnie Malone.* *Vicar, St. George, Maple Valley.* I've agreed to be nominated for the clergy representative of Diocesan Council for the Evergreen region. I will have been a priest nine years this

December, serving in three distinct settings: A yoked set of three very small congregations in West Missouri, an associate at a large congregation in Memphis, TN, and my current work at Saint George in Maple Valley, a growing mid-sized congregation. I have been a member of the Diocesan Council in the

Diocese of West Tennessee. Our church has remained very active in the Evergreen region and is extremely grateful for the guidance and support our diocese provides to all congregations. I believe it is my turn to give back to our wonderful diocese.



LAY : *Nadine Baxter.* *Occupation: teacher. Member of St. Matthew/San Mateo, Auburn.* I, Nadine Baxter, a cradle Episcopalian and EFM graduate, live the Baptismal covenant through service, the celebration of diversity,

and leadership within diocesan, ecumenical, and secular communities. I help rejoice, develop, and promote our highly diverse church family at St. Matthew/San Mateo Episcopal Church in Auburn as choir director, Bishop Committee member, convention delegate, and website team member. God gives me leadership roles in my occupation, a National Board Certified teacher, as department head and our school's site based council member. Other leadership role experience include Junior Warden, Cursillo rectora, a Secretariat member, Kairos and Kairos Outside leader, Kairos and Kairos Outside council member, and HYC group leader. Because I'm a member of Steadfast, a traveling contemporary music team, I feel connected to many Diocesan church communities. My experience, leadership, and love of our diocese and its people make me a great asset as a member of the Diocesan Council.



LAY : *Vicki Van Blaricom.*
Occupation: retired educator. Member of Church of the Good Shepherd, Federal Way & St. James, Kent. What caught my eye when re-

reading the Diocesan Council information on the website was that “members assume and accept the role of public relations and good will toward individuals and congregations facilitating connectedness with the Diocese.” Currently God has called me to the Kairos Ministry where I do public relations for Jesus and facilitate re-connectedness with God when His goodwill and good news are carried into the prison. I would bring to the Council that same dedication to be an ambassador for Christ. As a Council, I believe that we are called to create a budget that reflects the diocese’s desire to be Christ in the world. That same priority is required as we uphold the directives of the bishop and convention.

DIOCESAN COUNCIL HOLY C REGIONAL MINISTRY



CLERGY : *The Rev. James Thibodeaux.*
Rector, St. Peter, Seattle. Past experiences include clergy alternate for 2012 General Convention, representative in Episcopal Asian Ministries (both diocesan and

national), student of the College for Congregational Development, and member of the diocesan team working for a smart phone app for the diocese. Congregational work has included a strong emphasis in multicultural ministry and congregational renewal. Leadership style includes a fidelity to the Anglican *via media* that recognizes truth in diversity, an emphasis on Christ-centered decision making that is faithful to the Gospel, and a clear understanding of Episcopal identity and ethos as a gift for us and for others.

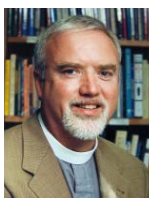
LAY: *Marie I. Cain.* *Occupation: community volunteer; retired insurance underwriter. Member of Church of the Ascension, Seattle.* I’ve served as an active



community volunteer for most of my adult life. These commitments include serving as board chair for three Catholic/independent schools in Seattle, including two years as board chair of Holy Names Academy

and eight years as a trustee. At Holy Names Academy I also served as Finance Committee chair for eight years and treasurer for Rebuilding Together Seattle for a four-year tenure. I currently serve on the Finance Advisory Committee for Church of the Ascension and on the Annual Giving Committee. My past Ascension commitments include three terms on vestry, including two terms as senior warden. I also served on the diocesan Episcopal Charities Appeal Committee for six years. I believe that my executive leadership experience in serving on several non-profit boards and my knowledge and experience in budget planning, administration and oversight would be useful to the work of the Diocesan Council.

DIOCESAN COUNCIL MOUNT BAKER REGIONAL MINISTRY



CLERGY : *The Rev. Jonathan Weldon.*
Rector, St. Paul, Bellingham. Our post-Christendom situation is scary but promising. I’m fresh from a conversation with a twenty-something

“happily unchurched” but yearning for something missing. He misses inter-generational community, a place to discuss spiritual stirrings, and to work with others for the common good. Our heritage is faith seeking understanding. We have a rich and deep

heritage of Christian discipleship embodied in common prayer, holding out hope for a world made new in Christ. I'll always bring this awareness to Diocesan Council meetings, where our call is to empower the mission of God in our Diocese. How are we going to proclaim our hope in Christ in this present age? Will we pursue that hope in our own lives?



LAY: Betty Anne McCoy. Occupation: retired. Member of Christ Church, Anacortes. Current chair and six-year member of the Council of the Komo Kulshan Cluster of four churches in Skagit County, providing experience on the varying needs of those congregations, and financial management of the

DIOCESAN COUNCIL PENINSULA REGIONAL MINISTRY



LAY: Sue Clary. Member of St. Luke, Sequim. My previous experience on Diocesan Council helps me to value and be responsive to this satisfying and challenging opportunity for ministry. I listen to each perspective

and work for common decisions for the good of the whole. I support strong relationships and respect the dignity of all persons. My verbal and written communication skills are strong. I will write to regional clergy and representatives about Council business after meetings. At St. Luke's I have served in leadership roles: lay minister/visitor, vestry, delegate, education, outreach, planning, and call committees. In the diocese, I have been on staff of the College for Congregational Development and a consultant to congregations. I believe we can increase our health and capacity to meet challenges facing the diocese. We are all invited to God's banquet in community. My mind and heart are open to the Holy Spirit and I am committed to creating faithful outcomes.



CLERGY: The Rev. Kathleen Kingslight. Rector, St. Paul, Bremerton. I spent six years on Diocesan Council in the Diocese of Western Michigan, as we were beginning the transition from one bishop, through the election and one year into the work of the new bishop. So the work of the

Cluster. Member of the five-person Ministry Support Circle for our TCM congregation at Christ Church, providing greater understanding of the challenges facing clergy in the broad job of leadership and management. Past senior warden of Christ Church during which time we negotiated the purchase of property which now houses the Skagit Adult Day Care/Gentry House and the purchase of the Red Door Thrift Shop in downtown Anacortes. Volunteered at both these facilities and saw the strength of outreach activities in keeping a church spirit filled, part of the community, and growing towards the future. Could give enlightened input into the growth, nurturing and management of the Diocese of Olympia as a member of the Diocesan Council.

Council, at a time when the system as a whole is stressed, is well known to me. I'm a team player who brings a sense of humor and a background in congregational development and conflict management. As a priest for nearly 20 years I've served as deputy to three General Conventions and as an alternate for one. I've been rector of St. Paul's, Bremerton, for two years. We've started three new Jubilee ministries during this time: Lord's Neighborhood Diner—feeding 100+ every Saturday; Eagle's Wing Counseling Center—helping the uninsured and underinsured; and Canterbury Care Center—adult day care center for those with dementia.



CLERGY: The Rev. Dr. Dennis S. Tierney. Rector, St. Barnabas, Bainbridge Island. I bring administrative and problem-solving skills, vision, knowledge of parish realities, and an understanding of this mystery we call

church to this position on Diocesan Council. I believe in working smarter rather than harder. I am committed to using technology wisely, lifting up best practices within the diocese, and strengthening parish/mission employee and volunteer skills to better accomplish our mission. I have served on the diocesan school standards group, the DSOMAT transition group, and serve as a trainer of trainers for the diocese.

DIOCESAN COUNCIL RAINIER REGIONAL MINISTRY



LAY: Charlotte A. Brown. *Occupation: retired registered nurse. Member of St. Joseph-St. John, Lakewood.*

Greetings: I am Charlotte Brown, a “cradle” Episcopalian and a member of St. Joseph-St. John for the past 30 years. I have served in different positions to include Eucharistic minister, lay worship leader, Bishop Committee member, and am currently the bishop’s warden. I am a member of the African American Committee and have served on the Diocesan Council as the representative for the Commission for Multicultural Ministries. I am pleased to have recently attended national General Convention as an alternate deputy. I believe I can support Rainier region using the skills, knowledge and abilities I have gained along with remembering the criteria of bible, tradition and reason which will serve me well while serving you.

DIOCESAN COUNCIL SNO ISLE REGIONAL MINISTRY



CLERGY: The Rev. Rilla Barrett. *Priest-in-charge, Church of Our Saviour, Monroe.*

Experiences teach and bless us. As a cradle Episcopalian, I have a deep love for our church and its traditions. As a public-school teacher for 29 years, I learned the importance of persistence, alignment of system and plan, and collaborative work for the common good. Prior to ordination, I served as junior, then senior warden, plus other leadership roles at St. James, Sedro-Woolley; I learned church structure on a small but sustained level. I served a term on the Bishop’s Commission for Education (one year as chair) and was a representative to Cluster Council. Following ordination, experience in the cluster broadened my understandings. Working with five different congregations, I learned varying ways congregations involved in multiple ministries are good stewards of God’s many gifts. I currently serve as priest-in-charge at Church of Our Saviour, Monroe. If elected, I would prayerfully, collaboratively work – seeking wisdom in the deliberations of Diocesan Council.



LAY: Denise Patrick. *Occupation: retired. Member of St. Hilda-St. Patrick, Edmonds.*

When I first graduated from law school I was a Vista volunteer and worked for an advocacy group providing legal advice for the disenfranchised. During my legal career this has always been part of my focus. I have been on the Bishop’s Committee at St Hilda St Patrick for two years and am currently the junior warden. Before retiring I ran my own business and thus am all too familiar with budgets

and payrolls. I have been on the boards of many organizations, including the Washington State Chair of the National Association of Consumer Bankruptcy Attorneys. I also spent four years on the Washington State Pro-Bono Legal Aid Committee, including one year as its chair. I believe my experience and passion will be a great asset to the Diocesan Council.



LAY: Forrest A. Ryan. *Occupation: retired. Member of Church of Our Saviour, Monroe.*

Forty-four year, active and contributing member of Church of Our Savior. Bishop’s Committee member, senior warden, junior warden, lay reader, Worship Committee, Eucharistic minister, and acolyte. Director of budget committee and annual convention representative. Diocesan level: received Bishop’s Cross. Perennial delegate to annual convention and regional meetings, member of stewardship commission, member of camping commission, organized and managed events such as the diocesan prayer breakfast at Seattle Center for 500 plus. Manager at Cascade Natural Gas Corporation, retired after 28 years. Created and managed budgets, managed employee relations, estimating, sales, purchasing, HR committees, and technical engineering responsibilities. Company liaison to industry councils. Member of Centennial Lodge, Grand Lodge of Washington for 29 years. Twice Master of Centennial Lodge after having successfully held every lodge management position. Chairman, scholarship committee. Grand Secretary – Grand Council of Royal and Select Masters of Washington for 12 years. International Relationship Ambassador.

DIOCESAN COUNCIL WILLAPA REGIONAL MINISTRY

LAY: Susan Rolfe. *Occupation: IT manager. Member of St. Andrew, Aberdeen.* I am a lifelong Episcopalian, 16-year veteran of the U.S. Air Force, past senior warden for St. Andrew's, computer management professional, and a Cursillista. I will bring leadership experience, computer skills and some ideas and a willingness to work to grow our diocese. I love using social media to draw everyone to the church including web design, Facebook and Twitter. I have seen firsthand here at St. Andrew's how involving the young in all aspects of our church stimulates growth.



OFFICERS OF CONVENTION

SECRETARY OF THE DIOCESE OF OLYMPIA



The Rev. Marda Steedman Sanborn. *Rector, St. James' Church, Kent.* I have served as the Secretary to Convention for the past three years and would like to continue in that capacity. I believe I have the organization and

communication skills necessary for this position. I am a member of the diocesan Consulting Network, and a trainer for the College for Congregational Development. Both of those positions give me exposure to congregations and clergy across the diocese which is a great resource as the Secretary of Convention. I also serve on the Constitution and Canons Committee and the Board of Directors. I am a good listener and think creatively and like to problem solve. I am an effective member of a team and believe that I can contribute much to the leadership of the diocese.

ARCHIVIST AND RECORDS MANAGER



Ms. Diane Wells. I have been the Archivist and Records Manager for the Diocese of Olympia and an officer of convention for the past 18 years. Every day I work to maintain the records of the diocese, to preserve

our diocesan memory and to assist our congregations in establishing their own archives and records management programs. I provide information to diocesan staff, clergy and congregations and as a steward of our informational resources, I am always looking for ways to improve access and make them available to those who need them in an efficient and appropriate manner. I am also active in a variety of professional archival organizations and work closely on projects with the Archives of the Episcopal Church.

TREASURER



Mrs. Barbara Fox. *Occupation: retired escrow officer/limited practice officer. Member of Church of the Resurrection, Bellevue.* "Whoever is faithful in small matters will be faithful in large ones... (Luke 16.10)." With God's help I will

work to faithfully safeguard the funds and property of the diocese. I am completing a four-year term on the Standing Committee and as president this past year chaired the diocesan Strategic Review Task Force. I served on the Joint Finance Panel as a representative of Standing Committee and currently serve on the Assessment Review Task Force, and as a member of the Dismantling Racism Training Team. I was treasurer of All Saints, Bellevue, and treasurer of the Legal Foundation of Washington, overseeing grants to provide civil legal aid to the poor. I have an extensive real estate lending and banking background and am a retired Escrow Officer/Limited Practice Officer, and just completed three years on the Character & Fitness Committee, Washington State Bar Association; I am also a volunteer for Seafair.

HISTORIOGRAPHER



Br. Carle Griffin, OCP. *Community of the Paraclete, Seattle.* I would like to serve another term as historiographer in order to continue the work I began in 2003. The story of our past gives recognition to many devoted

Episcopalians who came before us and teaches us many lessons about keeping our church authentic and vital. I have an extensive knowledge of diocesan records and have given illustrated presentations on diocesan history to many parish groups. My academic preparation includes B.A. and M.A. degrees in history from U.C. Berkeley. In addition, I have conducted research on the diocese in New York, Philadelphia,

and Portland, Oregon. I was especially pleased this year to find in the Oregon History Museum a collection of letters from Bishop William Barker (served 1894-1901) to his wife. I will continue

searching for material relevant to our history as I enlarge the draft of a comprehensive history of the diocese.

Resolutions Committee 2012 Report to Convention (D.3)

Diocese of Olympia

RESOLUTIONS COMMITTEE

2012 Report to Convention

MEMBERS OF THE RESOLUTIONS COMMITTEE: **Mr. Duncan Bayne**, *St. Mark's Cathedral, Seattle, chair, Diocesan Vice-Chancellor*; **Ms. Mary Maxon**, *Emmanuel Church, Mercer Island*; **Mr. Ralph Provencal**, *St. Benedict's Church, Lacey*; **the Rev. Suzi Robertson**, *Good Samaritan Church, Sammamish*; **Mr. David Swim**, *St. John the Baptist's Church, Seattle*; and **the Rev. Jonathan Weldon**, *St. Paul's Church, Bellingham*.

Resolution #1 – 2014 Diocesan Assessment Rate

Submitted by the Diocesan Council

Resolved, That this 102nd Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2014 diocesan assessment rate factor be set at 17.0% of the Net Disposable Income (NDI). **Explanation**: In accordance with Canon 7, Diocesan Convention determines the assessment rate for the second year of assessment following determination; thus the 2012 Convention sets the 2014 assessment rate. Over the past few years the rate has been reduced to the current level of 17%; the rate was 20% from 2004 to 2006, 18% from 2007 to 2011, 17.5% in 2012 and will be 17% in 2013. Bishop Rickel and the Diocesan Council are committed to a review of our assessment rate and structure, as well as our overall vision and mission. This process began in 2012 with the establishment of an Assessment Review Task Force and completion of Phase I of a comprehensive strategic review. The process will continue in 2013 with Phase II, a strategic visioning process. The result of this work will inform future assessment rate decisions; in the meantime, the proposal is to maintain the rate at 17% in 2014. The bishop and Council are also committed to maintaining a level of programs and resources on a diocesan level in line with the vision of the entire diocese while continuing to consider ways to reduce diocesan expenses and pass any savings on to congregations through diocesan programs that both directly and indirectly support congregations. We continue to see very stable assessment payments in 2012; at the end

of August the net assessment payment shortfall is about 5.5% (it has been in this area since the beginning of the year). Work continues on our goal to reduce the assessment payment shortfall below the 2% level. All but thirteen of the 94 congregations have stayed current or are within one month of current with assessment payments. Diocesan Council is thankful for these efforts. It is hoped this will continue and even improve as we complete the year – coming in well under the 2012 projected shortfall of 4.7%.

Resolutions Committee recommends: DO PASS.

Resolution #2 – Cost of Living Adjustment (COLA) for

2013 *Submitted by the Personnel Commission of the Diocese of Olympia*

Resolved, That this 102nd Convention of the Diocese of Olympia authorize the setting of the Cost of Living Adjustment for 2013 parochial clergy salary scale at 2.7%. **Explanation**: As required by Canon 23, Sections 2 and 5, the Personnel Commission, in July, 2012, proposed the Cost of Living Adjustment (COLA) for 2013 for the parochial clergy salary scale at 2.7%. This is based on the Bureau of Labor Statistics (BLS) for West Coast cities under 1,500,000 population (Bremerton/Tacoma) COLA information for the calendar year June 2011 to June 2012, which showed an increase in the cost of living of 2.7%. For information purposes the Commission on Personnel offers the clergy salary scale adjusted for the proposed COLA increase:

Commission on Personnel—2013 Proposed Parochial Clergy Salary Scale

GRADE	MINIMUM	MID-POINT	MAXIMUM
A	\$80,584	\$100,731	\$120,418
B	73,259	91,572	109,471
C	66,587	83,234	99,502
D	60,544	75,679	90,469
E	55,107	68,883	82,347

Mandatory Policies (applies to rectors and vicars):

- If church-owned housing is provided, the range is reduced by 20% plus the amount of any utilities provided, either in form of actual utility costs paid or in allowances provided.
- Clergy must be paid at least the minimum of the applicable range.
- Clergy with five (5) or more years of ordained service must be paid at least 90% of the mid-point of their congregation's applicable grade. Note: A clergy person with less than five (5) years should be given pay raises greater than the cost-of-living adjustment so the salary would reach the 90% of mid-point by the fifth year.
- Clergy with ten (10) or more years of ordained service must be paid at least 100% of the mid-point of their congregation's applicable grade. Note: A clergy person approaching (10) years in the same grade or congregation should be given pay raises greater than the cost-of-living adjustment so the salary would reach the 100% of mid-point by the tenth year.
- Exceptions to these policies require approval of the Bishop.
- All financial agreements with clergy must be rewritten or amended in their Letter of Mutual Ministry Agreement (LOMMA) to reflect changes in compensation or provisions and a copy forwarded to the Bishop.

Advisory Policies:

- For assisting clergy, it is recommended that minimum compensation be established at two salary grades below that established for the parish or mission, depending upon qualifications and experience.
- If a congregation is moving toward a higher grade, that congregation would be wise to increase toward that new salary grade incrementally.
- Congregations are encouraged to consider clergy performance when deliberating compensation increases in excess of the COLA.
- For interim clergy of a parish or mission, it is

recommended that compensation shall be at the grade level of the parish or mission, prorated for the percentage of time committed.

Resolutions Committee recommends: Do Pass.

Resolution #3 – Achieving Healthcare Parity

Submitted by the Personnel Commission of the Diocese of Olympia; approved by the Commission July 19, 2012

Resolved, That the 102nd Convention of the Diocese of Olympia adopt the following standard and minimum employer contribution to healthcare premiums for clergy and lay persons employed 1500+ hours per year and their dependents by 1/1/2016: 100% of the current least expensive Denominational Health Plan for the employee and 75% of the current, least expensive Denominational Health Plan for dependents of the employee. *And be it further Resolved*, that equity is to be reached over a period of three years by January 1, 2016, in accordance with a phased schedule beginning January 1, 2013:

Mandatory Minimum 01/01/13

Lay Employee 100%, Dependents 0%

Recommended Step 01/01/14

Clergy Employee 100%, Dependents 90%

Lay Employee 100%, Dependents 25%

Recommended Step 01/01/15

Clergy Employee 100%, Dependents 85%

Lay Employee 100%, Dependents 50%

Mandatory Minimum 01/01/16

Clergy Employee 100%, Dependents 75%

Lay Employee 100%, Dependents 75%

Congregations already paying the minimum contribution or more than the minimum contribution may maintain their current level of contribution as long as parity is achieved by 01/01/2016. Clergy and lay employees may choose to waive medical benefits in the Denominational Health Plan provided they are covered by a spouse's medical plan, a military plan, or are retired and receiving Medicare. *And be it further Resolved*, that legally married or registered domestic partners in same-sex couples receive spousal benefits. *And be it further Resolved*, that congregations complete a Health Insurance Verification Form by March 15 of each year, beginning in 2013, with vestry/bishop's committee certification of compliance to this resolution. Failure to provide verification of compliance will place a congregation in Provisional Good Standing status in the Diocese and this status will be noted at Diocesan Convention. Explanation: The 2009 General Convention Resolution A177 called for the creation of a Denominational Health Plan and

parity between clergy and lay employees employed at 1500 hours per year or more and the 2012 General Convention reaffirmed this goal as well as adopted B026 calling for band compression in an effort to equalize rates nationally. The minimum standard in this new resolution is consistent with the health benefits currently provided to Diocese House employees. GC A177 leaves it to individual dioceses to determine whether spouses of employees in same-sex marriages qualify for benefits. The Diocese of Olympia has affirmed equal benefits for same-sex, registered domestic partners since 2001 and will continue to do so for same-sex registered domestic partner and legally married same-sex couples. GC A177 places compliance to the resolution with the Ecclesiastical Authority. This resolution assures that compliance will be communicated to the Ecclesiastical Authority and to the diocese, and assures that compliance will be consistent with current diocesan protocol concerning congregational assessments, audits, and parochial reports. **Resolutions Committee recommends: DO PASS.**

Resolution #4 – How What We Do Affects or Involves People Living in Poverty

Submitted by the Venerable Gen Grewell, Archdeacon, Diocese of Olympia, and deacon assigned at St. John's, Olympia. This resolution is sponsored by the Community of Deacons, Diocese of Olympia, and the diocesan Committee for Economic Justice, Dianne Aid, chair

Resolved, That the 102nd Convention of the Diocese of Olympia call upon all of its constituent committees, commissions, institutions, and congregations, to include as part of every meeting in calendar year 2013, no matter what the purpose, the following agenda item: "How will what we are doing here affect or involve people living in poverty?" Explanation: At the 2009 General Convention, Resolution A155 called for the establishment of a program to address domestic poverty and called on The Episcopal Church to "recognize the pressing challenges to those living in poverty and the working poor throughout this nation[.]" At the recently concluded 2012 General Convention, Resolution A135 called for a number of steps to be taken to address the alleviation of poverty and increasing economic and racial justice. The third "resolved" of A135, which came to be known as the "Deacons' resolved" states as follows: "*Resolved, that the church cultivate mindfulness about poverty in our community and world as well as the poverty into*

which Christ calls us by including in our prayer and in every meeting agenda, time for reflection on how our work engages issues of poverty and economic and racial justice[.]" On behalf of the Association for Episcopal Deacons (AED), I am now offering this resolution as a specific way to implement the "Deacons' resolved" in A135. This resolution in fact is based on the original language that AED proposed for adoption by General Convention. AED's resolution in turn was based on a 20-year old experiment by the late Roman Catholic Bishop Kenneth E. Untener of Saginaw, Michigan, who decreed that for a three month period, every church meeting at the diocesan or parish level, no matter what the purpose, would start with the agenda item "How will what we are doing here involve or affect the poor?" (See Bishop Untener's reflection piece "How Should We Think About the Poor?" published online at http://www.americancatholic.org/Newsletters/CU/ac_0792.asp.) More recently, this resolution has been adopted by the Dioceses of Atlanta and Indianapolis in our own church. This resolution is not a program or plan to alleviate poverty. Rather, it is an effort to change the conversation in the church, to encourage people to think diaconally and live their baptismal covenant, whether the subject is outreach ministries, auditing the books, or where to hold the Sunday School picnic. It is also a matter of assessing our own relationships and placing our conversations into a context where God's people can invite each other into accountability and into friendship with those living in poverty. **Resolutions Committee recommends: NO OPINION.**

Resolution #5 – Modify Capital Campaign Purpose

Submitted by the diocesan Board of Directors

Resolved, That the 102nd Convention of the Diocese of Olympia approve the modification of the Mission and Ministry portion of the Capital Campaign of the Diocese conducted between 1993 to 1997 from a revolving loan program to a grant program. Explanation: This resolution comes from the Board of Directors of the Diocese of Olympia, Inc., the diocesan corporation that holds the property of the Diocese. As the owner of the property, including the endowment and other restricted funds of the Diocese, the Board is responsible for loans made to missions and parishes for capital projects. One of the loan programs includes the loans that were made from the funds raised in the diocese's most recent capital campaign. This resolution seeks approval of Convention to change the

loans made to churches under the capital campaign revolving loan program to grants. In the capital campaign, which took place from 1993 to 1997, the Diocese raised funds for several capital projects across the Diocese. One purpose of the campaign, known as Mission and Ministry, was to raise funds to help existing congregations expand their facilities. Rather than make grants from the campaign funds, the campaign proposed creating a revolving loan fund so that upon repayment, the funds loaned would be used to help other congregations. The approximately \$1,062,229 in funds raised were loaned at no interest to five congregations for capital projects. These five congregations were St. Hilda-St. Patrick, Edmonds; Good Shepherd, Vancouver; St. James, Cathlamet; St. Columba, Kent; and Church of the Holy Spirit, Battle Ground. For many reasons, most related to the special circumstances of the particular congregations involved, these loans have not been repaid. Several of these congregations have other significant debt

outstanding to the Diocese. The Board of Directors, together with the Office of the Bishop, has been working diligently with these congregations with the goal of moving them into a position in which they can repay debt owed to the Diocese and maintain their facilities. The Board believes that forgiveness of some of the debt will help move them into such a position. However, donor restrictions on diocesan endowments would prevent much of the debt from being forgiven. Therefore, the Board has looked to the loans made from the funds raised in the Mission and Ministry portion of the Capital Campaign as a way to relieve some of the debt of these congregations. The adoption of this resolution by Convention would permit the Board to forgive the loans to these five congregations by changing the loans to grants and to continue to work with such congregations with respect to repayment of their remaining debt.
Resolutions Committee recommends: No OPINION.

Courtesy Resolutions (D.4)

See page xx.

Committee on Constitution and Canons Report to 2012 Annual Diocesan Convention (E.1)

At its two meetings this year, our Committee considered clarifications to several canons and provided input to others with respect to resolutions proposing amendments to the Diocesan Constitution or Canons. We also assisted other Diocesan groups in formulating their proposals for canonical changes. The following are changes that the Committee recommends for passage at Convention:

Second Vote on Changes to Constitution

Our diocesan Constitution provides (in Article XXI) that it may be amended by a majority vote of the two orders voting separately at two successive annual meetings of Convention.

Constitution, Article XIV, Section 2:

To conform the Constitution to recent practice, and based on a Diocesan staff recommendation, we offer a clarification as to the number of members on the **nominating committee** (for Annual Convention), as follows:

*At least ninety days prior to the Annual Meeting of Convention, the Bishop shall appoint a committee of **not fewer than** five members of Convention...*

First Vote on Changes to Constitution

Constitution, Article XV (Admission of New Parishes and Missions) Section 1(d) in Article XV provides

that a Parish desiring admission into union with Convention must present evidence that it has at least twenty-five adult Communicants in Good Standing. Meanwhile, Canon 8(1) provides that a Parish may only be organized with at least 50 adult Communicants in Good Standing. Because the operative threshold is 50 adults, it seems appropriate to eliminate the discrepancy.

We therefore propose to amend Article XV(1)(d) as follows:

...the Parish shall have delivered...

*(d) Satisfactory evidence that the Parish has been regularly organized by the election of two wardens, with a total of not fewer than six nor more than fifteen vestry members, and that the Parish contains at least **fiftytwenty-five** adult Communicants in Good Standing.*

Votes on Changes to Canons:

Pursuant to Canons 28 and 29, canons can be enacted or amended by a "vote of a majority of each Order". These amendments "take effect upon the adjournment of the meeting of Convention at which they are enacted" unless the Convention votes unanimously for the changes to take immediate effect.

Canon 4 (Committees of Convention)

The Committee on Constitution and Canons distributes its report in advance of Convention by posting it online and by sending it to all members of Convention. It does not, however, send written copies 10 days in advance to "clerks of the Vestries and Bishop's Committees". Therefore, to exculpate the Committee, we recommend the following amendment to Canon 4(d):

The [Canons] Committee report...must be submitted ~~in writing to all members of Convention the clergy and clerks of the Vestries and Bishop's Committees~~ at least ten days before the Annual Meeting of Convention.

Canon 9 (Rectors, Parishes and Vestries)

Canon 11 (Missions)

Section 10 of Canon 9 restricts both Vestries and Bishop's Committees from altering church buildings without the Bishop's consent. This seems somewhat incongruous, because Canon 9's title indicates that it applies only to Parishes. The consensus of the Committee was to state the requirement separately under Canon 9 (for Parishes) and Canon 11 (for Missions). Thus, Canon 9(10) would be amended as follows:

No Vestry ~~or Bishop's Committee~~ shall remove, take down or otherwise dispose of any church, chapel, rectory or other Parish building, nor shall the location thereof be changed without the previous written consent of the Bishop, acting in consultation with the Standing Committee of the Diocese.

Correspondingly, the existing Section 5 of Canon 11 would become Section 5(a), and a new Section 5(b) would be added as follows:

No Bishop's Committee shall remove, take down or otherwise dispose of any church, chapel, rectory or other Mission building, nor shall the location thereof be changed without the previous written consent of the Bishop, acting in consultation with the Standing Committee of the Diocese.

Canon 10 (Parish Registers and Parochial Reports)

Because Canon 10 includes requirements both for Parishes and Missions, the Committee concluded that the word "Parish" should be deleted from the title. In Section 1, the requirement for Parishes and Missions to "maintain a Parish Register" would be clarified to "maintain a Register". In Section 3, the reference to the "Parish Register" being a responsibility of the priest in charge would be changed to "Register". The National Canons refer inconsistently to a "Parish Register" and to a "Register". Because the requirement applies both to Parishes and Missions, it seems more consistent to call it simply the "Register".

Canon 18 (Pensions)

In the fourth line, the reference to "the Church's national canons" should be corrected to "the Church's National Canons", for consistency with other references.

Canon 19 (Regional Ministries)

Section 7(c) of this canon requires the Convenor/Assistant Convenor of each Regional Ministry to establish a procedure for timely selection of a young adult delegate to Convention. The canon does not specify what happens if a Regional Ministry fails to make such a selection. At the suggestion of Diocesan staff, the Committee proposes a new Section 8 to read as follows:

If a Regional Ministry has failed to give written notice of its young adult delegate at least a fortnight before commencement of Convention, the Bishop may appoint a young adult from that Regional Ministry to participate at Convention.

Faithfully submitted, COMMITTEE ON CONSTITUTION & CANONS: Douglas Oles, Chair; Judith L. Andrews, Chancellor; Duncan Bayne, Vice Chancellor; Sarah S. Mack; Ann McCartney; Donna R. McNamara; Dede Moore, Diocesan Staff; The Reverend Stephen Moore; The Reverend Marda Steedman Sanborn.

Commission on Personnel—Report to Diocesan Convention 2012 (E.3)

In 2012, the Commission on Personnel provided the Diocese of Olympia's resolution calling for reconsideration of the Denominational Health Plan by General Convention—one of several such resolutions. The decision of General Convention was to renew support for the Denomination Health Plan, but extend the date of compliance by three years, to 01/01/16. Accepting this decision, the Commission moved quickly to a prepare a new resolution for this year's Diocesan Convention that abides by the new, DHP implementation schedule and sets a "standard and minimum" employer-paid health contribution for eligible lay and eligible ordained persons in the Diocese, contributing 100% of healthcare premiums for employees and 75% of premiums for dependents by January 1, 2016. We propose a phased approach toward achieving this standard over the next three years, beginning with a mandatory, 100% coverage of healthcare premiums for all eligible lay employees on January 1, 2013. Over the subsequent three years recommended steps are offered, stepping minimum contributions for dependents of eligible clergy down and raising minimum contributions for dependents of eligible lay employees up. Parity of eligible lay and clergy healthcare benefits is achieved in 2016.

In June we met to receive the Bureau of Labor Statistics report on changes to the cost of living in our region and to determine a Cost of Living Increase to the Parochial Clergy Salary Scale. We propose a Cost of Living Adjustment (COLA) of 2.7%—the

percent cost of living rise from June 2011 to June 2012.

The Commission continues to discuss ways we may be able to assist clergy and vestries in their conversations and decisions about clergy compensation. The COLA adjustment is intended to maintain salaries at their current level according to changes in the actual cost of living. We hear, anecdotally, that changes in compensation in consideration of clergy achievement and performance are exceedingly rare. We hope to facilitate a change in that practice so that our clergy are generously compensated and tangibly valued by their communities. We will continue this effort in 2013.

A sub-committee of the Commission is reviewing our approach to unemployment compensation in the Diocese of Olympia. This has been an on-going conversation over many years and merits review.

We have a wonderful, crack team on the Commission on Personnel and I want to thank them all for their hard work and dedication. Thank you to Linda Bruen, St. Stephen's, Seattle, Lynn Frink, Epiphany, Seattle, Bill Fulton, St. Anthony, Silverdale, Cheryl Middleton, St. Andrew's, Seattle, Courtney Searls-Ridge, St. Paul's, Seattle, James Quitslund, Grace, Bainbridge, Jonathan Weldon, St. Paul's, Bellingham and our trusty staff team of Joan Anthony, Chris Smith-Clark, and Sharon Pethers.

**Yours faithfully,
The Rev. Kevin Pearson, Chair**

Report of the Standing Committee (E.4)

The Standing Committee of the Diocese of Olympia focused this year on the Comprehensive Strategic Review (CSR) by HolyCow! Consulting, in place of the smaller mutual ministry review that has been conducted in the past. Although the responsibility of the SC, it was felt the task force should include representatives of the Board of Directors (1) and Diocesan Council (2). The review consisted of a diocesan wide online survey, with the ability for each congregation to provide either computers or paper surveys for those who did not have or use computers. The second area was a series of focus groups, conducted in person at nine locations throughout the Diocese. A final report was given to all members the governing bodies and there will be

a final report given at Convention. All indications are that this was an excellent exercise and may provide the basis for the visioning process which will be conducted in 2013.

Along with the CSR the Standing Committee approved the ordination of ten transitional deacons and the ordination of five to the priesthood, and provided questions for candidates, along with being present for candidate interviews. We approved actions for the sale of property for three missions, approved the granting of an easement in matters pertaining to property.

We sent consents for elections of a bishop and the ordination of a bishop. Also, approved a salary increase for the bishop and took the request to

Diocesan Council where it was approved for funding. The SC also approved the bishop's proposal for his sabbatical.

During the year we also received ongoing information from the Bishop and Canon to the

Ordinary on parishes/clergy in transition; especially those who may fall under the canonical purview of the Standing Committee.

**Respectfully submitted,
Barbara A. Fox, President, 2012 Standing Committee**

Report of the Board of Directors 2012 (E.5)

The Board of Directors of the Diocese of Olympia, Inc. has legal and fiduciary responsibility for the assets of the diocese, including land, buildings, endowments and other funds. It is the mission of the Board to manage these assets to further God's work in this diocese, both now and in the future. The Board is comprised of 12 members noted below. The Board convenes monthly as needed (with the exception of July). Loans to congregations are made from:

Mission Development Fund (MDF)

Assets as of 9/30/12	\$895,571
5 non-interest bearing loans	\$208,393
3 not serviced	\$143,411
Property in Orchards	\$557,615
Available funds	\$71,562

Building Loan Fund (BLF)

Assets as of 9/30/12	\$5,227,909
15 interest, 4 non-interest bearing loans	\$3,645,430
4 of 19 loans - non-performing	\$1,703,326
One loan owes \$70,343 interest in arrears	
Interest in arrears	\$70,752
Available funds	\$1,054,482

Loans Made October 2011 – September 2012:

- *Church of the Resurrection, Bellevue* - \$20,000 Building Loan Fund (BLF) urgent loan with a maturity of 60 months for replacement of failed roof, at the parish rate, using 120 months amortization schedule. Congregation to report on the fundraising progress and provide pro-forma of income and expenses -\$10,000 BLF loan fully amortized at the existing variable rate of 3.5% and to roll the existing BFL loan into a new obligation with a new maturity of 60 months (five years).
- *St. Augustine-in-the-Woods, Freeland* - \$175,000 BLF bridge loan with a maturity of 3 years to retire an existing commercial loan, with a deed of trust as collateral and a 3.5% interest rate.
- *St. Mary, Lakewood* - \$250,000 BLF loan at a 3.5% interest rate over 120 months (ten years)

Significant Actions Taken October 2011 – September 2012 (Detailed actions available upon request):

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| <ul style="list-style-type: none"> • Thanked Mr. Marshal McReal and Mr. John Rolfe for their years of service to the Board and Diocese. • Authorized a checking account for the Diocese of Olympia, Inc./Sudanese Mission discretionary fund. • Authorized a checking account for the Diocese of Olympia, Inc./Church of the Good Shepherd bond issue. • Accepted the creation of the St. Aidan, Camano endowment fund. • Authorized an appraisal and bid for the rug in the Diocesan House Great Hall. • Approved 2012 Building Loan Fund interest rate to stay at 3.5% for both parishes and missions. • Authorized various signers to various bank accounts managed by the Diocese of Olympia. | <ul style="list-style-type: none"> • Approved switching from Bank of America to Umpqua Bank for the Diocese of Olympia Inc. Building Loan Fund and Diocese of Olympia Miscellaneous Trust accounts. • Approved the concept of the Compass Housing Neighborcare Healthcare Clinic at St. Luke, Seattle (Ballard) and authorized Mr. Paul S. Faust, Treasurer, to sign the contract. • Directed Bishop Rickel to compose a letter to Church of Our Saviour, Monroe with the suggestion the congregation pay itself back a loan out of reserves, with monthly receipts of the transactions provided to the Diocese. • Authorized a checking account for the Diocese of Olympia Inc. Sudanese Ministry operating fund. • Authorized Ms. Christine Smith-Clark and Ms. Jane Huang to make inquiries about the Diocese |
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of Olympia Inc.'s Umpqua bank accounts, as well as transfers between these accounts.

- Acknowledged that both St. Andrew's Episcopal Church, Seattle and The Center at St. Andrew's are part of the Diocese of Olympia, and therefore part of the 501(c)(3) determination of the IRS.
- Adopted a two-pronged approach to address homelessness in the Ballard neighborhood of Seattle; open a shelter of portables managed by SHARE; work with Seattle Police Department to eliminate people sleeping outside of the St. Luke's property.
- Approve that \$49,686 receivables in the Miscellaneous Trusts be written off.
- Adopted a reformatted loan application process.
- Approved the transfer of diocesan brokerage accounts from Morton Clarke Fu & Metcalf to D.A. Davidson.
- Approved the monthly payment of \$1,352 from the buyers of St. Catherine, Enumclaw be directed to the operating account to pay expenses related to facility for which the Board has assumed responsibility.
- Approved a non-recurring payment of \$844 from the Hodges Endowment to be allocated for the purchase of carbon offsets for Diocesan House in 2012, as well as 2013.
- Approved the Diocese of Olympia join The Compass Rose Society at a membership cost of \$10,000, to be funded from the Sam and Nathalie Brown Bequest.
- Approved revision of titles for the following: Non-performing loans to under-performing loans and combine "release of mission bequest funds" and "disposal of movable assets" under a new heading of "mission".
- Approved a plan to send timely and informative letters from Board to congregational leadership in September, January and March.
- Appointed Ms. Judith Andrews, Diocesan Chancellor, to serve as Board liaison to the George: Church in the Round leadership team.
- Approved the deposit of \$19,705.84 from the Fegan estate into St. Aidan's DIF (endowment) fund.
- Advised that the City of Mill Creek that commercial zoning in the area surrounding the St. Francis property would be acceptable.
- Adopted the draft Policies and Procedures for Closing Churches as amended.

- Authorized St. James, Sedro-Woolley to have a garage sale with no restrictions on how income generated is spent, as long as it is for the mission.
- Resolved that St. Barnabas, Bainbridge Island may withdraw up to \$200,000 from their DIF endowment fund as a loan to pay for renovation/remodeling of kitchen and bathrooms.
- Resolved to establish an account in the DIF for the Little Sisters of St. Clare for the purpose of managing certain funds from the estate of Gloria Goller, contingent on the Little Sisters entering an agreement with the Louis H. Goller Family Endowment.
- Approved the listing of St. John, South Bend property for list price of \$69,900, to review if property does not sell by September 15, 2012.
- Appropriated \$12,800 from the Hodges Fund for a firewall for the diocesan video conferencing system.
- Appropriated up to \$22,000 from the Sam and Nathalie Brown Bequest to install a video conferencing center at St. Luke, Vancouver.
- Approved a two year lease agreement with Living Again Worldwide Ministry, at the St. Francis property.
- Authorized St. Aidan, Camano Island, to withdraw \$50,000 from their unrestricted endowment account.
- Accepted the \$65,000 off for the St. John, South Bend property, subject to the verification of the buyer's funds and increase in the earnest money.
- Forgave the \$75,000 Mission Development Loan from Church of the Good Samaritan, Sammamish, and will forgive the remaining \$75,000 in conjunction with a future matching capital campaign, further the Board requests the Bishop's Committee adopt a resolution and enter into notes recognizing amounts owed to the MDF and BLF #1, prior to forgiveness of the loan.
- Approved sending the following resolution to the 102nd Convention of the Diocese of Olympia: resolved that the 102nd Convention of the Diocese of Olympia approve the modification of the Mission and Ministry portion of the Capital Campaign of the Diocese conducted between 1993 and 1997 from a revolving loan program to a grant program.
- Authorized an appraisal of the Orchards property, with any costs to be paid from the BLF.

- Resolved that the continuation of the annual gift from the foundation administered by the Bank of America continue to be paid directly to St. Peter, Seaview.
- Allowed the current offer on the Orchards property to expire and keep the property listed.
- Approved the following contracts with St. Bede, Port Orchard be approved and signed by a diocese officer: Olsen and Associates for engineering services; CSI for survey; David Lowe for septic design; AEGIA Engineering for engineering.
- Approved the architectural agreement between Taine Wilson and St. Bede, Port Orchard be approved and signed by a diocesan officer subject to review of the chancellor.
- Advised St. Bede, Port Orchard that the Board approves Phase 1 of their building project subject to their ability to describe their financial plan, the conditional use permit, and diocesan approval of the contracts.
- Approved moving the proceeds from the sale of St. John, South Bend into the Mission Development Fund and that the Mission Development be charged for the maintenance repairs of the roof, siding and windows at George (formerly St. George, Seattle).
- Recognized that the following mission congregations are part of the corporate entity known as the Diocese of Olympia, Inc. As such

they are covered by the Diocese's 501 (c) (3). The Board empowers the Bishop's Committee of each of these congregations to name appropriate signers for all bank accounts held in the congregation's name, but any contracts related to property must be signed by an officer of the Diocese and securities traded must be done through the Diocese's Stewardship Office. *St. Hugh, Allyn; Christ Church, Anacortes; St. Matthew, Auburn; Church of the Holy Spirit, Battle Ground; Christ Church, Blaine; All Saints, Bellevue; Church of the Holy Apostles, Bellevue; St. Aidan, Camano Island; St. Matthew, Castle Rock; St. James, Cathlamet; Church of the Transfiguration, Darrington; St. Hilda/St. Patrick, Edmonds; St. Luke, Elma; St. Germaine, Hoodspport; St. Columba, Kent; Faith Church, Kingston; St. Benedict, Lacey; Grace Church, Lopez; St. George, Maple Valley; Church of Our Saviour, Monroe; St. Marks, Montesano; St. Christopher, Olympia; St. Bede, Port Orchard; Good Samaritan, Sammamish; All Saints, Seattle; St. Luke, Seattle; St. Peter, Seaview; St. James, Sedro Woolley; St. David Emmanuel, Shoreline; St. Antony of Egypt, Silverdale; St. Clare, Snoqualmie; St. John, South Bend; St. Joseph/St. John, Steilacoom; All Saints, Tacoma; Holy Family of Jesus, Tacoma; St. Nicholas, Tahuya; All Saints, Vancouver; St. Anne, Washougal; St. Christopher, Westport.*

Members of the 2012 Board of Directors: the Rt. Rev. Gregory Rickel, president; the Rev. Ann Lukens, vice president, St. Michael and All Angles, Issaquah; the Rev. Dr. Marda Steedman Sanborn, secretary, St. James, Kent; Mr. Steve Faust, treasurer, Epiphany, Seattle; Mrs. Judith Andrews, chancellor, St. Mark, Seattle; Mr. Bill Goodenough, property representative, Ascension, Seattle; Mr. George Garcia, St. Joseph/ St. John, Lakewood; Mr. Darel Grothaus; Mr. Collie Liska, St. Benedict, Lacey; Ms. Patricia McGuire, St. Bede, Pt. Orchard; Mr. Gary Rose, St. John, Kirkland; and the Rev. Ray Sheldon, Faith, Kingston. *Submitted by Bill Goodenough, Board of Directors Property Representative.*

Report of the Diocesan Council (E.6)

The Diocesan Council (DC) is the "convention in recess" and has responsibility to oversee the budget and program goals of the Diocese and to carry out the priorities adopted by convention. DC members accept assignments, work on task groups, and attend regional, committee, and commission meetings as necessary.

Actions December 2, 2011:

- *Approved the September 29, 2011, Diocesan Council minutes as written.*

- *Placed the name of Seattle and the Diocese of Olympia in consideration to host the 2018 General Convention. [Alternate site was selected by the General Convention.]*

- Recorded, for IRS purposes, housing allowances for Joan Anthony, William Deng, Kim Forman, Sam Lee, Andrea McMillin, Thomas Ortung, Lance Ousley, Gregory Rickel, Mary Shehane, and Josh Thomas.
- Authorized the accounting office, for accounting purposes only, to write off all outstanding 2011 assessment balances.
- Authorized the accounting office to transfer unexpended funds (from unrestricted net assets) to the 2012 budget (dependent on a positive year-end credit balance) for the following line items: Clergy Residency, Congregation Property expenses, Evangelism, congregation specific expenses (St. George/St. Luke) other than property, and the annual retreat for deacons.
- Approved a one year increase in participation at Covenant House (UW Campus Ministry) (for increased rent and possible share purchase), due to withdrawal of the other denominations currently participating, with stipulations that protect our diocesan interest; asked the Diocesan Chancellor to provide or obtain legal assistance moving forward.
- Accepted the 2013 budget timeline as outlined.
- Sent a letter to Church of the Holy Apostles, Bellevue, in thanksgiving for their payment to the mission fund.

Actions January 28, 2012:

- Accepted the plan proposed by St. Luke, Tacoma, to bring assessment payments into compliance, and relieved prior year (2004 & 2005) unpaid assessment.
- Relieved 2010 unpaid assessment for St. James, Sedro-Woolley.
- Recorded, for IRS purposes, the housing allowance for Keith Axberg.

Actions February 23, 2012:

- Approved the December 2, 2011, and January 28, 2012, Diocesan Council minutes as written.
- Upon recommendation of the Standing Committee, approved a salary increase for Bishop Greg Rickel beginning January 1, 2012.
- Authorized funds to be drawn from net assets for the 2012 comprehensive strategic review (CSR) process.
- Upon recommendation of the Bishop's Task Force on Episcopal School Standards, adopted the report as amended.
- Recorded, for IRS purposes, the housing allowance for Terry Kyllo, Catacomb Churches.

- Set all supply clergy compensation paid by the Diocese for the benefit of congregations, whether reimbursed by the congregation or part of the diocesan budget, as housing for IRS purposes.
- Forwarded a resolution for structural reform to the 77th General Convention.

Actions April 19, 2012:

- Approved the February 23, 2012, Diocesan Council minutes as written.
- Designated funds from unrestricted net assets to continue facilities rental payments for college ministries at the University of Washington through 2013; decision on purchase due from the Board of Directors by Summer 2013.
- Accepted the spring draft 2013 Budget and forwarded it for discussion and input at the spring regional meetings.

Actions August 23, 2012:

- Approved the April 19, 2012, Diocesan Council minutes as written.
- Adopted the balanced 2013 Diocesan Operating Budget as submitted and forwarded it to the fall 2012 Convention for ratification.
- Approved the Diocesan Council letter to convention to be included in the budget document as written.
- Upon recommendation of the Budget and Finance Committee, forwarded a resolution to the fall 2012 Convention setting the 2014 assessment rate at 17%.
- Recorded, for IRS purposes, housing allowances for Susan Dean, Chris Hertlein, Rebecca Kirkpatrick, and R.C. Laird.
- Upon request from the Rev. Dale McQueen and the Bishop's Committee of St. Peter's Church, Seaview, transferred said congregation from the Willapa region to the Columbia region.

Actions October 11, 2012:

- Approved the August 23, 2012, Diocesan Council minutes as written.
- Approved signing the Service Agreement allowing the transfer of funds from the Refugee Program to the New Roots Fund with details of the obligations for each party.
- Upon recommendation of the Grants Committee, approved 2013 congregation grants.

**Respectfully submitted on behalf of the
Diocesan Council by,
Ms. Dede Moore,
Bishop's Executive for Governance**

Report of the Commission on Ministry (E.7)

Dear Bishop Rickel and the Delegates to the 102nd Convention of the Diocese of Olympia: It's been an active year. Last October at the 101st Convention Bishop Rickel ordained Mark Blindheim and Carter Hawley to the sacred order of deacons. A few weeks later, Bishop Rickel flew to Spartanburg, SC, to ordain Halcott Carter to the priesthood. On January 6, the Feast of the Epiphany, Bishop Greg Rickel admitted Eric Mason and Peggy Schnack to postulancy, and on the October 18, the Feast of St. Luke, he ordained Michael Carroccino, Curtis Farr, Alfredo Feregrino, Eric Mason, Sarah Monroe, and Jonathan Myers to the transitional diaconate. Bishop Rickel also received Bill Tarter from Roman orders, and Bishop Sandy Hampton ordained Diane Ramerman and Carol Rodin, both from the Total Common Ministry Circle at Christ Church, Anacortes, to the transitional diaconate. Over the summer Janet Loyd, Jessie Vedanti, Brenda Sol, Craig Vocelka, and Christine Hertlein were all ordained to the priesthood by Bishop Rickel.

The Commission continues to see the fruits of its own discernment. 2012 was the first full year the discerning vocations guide and curriculum were in effect, and there was a significant drop-off in applications to postulancy. As a result of much conversation, the Commission will launch a discernment group for young adults focused not just on ministry—both lay and ordained—but the vocational questions facing many young adults today. Beginning with this convention the Commission will also be expanded with a working group focused on the baptismal ministry of the laity.

We have been blessed to walk with the above named persons who were permanently ordained, and with those people listed below still in process.

Postulants – Priesthood: Edith **Burkhalter**, Christ Church, Seattle; Jennifer **Daugherty**, Emmanuel, Mercer Island; John **Forman**, St. Paul, Seattle; Josh **Hosler**, St. Thomas, Medina; Alex **Labal**, St. Columba, Kent; Laura **Murray**, St. Paul, Bremerton; Seattle; Alissabeth **Newton**, St. Paul, Seattle; John **Powless**, Church of the Apostles, Seattle; Kate **Rickard**, St. Paul, Seattle; Eliacin **Rosario-Cruz**, Church of the Apostles, Seattle, Peggy **Schnack**, St. Andrew, Tacoma.

Diaconate – David **Culp** Jr., Holy Spirit, Vashon; Doug **Dahlgren**, Christ Church, Tacoma; Eric **Johnson**, Christ Church, Anacortes; Laura Ellen **Muglia**, St Mark, Seattle; Catherine **Schneider**, St. John, Gig Harbor; Polly **Shigaki**, St. Peter, Seattle; Eric **Stroo**, All Saints, Bellevue. †Deceased

Transitional Deacons: Michael **Carroccino**, St Paul, Bellingham; Curtis **Farr**, Good Shepherd, Vancouver; Alfredo **Feregrino**, St Mark, Seattle; Eric **Mason**, Church of the Apostles, Seattle; Sarah **Monroe**, St. Mark Montesano; Jonathan **Myers**, Church of the Apostles, Diane **Ramerman**, Christ Church, Anacortes; Carol **Rodin**, Christ Church, Anacortes.

We are grateful for the work of the members of the Commission on Ministry: the Rev. Stephen Crippen, St. Mark's Cathedral, Seattle; the Rev. Doyt Conn, Epiphany Parish of Seattle (resigned); the Rev. Marilyn Cornwell, Ascension, Seattle; Ms. Heidi Kim, St. Mark's Cathedral, Seattle; the Rev. David Marshall, St. Dunstan, Shoreline; Ms. Roberta Newell, St. Mary, Lakewood; Mr. Karl Oles, Church of the Redeemer, Kenmore; the Rev. Mary Shehane, Church of the Ascension, Seattle; and the Rev. Gail Wheatley, St. Andrew, Port Angeles; we are grateful for the life and ministry of the Rev. Steve Tellari, St. Columba, Kent, who served until his death in March of this year. We also wish to thank the Ven Gen Grewell, Archdeacon, and the Rev Josh Thomas, Dean of the Diocesan

School of Ministry & Theology, who serve ex-officio positions, and especially Mr. Blaire Notrica, Executive Assistant to the Bishop and to the Canon to the Ordinary/Secretary for Vocations, our able and trusty staff liaison, who makes so much of work possible.

Faithfully,

The Rev. Arienne Davison and Mr. Bill Demmon, conveners

From left to right Michael Carroccino, Alfredo Feregrino, Curtis Farr, Eric Mason, Sarah Monroe, and Jonathan Myers, with Bishop Greg Rickel (center) ordained to the sacred order of deacons on October 18, 2012. Photo: Kristin Carroccino



Report of the Archivist & Records Manager (E.8)

The Archivist and Records Manager is the official custodian of diocesan records and responsible for the direction and implementation of the Archives and Records Management Program of the diocese.

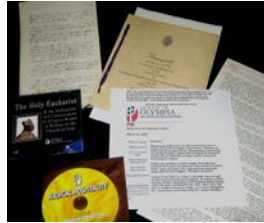
<http://www.ecww.org/departments/archives>



2012 has been a very busy year for the Archives. I have been particularly encouraged by the number of congregations that have consulted me about maintaining – or starting – an

archives and records management program. I can't emphasize enough how important it is for each congregation to be a good steward of its records and I am always available to help with the process.

I'm also excited by the fact that this year – with the assistance of project archivist, Richard Gould, the Archives has finally caught up with its backlog and that only a couple of collections remain to be processed. Of course, new materials are always arriving, but now they can be dealt with right away – rather than having to take their turn in line!



Another resource that will soon be available is the Archives Database. I hope to have this up and running on the Web by April 2013 at the latest. Once the database goes online, researchers will be able to search our collections for topics of interest.

I continue to write a column for the clergy spouse/partner online newsletter, *A La Mode*; to

work with other archivists through a variety of professional organizations to publicize the importance of archives and of preserving the documentary heritage of the Church; to provide archival reference service; to manage our diocesan archives with all that entails; and to provide tours of Diocesan House.

In addition, at last year's diocesan convention I launched my Archives blog, **ARCHIVES IN ACTION**, which can be found at: http://www.ecww.org/blogs/archives_in_action. In my blog I've been addressing archives and records management issues, providing glimpses of diocesan history – with lots of photographs - and writing about a variety of archives topics. If you have questions or suggestions please let me know. For more information about the Archives go to the Archives page on the diocesan website at: <http://www.ecww.org/departments/archives>. Please look for the Archives exhibit at diocesan convention as we celebrate the theme, *Living Our Baptism*. I look forward to seeing you.

Respectfully submitted by,
Diane Wells, CA
Archivist and Records Manager
dwells@ecww.org
<http://www.ecww.org/departments/archives>

Report of the Historiographer (E.9)

Br. Carle Griffin, OCP

Work continues on a comprehensive history of the diocese. This involves writing and further research. On a research trip to Portland, Oregon, in March I found a collection of Bishop Barker's letters to his wife in the Oregon Historical Society Library. Barker served from 1894 to 1902. Copies of the letters will be added to our archives. This collection was donated to OHS by Mrs. Barker's family and gives us a rare glimpse into the family life of a bishop. The OHS library also provided clues to the origins of the design of St. Luke's Memorial Chapel in Tacoma. At the archives of the Diocese of Oregon I researched the election of Bishop Scott, the first missionary bishop of the Northwest, in 1853 and found sources in "The Spirit of Missions" that clarify how he was chosen. "A Community Inclusive and Generous," the short history of the diocese I prepared for the diocesan website is being revised and will soon be posted. Congregations are invited to host a presentation of "From Kingdom to Spiritual Community," an illustrated talk of about 45 minutes, which relates the history of the Episcopal Church in Western Washington. A presentation can be arranged at no charge by contacting the historiographer at cgriffin@seanet.com.

2012 Convention Committees & Commissions (E.10)

Constitution & Canons Committee

Ms. Judith Andrews, Diocesan Chancellor
Mr. Duncan Bayne, Diocesan Vice Chancellor
Ms. Sarah S. Mack, Trinity Church, Everett
Ms. K. Ann McCartney, St. Mark's Cathedral, Seattle
Ms. Donna McNamara, St. John the Baptist, Seattle
Ms. Dede Moore, Bishop's Executive for Governance
The Rev. Stephen Moore, All Saints, Bellevue
*Mr. Douglas Oles, Redeemer, Kenmore
The Rev. Marda Steedman Sanborn, Sec. of Convention

Resolutions Committee

*Mr. Duncan Bayne, Diocesan Vice Chancellor
Ms. Mary Maxon, Emmanuel, Mercer Island
Mr. Ralph Provencal, St. Benedict, Lacey
The Rev. Suzi Robertson, Good Samaritan, Sammamish
Mr. David Swim, St. John the Baptist, Seattle
The Rev. Jonathan Weldon, St. Paul, Bellingham

Nominations Committee

The Rev. Rilla Barrett, Our Saviour, Monroe
Mr. Val Brustad, St. James, Kent
The Rev. Bonnie Campbell, St. Mark, Montesano
The Rev. Stephen Moore, All Saints, Bellevue
The Rev. Carol Rodin, Christ Church, Anacortes
Ms. Diane Stipp, St. Stephen, Seattle
*Ms. Pam Tinsley, St. Andrew, Tacoma
*Dr. Leann Torgerson-Harrison, Trinity, Everett

Disciplinary Board

The Rev. Lex Breckinridge, St. Thomas, Medina
Mr. Mac Brown, St. Mark's Cathedral, Seattle
Mr. Mark Hutcheson, Epiphany Parish of Seattle
Mr. Karl Oles, Redeemer, Kenmore
The Rev. Peter Strimer, St. Andrew, Seattle
The Rev. Pat Taylor, retired
The Rev. Tom Warne, Good Shepherd, Vancouver
Ms. Candace Weatherby, All Saints, Vancouver
The Rev. Jonathan Weldon, St. Paul, Bellingham

Insurance Committee

Mr. Gerald Coe, St. Mark's Cathedral, Seattle
*Mr. Steve Day, Epiphany Parish of Seattle
Mr. Steve Faust, Diocesan Treasurer
Mr. Phillip Haas, St. Mark's Cathedral, Seattle
Mr. William Meacham, St. John, Kirkland
Ms. Carrie Rohlik, Staff Liaison
The Rev. Raymond Sheldon, Faith Church, Kingston
Mrs. Chris Smith-Clark, Canon for Finance

Committee on Privilege

*The Rev. Ken Grabinski, All Saints, Bellevue
Ms. Dede Moore, Bishop's Executive for Governance
The Rev. Canon Joan Anthony, Canon to the Ordinary

Commission on Personnel

Ms. Linda Bruen, Good Samaritan, Sammamish
Ms. Lynn Frink, Epiphany Parish of Seattle
The Rev. William Fulton, St. Antony, Silverdale
Ms. Cheryl Middleton, St. Mark's Cathedral, Seattle
*The Rev. Kevin Pearson, St. Luke, Renton(CADO)
Mr. Jim Quitslund, Grace Church, Bainbridge Island
Ms. Courtney Searls-Ridge, St. Paul, Seattle
The Rev. Canon Jonathan Weldon, St. Paul, Bellingham
The Rev. Canon Joan Anthony, Staff
Ms. Sharon Pethers, Staff

Commission on Church Architecture

The Rev. Canon Joan Anthony, Canon to the Ordinary
The Rev. Janet Campbell, Canon for Liturgy
Mr. Rollie Dawson, St. Thomas, Medina
Mr. Guy Falskow, St. Stephen, Seattle
Mr. William Goodenough, Bishop's Rep for Property
The Rev. Canon Robert Hayman
Mrs. Jeannette Moore, St. Mark's Cathedral, Seattle
Mr. Allen Moses, Redeemer, Kenmore
Mr. Frederick Pneuman, St. Thomas, Medina
*Mr. Ralph Provencal, St. Benedict, Lacey
Ms. K Robinson, St. Stephen, Seattle
Mr. Nate Thomas, Grace Church, Bainbridge Island

Commission on Ministry

The Rev. Doyt Conn, Epiphany Parish of Seattle
The Rev. Marilyn Cornwell, Ascension, Seattle
The Rev. Stephen Crippen, St. Mark's Cathedral, Seattle
The Rev. Arienne Davison, Grace, Bainbridge Island
Mr. William Demmon, St. Antony, Silverdale
Ms. Heidi Kim, St. Mark's Cathedral, Seattle
The Rev. David Marshall, St. Dunstan, Shoreline
Ms. Roberta Newell, St. Mary, Lakewood
Mr. Blaire Notrica, Secretary for Vocations
Mr. Karl Oles, Church of the Redeemer, Kenmore
The Rev. Mary Shehane, Church of the Ascension, Seattle
The Rev. Steve Tellari (deceased)
The Rev. Gail Wheatley, St. Andrew, Port Angeles

Liturgy & Arts Commission

Mr. Jason Anderson, St. Michael & All Angels, Issaquah
The Rev. Elizabeth Bloch, St. Paul, Port Townsend
Ms. Susan Bloomfield, St. Benedict, Lacey
The Rev. Janet Campbell, Canon for Liturgy, ex officio
The Rev. Gen Grewell, Archdeacon
Mrs. Deborah Hickey-Tiernan, Liturgical Arts
The Rev. Joseph Hickey-Tiernan, Liturgical Catechisis/Theology
The Rev. Mary MacKenzie, Christ Church, Seattle
Ms. Becky Morrill, Diocesan Liturgist
The Rev. Carla Robinson, All Saints, Seattle
The Rev. Steven Shaver, Church of the Apostles, Seattle
*The Rev. Samuel Torvend, St. Paul, Seattle

Report of the Committee on Privilege (E.11)

The Committee on Privilege recommends that the following persons be given the privilege of voice or seat and voice at the 102nd Annual Convention of the Diocese of Olympia.

Retired Bishops now residing in the diocese (canonical in other diocese), if present: The Rt. Rev. Cabell Tennis, Bishop Retired, Delaware; The Rt. Rev. William Choi, Bishop Retired; The Rt. Rev. Craig Anderson, Emmanuel, Eastsound. **Officers of the Diocese/Convention who are not members of Convention:** Diane Wells, Archivist and Records Manager (voice). **Diocesan Lay Staff members who are not members of Convention:** Blaire Notrica, Executive Assistant to the Bishop & the Canon to the Ordinary; Dede Moore, Bishop’s Executive for Governance; Kathleen Hamilton, Canon for Youth and Young Adults; Bill Goodenough, Representative for Property; Chris Smith-Clark, Canon for Finance; Kerry Allman, Internet Strategist. **Others who are not members of Convention:** K. Ann McCartney, Parliamentarian; Bishop James Magness, Bishop Suffragan for the Armed Services and Federal Ministries; Russ Crabtree, Holy Cow! Consulting. **Congregations & Mission Stations:** Pat Hogan, St. Timothy, Chehalis; Sue Hogan, St. Timothy, Chehalis; Torres Hui, Church of the Holy Apostles, Bellevue; Matilda Wong, Church of the Holy Apostles, Bellevue; Baudelina Paz, Resurreccion, Mt. Vernon; Morales Salvador, Resurreccion, Mt. Vernon; The Rev. Emilio Benitz, Resurreccion, Mt. Vernon; The Rev. Ivar Hillesland, COTA, Seattle; Jerome Wright, St. Germain, Hoodspout. **Diocesan Youth Presence:** Tieran Bender-Sweeney, Epiphany Parish of Seattle; Rachel Duquette, St. Anne, Washougal; Treanna Ganger, Church of Our Saviour, Monroe; Elaine Fulton, St. Margaret, Bellevue; Nicole Silvernale, St. James, Kent; Andy Sloan, St. Benedict, Lacy, Willapa; Chelsea Wood, St. Luke, Vancouver. **Those presenting reports/resolutions to this Convention (voice only):** Jason Anderson, Convention Musician; Becky Morrill, Diocesan Liturgist; Leanne Torgerson-Harrison, Nominations Committee; Jackie O’Ryan, Faith Action Network; Jennifer Daugherty, Bricks for Haiti; Katie Akesson, Elections; Katrina Hamilton, General Convention deputation chair; Greg Rhodes, Looking Back; Looking Forward; Brian Sellers-Peterson, Episcopal Relief & Development; Ken Hawkins, Mission to Seafarers; Randy Urmston, Bishop’s Committee for Israel/Palestine; Nancy McConnell, Bishop’s Committee on the Environment.

Clergy canonically resident, but not domiciled or ecclesiastically employed within the Diocese of Olympia, if present:

- | | | |
|-----------------|---------------------|---------------------|
| Adams, Richard | Michelfelder, Becky | Tench, Jack |
| Clark, Corbet | Miller, A. Scott | Tomter, Patrick |
| Collins, Paul | Moore, David | Ward, Karen |
| Conklin, Daniel | Rivera, Nedi | Williams, Robert H. |
| Dement, Thomas | Robertson, Patricia | Wilton, G.W Paul |
| Eustis, Pat | Ruder, John | Wolfe, Eugene |
| Maier, Andrea | Stewart, Daniel | Yearwood, Kirtley |
| McCaw, Mary | Taylor, Robert | |

Clergy licensed in the Diocese of Olympia, if present:

- | | | |
|-----------------|--------------------|-----------------|
| Ayers, Philip | Harper, Helen | Ortung, Thomas |
| Brown, Marilynn | Harris, Carl | Shippen, Sallie |
| Brown, Robert | Holly, F.E. | Tudor, William |
| Elliott, James | Maxwell, William | Willis, Andy |
| Goddard, John | Minter, Russell D. | |
| Greenwood, Don | Moore, Diane | |

Submitted by, Committee on Privilege:

The Rev. Ken Grabinski, chair; Ms. Dede Moore; Mr. Blaire Notrica; Canon Joan Anthony

A Comprehensive Strategic Review Executive Summary (E.12)

The Diocese of Olympia has completed a comprehensive strategic review process in anticipation of a strategic planning effort in 2014. The review process engaged nearly 2,000 persons who provided input on their perspectives, experiences, and aspirations for the Diocese at the local, governance, and staff levels. This process did not review Diocesan facilities, staffing rationale, or functions and processes, nor their alignment to the current strategic priorities.

Respondents across the Diocese from every role indicate a high level of satisfaction and energy compared to a peer group of middle judicatories across the country. This suggests that the Diocese is positioned for strategic options that include growth, expansion, replication, and external impact. While members mention a variety of ways that congregations are contributing to the vitality of the Diocese, the most significant factors that emerge regarding the Diocese as a body are the leadership and vision of the current Bishop combined with Diocesan support to congregations.

There is a clear desire for the Diocese to build on these critical strengths and to focus additional energy on developing healthy, vital, growing congregations. Members also indicate that the church they envision will need to be significantly different from the current state. Key in their thinking is a church that is more diverse, younger, and welcoming. At the conceptual level, there is broad understanding that this will require a significant rethinking of what it means to be Episcopal churches in the region. Members respond positively to the assertion that a cultural shift will be required, a change process that goes much deeper than developing new programs. However, when they speak of how their congregations contribute to the vitality of the Diocese, programs are one of the words they most frequently use.

The organizational culture of the Diocese appears to be flexible and progressive with strengths in the capacity to reflect, advocate, explore, and

include. However, members may be challenged in their ability to anticipate the emotional and spiritual impact of the changes they imagine. Church members in denominational systems across the country share a common vision for the congregations they desire in their future. Embracing a set of strategic values, rewards, and penalties, and the adoption of fresh tactics and practices is what that they find most daunting.

For a cultural shift is to be realized, communication will be critical to the enterprise. This communication system will not only need to be two-way, it will need to be horizontal as well as vertical, that is, connecting congregations to one another for the sharing of best practices and organizational learning. In addition, communication will need to be multi-channeled, face to face, face to group, print, and digital. The Diocese has made significant strides in this direction with its video sites, but members indicate that a reliable and comprehensive communication system is yet to be achieved.

Finally, the priorities articulated by respondents in the process are outcome-based. This will require a shift from process measurements, for example, descriptions of events and procedures, to outcome measurements, for example, changes in demographic data for church populations and changes in church climate. At present, the Diocese does not have a system of organization intelligence in place sufficient to support to an outcome-based strategic plan.

Section 4

Leadership Lists

Congregations of the Diocese of Olympia

Aberdeen, St. Andrew (Parish 1890)
Allyn, St. Hugh of Lincoln (Mission 1969)
Anacortes, Christ Church (Mission 1890)
Auburn, St. Matthew (Parish 1896 / Mission 2011)
Bainbridge Island, Grace Church (Mission 1994 / Parish 2010)
Bainbridge Island, St. Barnabas (Parish 1944)
Battle Ground, Church of the Holy Spirit (Mission 1996)
Bellevue, All Saints (Mission 1996)
Bellevue (formerly Seattle), Church of the Holy Apostles (Mission 1990)
Bellevue, Church of the Resurrection (Parish 1957)
Bellevue, St. Margaret (Parish 1957)
Bellingham, St. Paul (Parish 1883)
Blaine, Christ Church (Mission 1889)
Bremerton, St. Paul (Parish 1901)
Burien, St. Elizabeth (Parish 1941)
Camano Island, St. Aidan (Mission 1959)
Castle Rock, St. Matthew (Mission 1961)
Cathlamet, St. James (Mission 1851)
Centralia, St. John (Parish 1889 / Merged with Chehalis 2000)
Chehalis, St. Timothy (Parish 2000 / formerly Centralia and Chehalis)
Chehalis, Church of the Epiphany (Parish 1883 / Merged with Centralia 2000)
Darrington, Church of the Transfiguration (Mission 1955)
Eastsound/Orcas Island, Emmanuel Parish (Parish 1885)
Edmonds, St. Alban (Parish 1952)
Edmonds, St. Hilda-St. Patrick (Mission 1963)
Elma, St. Luke (Mission 1895)
Enumclaw, St. Catherine (Mission 1940's, closed 2007)
Everett, Trinity Church (Parish 1892)
Federal Way, Church of the Good Shepherd (Parish 1961)
Forks, St. Swithin (Parochial Mission 1964)
Freeland, St. Augustine in-the-Woods (Parish 1949)
Fremont, Church of the Apostles – COTA (Mission Station 2010)
Friday Harbor, St. David (Mission 1950 / Parish 1999)
Gig Harbor, St. John (Parish 1916)
Hoodspoint, St. Germain (Developing Congreg. 1976 / Mission Station 2010)
Issaquah, St. Michael & All Angels (Parish 1950)
Kenmore, Church of the Redeemer (Parish 1947)
Kent, St. James (Parish 1890)
Kent (Des Moines), St. Columba (Mission 1957)
Kingston, Faith Church (Mission 1997)
Kirkland, St. John (Parish 1922)
Lacey, St. Benedict (Mission 1980)
Lakewood, St. Joseph-St. John (Mission 1969)
Lakewood, St. Mary (Parish 1949)
Longview, St. Stephen (Parish 1923)
Lopez Island, Grace Church (Mission 1954)
Maple Valley, St. George (Mission 1967)
Marysville, St. Philip (Mission 1958 / Parish 1998)
Medina, St. Thomas (Parish 1943)
Mercer Island, Emmanuel Church (Parish 1909)
Monroe, Church of Our Saviour (Mission 1910)
Montesano, St. Mark (Mission 1909)
Mount Vernon, La Iglesia Episcopal de la Resurreccion (Mission Station 2010)
Mount Vernon, St. Paul (Parish 1891)
Oak Harbor, St. Stephen Episcopal (Parish 1952)
Olympia, St. Christopher (Mission 1959)
Olympia, St. John (Parish 1853)
Port Angeles, St. Andrew (Parish 1891)
Port Gamble, St. Paul (Parochial Mission 1931)
Port Orchard, St. Bede (Mission 1963)
Port Townsend, St. Paul (Parish 1860)
Poulsbo, St. Charles (Parish 1963)
Puyallup, Christ Church (Parish 1882)
Redmond, Church of the Holy Cross (Parish 1909)
Renton, St. Luke (Parish 1892)
Rockport, St. Martin-St. Francis (Developing Congregation 1952)
Sammamish, Church of Good Samaritan (Mission 1990)
Seattle, All Saints (Mission 1903)
Seattle, Beacon Hill Church Plant (Mission Station 2010)
Seattle, Christ Church (Parish 1903)
Seattle, Church of the Ascension (Parish 1938)
Seattle, Epiphany Parish of Seattle (Parish 1908)
Seattle, St. Andrew (Parish 1906)
Seattle, St. Clement (Parish 1890)
Seattle, St. George (Parish 1954 / Mission 2010 / Closed 2011)
Seattle, St. John the Baptist Church (Parish 1892)
Seattle, St. Luke (Parish 1891 / Mission 2011)
Seattle, St. Mark Cathedral (Parish 1889)
Seattle, St. Paul (Parish 1892)
Seattle, St. Peter (Parish 1908)
Seattle, St. Stephen (Parish 1920)
Seattle, Trinity Church (Parish 1865)
Seaview, St. Peter (Mission 1896)
Sedro-Woolley, St. James (Mission 1890)
Sequim, St. Luke (Parish 1893)
Shelton, St. David of Wales (Parish 1890)
Shoreline, St. David Emmanuel Church (Mission 1958)
Shoreline (formerly Seattle), St. Dunstan (Parish 1949)
Silverdale, St. Antony of Egypt (Mission 1985)
Snohomish, St. John (Parish 1889)
Snoqualmie, St. Clare (Mission 1982)
South Bend, St. John (Mission 1890)
Tacoma, All Saints (Mission 1890)
Tacoma, Christ Church (Parish 1889)
Tacoma, Holy Family of Jesus Church (Mission 1980)
Tacoma, St. Andrew (Parish 1890)
Tacoma, St. Luke (Parish 1879)
Tacoma, St. Matthew (Parish 1951)
Tahuya, St. Nicholas Mission (1968)
Tukwila, St. John's Sudanese (Mission Station 2010)
Vancouver, All Saints (Mission 1977)
Vancouver, Church of the Good Shepherd (Mission 1966 / Parish 2005)
Vancouver, St. Luke (Parish 1836)
Vashon Island, Church of the Holy Spirit (Parish 1912)
Washougal, St. Anne (Mission 1951)
Westport, St. Christopher (Mission 1959)

Diocesan Canonically Resident Clergy – November 2012 (A.5)

The Right Reverend Gregory H. Rickel, Diocesan Bishop
 The Right Reverend Bavi Edna "Nedi" Rivera, retired
 The Right Reverend Sanford Z.K. Hampton, retired
 The Right Reverend Vincent W. Warner, retired

001	Forbes Jr., Charles A.	045	Zimmerman, Curtis	089	Davis, M. Fletcher
002	Adams, Richard C.	046	Lambert, John P.	090	Creighton, Susan
003	Garlichs, Richard W.	047	Knowles, Walter R.	091	Stanton, Barclay R.
004	Leche, Edward D.	048	Lindsey, Barrett K.	092	Phinney, James
005	Schaeffer, John G.	049	Garratt, Stephen R.	093	DeVine, Whitney Jones
006	Huston, John A.	050	Stewart, Ralph R.	094	Mackay III, Donald
007	Winn, J. Barrie	051	Rankin, Edward H.	095	Miller, A. Scott
008	Jordan, Alan	052	Walker, John F.	096	Ridge III, Charles D.
009	Maddux, Donald J.	053	Johns III, Norman S.	097	Hauge, Morris
010	Luethe, Robin L.	054	Sell-Lee, William	098	Hanna, Gerald B.
011	Carpenter, George W.	055	Biever, Robert	099	Carmichael, M. Jean
012	Nakayama, Timothy	056	Fowler Jr., Stanley G.	100	Thompson, John K.
013	Radcliffe, Ernest	057	Bethea, Robert L.	101	Pollock, Douglas S.
014	Storm, David A.	058	Halbrook, Thomas R.	102	Porter, Gerald W.
015	Carney, Joseph P.	059	Bogel, Marianne	103	Van Zanten, Peter E.
016	Johnson Jr., William C.	060	Smith, Don L.	104	Alkins, David S.
017	Tomter, Patrick A.	061	Ferguson, John F.	105	Steedman-Sanborn, Marda
018	Gorsuch, John P.	062	Lane, John C.	106	Paolozzi, Joann
019	Bigford, Jack N.	063	Mikel, Joseph F.	107	Lueckert, Diana M.
020	Smith, Homer H.	064	Pyrne, Carla V.	108	Dietel, Robert G.
021	Tench, Jack M.	065	Besheer, Kimbrough A.	109	Moore, Stephen E.
022	Stewart, Daniel R.	066	Snow, Peter D.	110	Smith, Kevin C.
023	Burnett, William M.	067	Ludden, Carol P.	111	Williams, Robert L.
024	Bond, L. Wayne	068	Sonnesyn, Roger	112	Trelease, Murray L.
025	Christie, Robert L.	069	French, Richard C.	113	Martin, Irene
026	Peterson Jr., Phillip	070	Berge, William Clarke	114	Dierick, Frances L.
027	Dunning, David	071	Taylor, Patricia L.	115	Gunderson, Gretchen A.
028	Ethelston, Geoffrey F.	072	McCulloch, Kent T.	116	Kindle, Charles R.
029	Ross, H. Stewart	073	Williams Jr., Hollis R.	117	Wright, Scot R.
030	Wolfe, V. Eugene	074	Nemes, John D.	118	Dills, R. Scott
031	Sherman, Guy C.	075	Dement, Thomas E.	119	Francis, Mary Jane
032	Fast, Todd H.	076	Nichols, Robert	120	O'Shea, Susan
033	Rhodes, Robert W.	077	Ford, R. Lawrence	121	Cleveland, Jennifer B.
034	Parker, Allan C.	078	Waring, William D.	122	Gould, Mary D.
035	Rogers, Henry S.	079	Lewis, Margaret K.	123	Lukens, Ann Pierson
036	Collins, Paul M.	080	Keller, Patterson	124	Murray, Vincent D.
037	Wilson, George S.	081	Rietmann, Paul D.	125	Scott, Richard H.
038	Grabinski, Kenneth	082	Richards, Fitzroy I.	126	Bigelow, Thomas S.
039	Wilton, G.W.	083	Hickey-Tiernan, Joseph	127	Hayman, Robert F.
040	Clark, D. Corbet	084	Astleford, Elise	128	Ensor, A. Jeanne
041	McDaniel, G. Judith	085	Steig, Terrance	129	McCaw, Mary Ann
042	Davis, West R.	086	Jessett, Frederick E.	130	Brelsford, Diane
043	Sterling, Edward A.	087	Moore, Robin	131	Lonergan, W. Gerald
044	Gehrig, Stephen J.	088	Bell, John R.	132	Minifie, Thomas

133	Harper, William	184	Green, Richard	235	Mack, Allan E.
134	Shehane, Mary K.	185	Patton, Kathleen	236	Borders, LeRoy
135	Kolbet, Paul R.	186	Wesen, Vicki	237	Santman, Linda
136	Campbell, Anne	187	Perry, Lawrence S.	238	Cochran, Elizabeth Jane
137	Bartels, Judith T.	188	Taber-Hamilton, Nigel	239	Streiff, Suzanne
138	Bayles, Richard	189	Longwood, David P.	240	Bloch, Elizabeth
139	Brown, Lawrence Edward	190	Heller, Jan C.	241	Maynard, Jane F.
140	Mullins, Judith P.	191	Jackson, E. Michael	242	Kalunian, J. Peter
141	Ruder, John Williams	192	Amburgey, Cristina G.	243	Garman, Gerald R.
142	Craighead, J. Thomas	193	Espeseth, Cynthia A.	244	Sheldon, Raymond S.
143	Anthony, Joan M.	194	Taylor, N. Dennis	245	Stroup, Susan L.
144	Strimer, Peter	195	Eichner, James	246	Ballinger, Kathryn E.
145	Arnold-Boyd, Annette	196	Armer, Susan C.	247	Allen, Mary L.
146	Best, Stephen	197	Barber, Grethe	248	Reid, M. Sue
147	Korathu, Anna Maria	198	Wills, Clark E.	249	Atcheson, Charles B.
148	Lee, Samuel	199	Allen, John M.	250	Skelton, Melissa
149	Moorehead, Constance	200	Buhrer, Richard	251	Carlson, Sara
150	Peters, Gregory	201	Dean, Susan Chanda	252	Lewis, Philip
151	Simonsen, Douglas	202	Moon, Mary Louise	253	MacKenzie, Mary
152	Miller, Mark	203	Poirier, Esther Holley	254	Scott, Rebecca
153	Dunn, Robert E.	204	Rozendaal, Jay Calvin	255	Smith, Jacqueline
154	Kinney, Kathleen	205	Maier, Andrea R.	256	Moore, David
155	MacKay, Wray	206	Demura, Christine A.	257	Heathcock, Deborah
156	Pratt, Jennifer	207	Tiederman, Nancy Cypass	258	Pearson, Kevin
157	Stiles, Linda	208	McQueen, Dale L.	259	Cornwell, Marilyn
158	Miller, Judith J.	209	Glenn, Katherine Merrell	260	Dogaru, Vickie
159	Walker, Randolph D.	210	Younge, Richard	261	Saunderson, Ann
160	Conklin, Daniel G.	211	Steele, Chris C.	262	Anderson, Mary Petty
161	Trytten, Patricia S.	212	Campbell, Janet	263	Hopkins, Vivian
162	Cole, Dennis C.	213	Seeger, Elisabeth A.	264	Newland, Benjamin
163	Forman, Bernard (Kim)	214	Beecher, Josephine C.	265	Wesch, Kate
164	Prestegard, JoAnn	215	Haase, Sylvia Anne	266	Lobdell, Gary
165	Wolford, Rachael	216	Logan, Christie Larson	267	Carver, Robert C.
166	Helgeson, Gail M.	217	Neal, James Frederick	268	Yabroff, Martin I.
167	Williams, Robert H.	218	Brentnall, Burden	269	Brock, Charles F.
168	Endicott, Rachel Faith	219	Goode, Colin	270	Davison, Arienne S.L.
169	Fageol, Suzanne A.	220	Tyree-Cuevas, Susan	271	Tierney, Dennis S.
170	Brill, Steven G.	221	Boyle, George Anne	272	Niemann, Joan
171	Avery, Joyce M.	222	Deng Deng, William	273	Lander, James R.
172	McMeekin, Dorothy N.	223	Hosea, Beverly	274	Carlson, Constance
173	Irving, Anthony T.	224	Johnston, Zula	275	Campbell, Boneta
174	Spina, Frank A.	225	Baker, Patricia	276	Leech, John
175	Rhoads, Robert L.	226	Grout, Earl L.	277	Kirkpatrick, Rebecca
176	Taylor, Robert V.	227	Marshall, David	278	Johnson, June
177	Price, David L.	228	Taber-Hamilton, Rachel	279	Fowler, Dan
178	Gott, Jayne	229	Weller, Edith	280	Warne, W. Tom
179	Grewell, Genevieve M.	230	Ackermann, John	281	Fulton, William
180	Novak, Margaret A.	231	Morrissey, Michael	282	DeShaw, Glen
181	Shigaki, Jerry M.	232	McMillin, Andrea	283	Priest, Hunt
182	Westpfahl, Carol E.	233	Sells, Jeffrey	284	Thibodeaux, James
183	Wong, Philip	234	Sells, Patricia	285	Jillard, Chris

286	Yearwood, Kirtley	306	Chrisman, Robert	326	Ousley, Lance
287	Haynes, Kendall	307	Weldon, Jonathan	327	Blindheim, Mark
288	Robinson, Carla	308	Malone, Bonnie	328	Hertlein, Chris
289	Waldie, Nan	309	Eustis, Pat	329	Sol, Brenda
290	Torvend, Samuel	310	Parker, Stephanie	330	Vedanti, Jessie
291	Wheatley, Gail	311	Ringland, Robin	331	Vocelka, Craig
292	Morrison, Mikel	312	Crippen, Stephen	332	Jimenez-Mesenbring, Maria
293	Barrett, Rilla	313	Shaver, Stephen	333	Stelle, Eric
294	Fayette, Shelly	314	Adams, William Seth	334	Ramerman, Diane
295	Conn Doyt	315	Thomas, Joshua	335	Rodin, Carol
296	Ward, Karen	316	Donohue-Adams, Amy	336	Laird, RC
297	McClain, Rebecca	317	Carter, Halcot	337	Tarter, Bill
298	Wright, Brian	318	Loyd, Janet	338	Gillett, Richard
299	Lolcama, Terri	319	Tanabe, Irene	339	Thomason, Steve
300	Pierce, Karen	320	Reid, Catharine	340	Carroccino, Michael
301	Robertson, Suzi	321	Case, Jaime	341	Farr, Curtis
302	Breckinridge, Alexander	322	Mesenbring, David	342	Feregrino, Alfredo
303	Crisp, Sheila	323	Lovelady, Ed	343	Mason, Eric
304	Haig, Martha Karen	324	Johnson, Janis	344	Monroe, Sarah
305	Kingslight, Kathleen	325	Lucas, Jeremy	345	Myers, Jonathan

Lay Delegates & Alternates as of October 30, 2012 (A.7)

Be-Attitudes Region

Kenmore, Redeemer Emily Austin, Debi Laughlin, Bill McGlinn, Doug Oles, Lee Darrow, Karl Oles Seattle, Christ Church Joan Burton, Julie Coryell, Eric Dodsley, Frank Prohaska, Liz Osborne, Todd Voelker Seattle, St. Andrew Keri Adams-Lee, Suzy Chloupek, Elizabeth Denison, Reese Fowler, Mike Hicks, Ross TenEyck, Mark Hartinger, Becky Moore, Mark Wensnahan Seattle, St. Luke Nancy Tyler, Br. Isaac Washington, Nancy Taylor Seattle, St. Stephen Marge Baylor, Dave Easton, Jenna Ingersoll, Bill Montgomery, Kate Blyth, Greg Finger, Peggy Habegger, Rick Nauman Shoreline, St. David Emmanuel Edith Byington, Hayden Street, Maureen Lyons, Scott Baker Shoreline, St. Dunstan Tina Bunes, Bill Frost, Joane Frost, Jonathan Hannerman, Charles Packer, Mary E Pacher, Shannon Walker

Columbia Region

Battle Ground, Holy Spirit Dave Trestrail, Jan Yorke, Karen Cordova, Bill Yorke Castle Rock, St. Matthew Ray & Mary Stevens, Julie & Ken Holt Cathlamet, St. James Betsy Nelson, Michael Nunes, Iris Coover Chehalis, St. Timothy Pat Hogan, Sue Hogan, David Johnson Longview, St. Stephen Connie Amondson, Wayne Amondson, Ann Mottet, Michael Wright,

Jane Brunk, Barbara Dunlap, Skip Dunlap, Buddy Patten Seaview, St. Peter Chuck Miller, Doreen Miller, Gretchen Goodson Vancouver, All Saints Dan Haase, Suzanne Philbrook, Candace Weatherby Vancouver, Good Shepherd Cheryl Armstrong-Herbenson, Chuck & Sandy Bristol, Audrey & Jeff Courser, Sharon Farr, David Herbenson, James Howard, Derek Nesland, Marcella Rush, Aaron Scott, Maureen Walker Vancouver, St. Luke Dena Cassidy, Kelly Cassidy, Kathy Gallaher, Jim Gallaher, Tatiana Sullivan Washougal, St. Anne Drew & Sue Snyder, Fay & Ron Tooley

Eastside Episcopal Churches

Bellevue, All Saints Fred & Judy Williams, Miriam Anderson, Bruce McMenemy, Bellevue, Holy Apostles Torres Hui, Matilda Wong Bellevue, Resurrection Demaris Drummond, Vee Drummond, Jim Van der Veen, Pat Campbell Bellevue, St. Margaret Missy Couch, Steve Couch, Cathy Dean, Mark Dolby, Nancy Jacobs, Bill Levings, Irene Scheck, Jeanie Totten, Joel Davis, Mike Knowles, Jacqui Maes, Jenn Maes, Sue Mings, Amy Westall Issaquah, St. Michael & All Angels Mike & Priscilla Kaufmann, Joel Klein, Karen Klein, Jenny Gove, Eric Peterson, Jan & John Rittenhouse Kirkland, St. John Bernice

Atwood, Ted Ederer, Lee Eggert, Tom Mathews, Karen Davis, Tonja Mathews, Valerie Merrill, Nick Strathy Medina, St. Thomas Lurton Ahroon, Sunni Bannon, Aileen Loranger, Rose Magee, Kim Malcolm, Keith Moulton, Alice Reid, Alyce Rogers, Anne Rogers, Dick Rogers, Bob Webb, Robert Williamson, Sherri Del Bene, Steve Reid, Delphine Stevens Mercer Island, Emmanuel Jean Greaves, Bruce Lee, Emmett Maloof, Sandy Maloof, Linda Mullen, Sue Stiles Redmond, Holy Cross Valerie Bonnie, Jay Bourdeau, Kevin Dietrich, Eileen Lauzon, Pierre Lauzon, Heather Irwin Sammamish, Good Samaritan Betty Gest, Bud Johnson, Steve Meeks, Juliana Pash, Steve Angelo, Michelle Bartel, Richard Wilkinson Snoqualmie, St. Clare Molly Cady, Jeff Waters

Evergreen Region

Auburn, St. Matthew/San Mateo Dianne Aid, Gordon Baxter, Nadine Baxter, Alex Caraveo, Karen Calvo-Martinez, Elsie Dennis Dofelmier, Vicky Sandate, Helen Shultz-Kamadulski Burien, St. Elizabeth David Thomas, Brenda Tooke, Bill Clogston, Heather Moe Federal Way, Good Shepherd Doreen Davis, Wadell Brent, Dave Welsh, Marcia Silicani Kent, St. Columba Larry Marta, Rosemary Stewart, Richard Burgess, Karen Francisco Kent, St. James Laura Brustad, Val Brustad, Chuck Foisie, Tovi & Norm Harris, Anne McKelvey, Tina Shafer, Tom Zimmer, Michelle Coburn, Debbie Danioth, Garth Fisher, Jan Gauthier, Karen Gusse, Richard Ogden, Robert Ogden, Mark Stril Maple Valley, St. George Jim Goddard, Barbara Goddard, Diane Lancaster, Stacy Sheagley Renton, St. Luke Rachel Myers, German Vergara, Daniel Crayne, Charles Smith Tukwila, St. John Sudanese (non-voting Mission Station) No representation in 2012

Holy C Region

Seattle, All Saints Katrina Hawking, Davon Jones, Victor Bright Seattle, Ascension Carol Anderson, Bob Boyd, Muriel Boyd, Tracey Kelly, Mark Anderson, Megan Bartsch, Jim Crouch Seattle, COTA Church of the Apostles (non-voting Mission Station) Elizabeth Maupin Seattle, Epiphany Parish Aubin Barthold, Richard Coyle, Liz Larson, Vicki Reed, Barbara Rhyter, Dorothy Strong, Louis Sweeny, Thomas Taylor, Laura Blackmore, Marshall Corson, Bruce Johnson Seattle, St. Clement No delegation in 2012 Seattle, St. John the Baptist Ann Blake, Mike Johnson, Jim McDonald, Anne Rogers, Darrel Ede, Nell Rehm Seattle, St. Mark Cathedral Brett Bowton-Meade, Colleen Boyns, Mary

Dickinson, Kathy Elkins, Mary Frederick, Robert Hayden, Kevin Johnson, Rene Marceau, Gordon Miller, Kathy Minsch, Carolyn Shaw, Walter Stuteville, Seyi Akanni, Lee Knoch, Virginia Lenker, Lynne Markova, Janet McCully, George Pro, Mark Roberts, Barbara Selberg, Elisabeth Wurtmann, Doug Young Seattle, St. Paul Terra Leigh Bell, Brad Kirschner, Helen Rogers, John Sutherland, Dustin Helgeson, Heather Kmitta, Martin Pommerenke, Sarah Sutton Seattle, St. Peter Janice Matsuoka, Jim Yoshida, Mel Asato, Jessie Thompson Seattle, Trinity Church Cindy Johnson-Garnett, Ron Schwartz, Jim Stipes, Betty Williams, Mary Cutting, Carl McNabb,

Mt. Baker Region

Anacortes, Christ Church Mark Raphael, Micael Raphael, Dale Ramerman, June Cook Bellingham, St. Paul Becky Foster, Ted Foster, Gary Lampman, Marian Lampman, Dolly McHenry, Ed McMeel, Erin Rehm, Greg Rehm, Greg Robinson, Mary Jane Van Hoesen, Bard Howard, Debbie McMeel Blaine, Christ Church Carl Bradley, Colleen Gilliam, Caroline Hodgins Eastsound/Orcas Island, Emmanuel Darleen Kent, Doug McDonald, Ida Rae McDonald Friday Harbor, St. David David Jones, Nancy Jones, Beth Drake, Nancy Sheplor Lopez Island, Grace Church Trevor & Joanne Bryant, Don & Marlene Langrock Mt. Vernon, La Iglesia de la Resurreccion (non-voting Mission Station) Baudelina Paz, Salvador Morales Mt. Vernon, St. Paul Margie Adams, Mary Ann Taylor, Deanna Scott Oak Harbor, St. Stephen Susan Ho, T.K. Wegg, Rick Chapman, Michele Chapman Sedro Woolley, St. James Joleen Sloniker, Jean Swift

Peninsula Region

Bainbridge Island, Grace Ruth Blaney, Karen Casey, Eric Matthews, Franci McKinnon, Malcolm McKinnon, Brian Schwalbach, Jason Shutt, Ken Wesley, Rachel Yobs, Winsome Young Schwalbach, Willa Fisher, Carolyn Milander, Holly Renfrew, Connie Smith Bainbridge Island, St. Barnabas Margaret Atwood, Peter Atwood, Su Beecham, Stu Case, Joan Collin, Paul Holzman, Charles Anderson, Jerry Carlin Bremerton, St. Paul Cliff Mygatt, Jacquie Weston-Stringham, Georgann Falotico, Richard Horn Gig Harbor, St. John Marje Anderson, Michelle Behrens, Linda Broun, Michael Broun, Robert Aylor, Jennifer Keenan, Alan Lentz, Chris Painter Kingston, Faith Community Church Ellen Green, Frank Toth, Connie & Jim Aurand Pt. Angeles, St. Andrew Ralph Angulo, Gretchen Van Blair, Vicki Van Calcar, Dick VanCalcar,

Paul Hansen, Anna Magner, David McCoy, Sally Mowbray, Mark Schander, Sally Winternitz Pt. Orchard, St. Bede Rick Fallstrom, Mary-Francis Jones, Richard Dykstra, Sarah Yergin Pt. Townsend, St. Paul Catherine Evans, Ken Evans, Will Kalb, Bernie Stechman, Bob Ford, Ginny Ford Sequim, St. Luke Frank Carr, Patricia Oden, Jerry Oden, Ardyth Schaumburg, Candy & Rich Olmer Silverdale, St. Antony of Egypt Tovi Andrews, Ken Stephens, Bill Demmon, Loretta McGinley Tahuya, St. Nicholas No delegation for 2012 Vashon Island, Holy Spirit Bill Carr, Dick Clow, Connie Frederick, Muriel Watts, Doug Clarke, Mark Yelken

Rainier Region

Lakewood, St. Joseph-St. John Lee Johnson, Robert Crisp, Johnny Williams, Charlotte Brown Lakewood, St. Mary Clare Bungay, Jen Kuljam, Debra Marshall, Frank McCracken, Doris Claypool, Fred McIlroy, Alythya Newell Puyallup, Christ Church Bruce & Peggy Blocher, Karen Jensen, Joshua Prescott, Barry O'Brien, Helen Godwin Tacoma, All Saints Charla Conner, Larry Talbert, Michael Barnett, Liz Larson Tacoma, Christ Church Hank Davis, Christi McCarren, Elin Gratton, Dick Stowers Tacoma, Holy Family of Jesus Tula Habb, Chai Yun, Roeun Chin, Sotheavy Ly Tacoma, St. Andrew Jeffery Boyce, Bill & Linda Brice, Pam Tinsley, Don Ramage, Geri Schlosser, Skip Broadhead Tacoma, St. Luke Memorial Dave Bishop, Walt Corneille, Cindy Miller, Shirley Shoffner, Raine Bradley, Jeff Williams Tacoma, St. Matthew Art & Pam Ladley, Ginny & Jim Sloan

Sno-Isle Region

Camano Island, St. Aidan Rick Columbo, Kathy DuBois, Bob Meade, Sharon Sievers, Bill & Susie White Darrington, Transfiguration No delegation for 2012 Edmonds, St. Alban Mona Carter, Phil McClelland, Robin McClelland Edmonds, St. Hilda-St. Patrick Nancy Ariz, Bernie Johnson, Nancy Smith, Greg Walrath, Denice Patrick, Jim Patrick Everett, Trinity Church Julie Amdal, Pat Grodt, David Kosar, Robert Moore, Brian Wheeler Freeland, St. Augustine in the Woods Dick Hall, Diana Klein, Albert Rose, Margaret Schultz, Harry Anderson, Shantina Steele Marysville, St. Philip Janice Saulewicz, Larry Wilson, Scott Halsey, Susan Halsey Monroe, Our Saviour Jan Cheeseman, Burr Hosley, Deede Woods

Snohomish, St. John Eleanor Church, Jim Church, Eivind Nilsen, Sally Wesley, Cathy Davis, Rich Davis

Willapa Region

Aberdeen, St. Andrew Bob Preble, Gail Rolfe, Susan Rolfe, Wes Rolfe, Kevin Gavalis, Carol McQueen Allyn, St. Hugh of Lincoln Roy Ferguson, Karen Kennedy, Sheri Simpson, Charles Huff Elma, St. Luke Beckie Brown, Stephen Brown, Kathy Eko, Libby Nemes Hoodsport, St. Germain (non-voting Mission Station) Jerome Wright Lacey, St. Benedict Mike Akin, Tom Buckley, Mary Michael Garlich, Gretchen O'Connor, Cheryl Adamscheck, David Metzler Montesano, St. Mark Martha Krug, Mary Venske, John Tennefoss Olympia, St. Christopher Lee Murray, Maggie Rydman, Dani Egan Olympia, St. John Daren Chidester, Dennis Cooper, Hope Duncan, Ted & Vicki Focke, Linda Madison, Charo Portaro, Jens-Dieter Stahmer, Georgie Allen, Kay Cooper, Don Duncan, Larrel O'Keefe, Gustavo Portaro, Rosario Portaro, Ray Williard Shelton, St. David of Wales Norm Eveleth, Judy Ogden, Betti Haskins, Barb Weza South Bend, St. John Patricia Neve, Mary Popovich Westport, St. Christopher Julie Dickson

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Regional Ministry Leadership Team Keri Adams-Lee, Dianne Aid, Jan Akin, Sue Clary, Kelly DiCicco, Deborah Estep, Julia Findley, Colleen Gilliam, Jim Goddard, Mike Kaufmann, Mary Lyons, David McCoy, Althya Newell, Tom Peterson, John Selberg, Nancy Zabel Diocesan Council Sally Barnes, Lavonne Beede, Tom Boyns, Charlotte Brown, Sally Farrell, Don Little, Joe McGuire, Mary Pneuman, Jordan Rickard, Bob Wheeler Standing Committee Jim Campbell, Becky Clark, Barbara Fox, Bob Jacobs Board of Directors George Garcia, Bill Goodenough, Darel Grothaus, Collie Liska, Pat McGuire, Gary Rose Other Judy Andrews, Duncan Bayne, Steve Faust, Ann McCartney

Youth Representatives

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The Reverend Marda Steedman Sanborn, Secretary
Mr. Steve Faust, Treasurer
Ms. Judith Andrews, Esq., Chancellor
Mr. Duncan Bayne, Esq., Vice Chancellor
Mr. Mike Reynvaan, Esq., Vice Chancellor
Br. Carle Griffin, OCP, Historiographer
Mrs. Diane T. Wells, Archivist and Records Manager

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Ms. Barbara Fox (2012)
The Rev. John Allen (2013)
Mr. Bob Jacobs (2013)
The Rev. Marilyn Cornwell (2014)
Mr. Jim Campbell (2014)
The Rev. Rachel Taber-Hamilton (2015)
Becky Clark (2015)

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Mr. Darel Grothaus
Mr. Collie Liska, St. Benedict, Lacey

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The Rev. Dr. Marda Steedman Sanborn, secretary
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Mr. Gary Rose, St. John, Kirkland
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Bishop Diocesan—The Rt. Rev. Gregory Rickel, bishop; The Rev. Canon Janet Campbell, canon for liturgy; The Ven. Gen Grewell, Archdeacon; Ms. Angela Mealing, receptionist; Mr. Blaire Notrica, executive assistant to the bishop and the canon to the ordinary; Mr. Mark Swanson, building manager.
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Archives—Ms. Diane Wells, archivist and records manager.
Canon to the Ordinary—The Rev. Canon Joan Anthony, canon to the ordinary; Mr. Blaire Notrica, executive assistant to the Bishop and the Canon to the Ordinary; Ms. Sharon Pethers, human resource coordinator.
Communications—Mr. Kerry Allman, internet strategist; Mr. Greg Hester, publications specialist.
Congregation Development—The Rev. Canon Melissa Skelton, canon for congregational development.

Diocesan Resource Center—Ms. Sue Tait, director of resource center.
Finance, Insurance and Employee Benefits—Mr. Steve Faust, treasurer; Ms. Chris Smith-Clark, canon for finance; Ms. Jane Huang, accountant; Ms. Carrie Rohlik, insurance and finance assistant.
Governance—Mrs. Dede Moore, bishop's executive for governance; Mr. Bill Goodenough, board property representative.
Multicultural Ministries—The Rev. Canon Arienne Davison, canon for multicultural ministries.
Stewardship & Development—The Rev. Canon Lance Ousley, canon for stewardship and development; Ms. Sharon Pethers, coordinator for stewardship and development.
Youth & Young Adults—Ms. Kathy Hamilton, canon for youth & young adults; the Rev. Rebecca Kirkpatrick, Episcopal chaplain; Ms. Shannon Jergenson, project manager.

Diocesan Council

At-Large The Rt. Rev. Greg Rickel; Mr. Jordan Rickard (2012); Mr. Joe McGuire (2014); and the Rev. Jonathan Weldon (2013)
Elected by Regional Ministries Ms. Sally Barnes (Columbia, 2014); Ms. Lavonne Beede (Evergreen, 2012); Mr. Tom Boyns (Be-Attitudes, 2014); Ms. Sally Farrell (Eastside, 2012); Mr. Don Little (Peninsula, 2012); the Rev. Andrea McMillin (Mt. Baker, 2012); the Rev. Jim Neal (Willapa, 2013); Mr. Robert Wheeler (Sno-Isle, 2012); and the Rev. Martin Yabroff (Rainier, 2013).
Appointed by Program Commissions Ms. Charlotte Brown (Multicultural Ministries, 2012); the Rev. Susan Dean (Evangelism, 2012); the Rev. JR Lander (Stewardship & Development, 2012); and Ms. Mary Pneuman (Church in the World, 2012).
Non-voting Members/Staff Ms. Judith Andrews, The Rev. Joan Anthony; Mr. Steve Faust; Ms. Dede Moore; and Ms. Christine Smith-Clark.

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Diocesan Priorities

1. Congregational Development
2. Concentrating on those aged 35 and Under
3. Stewardship of all our Resources

Each program or department requesting budget funds was asked to identify the priorities supported. These diocesan priorities are referred to by number in each budget request presented in this document.

The Diocesan Vision, which expands on these priorities, is on page 7.

Letter from Bishop Greg Rickel

Dear Ones,

It is hard to believe that another year has rolled around, and the budget for 2013 is our topic. Our world and church have continued to experience economic turbulence and financial trials. Our recent General Convention again made significant cuts in the national budget for the next triennium. In our diocese we have continued to weather these changes in a thoughtful and proficient way and our financial condition is quite solid.

Thanks to the diligent work of the Budget and Finance Committee, your Diocesan Council, and staff, we present to you a balanced budget. We have continued to work on efficiency, balanced with a commitment to maintain a consistent level of support going back to congregations, and the continued commitment to fund the three focus areas of congregational development, people 35 and under, and stewardship of all our resources. I believe you will see that strategy and commitment clearly in this budget.

Revenues are projected to remain steady into 2013. With leadership from the Diocesan Council, and upon action by the 2011 convention, the assessment rate for 2013 is 17% – reduced from 17.5% in 2012 and 18% in 2011. Even with this .5% rate reduction,

The Diocesan Council, at its August 23 meeting, on recommendation of the Budget & Finance Committee, adopted a balanced 2013 diocesan operating budget. The Council recommends this budget and submits it for ratification at the fall 2012 Diocesan Convention.

Continued on page 17

Letter from Diocesan Council

Convention members,

We present for your review and ratification the approved final 2013 Operating Budget for the Diocese of Olympia. This budget represents a \$177,000 reduction from the draft available for review and comment at the spring regional meetings; this includes \$18,800 of additional revenue and \$158,200 of expense reductions.

The revenue increase reflects \$18,800 of additional assessment revenue. This is the result of congregations' ever increasing compliance with assessment payments and somewhat of a stretch projection. When reviewing the expense reductions, keep in mind these are not necessarily programs that were rejected on their merits, but areas where the expenditure need may have been vaguely defined. When additional, well defined program needs are identified, the Council encourages these programs to come to the Council to discuss financing options.

This is a balanced 2013 Budget with revenues and expenses of \$4,396,346, a 1.4% increase from 2012. A detailed review of the changes in 2013 from 2012 indicate virtually all of the increase is due to Supporting Congregations and Emerging Missions. It continues to provide a clear indication of a shrinking diocesan role and an increasing congregation role in the program-development decision-making process. As you read

Continued on page 18 of budget

Congregational Development

Priorities Addressed: 1, 2 & 3

Staff: **Melissa Skelton**, Canon for Congregational Development (50% time)

Request: \$668,639

Council recommendation: \$618,463

Difference request/recommendation:

- o *Grants to Congregations reduced 11.1% based on 2011 actual and 2012 requests.*
- o *Congregation Consulting Network & General Office requested increase supported at 5% over 2012 level.*
- o *Restricted investment income updated; Bishop Directed Grants increased 10.2%.*

Major line items:

- Grants to Congregations - \$400,000; 64.7%.
- College for Cong. Development - \$128,600; 20.8%.
- Compensation (salary & benefits) - \$51,676; 8.4%.
- Recommendation represents

31.2% of Program Allocations

14.1% of Total Budget

Revenue Source: 85.7% Assessments; 10.1% College Tuition; 4.2% Restricted income (Mission Ministry fund).

Summary, pg. 13, line 7-10

Faith Formation

Priorities Addressed: 1, 2 & 3

Staff: **Kathy Hamilton**, Canon for Youth & Young Adults (fulltime); **Shannon Jergenson**, Project Coordinator (75% time); **Josh Thomas**, Dean, Diocesan School of Ministry & Theology; Navigator, Faith Nexus (50% time); **Sue Tait**, Director of Diocesan Resource Center (57% time)

Request: \$467,289

Council recommendation: \$477,009

Difference request/recommendation:

- o *Faith Formation-Adult resources slight reduction in line with 5% cap on program increases for 2013.*
- o *College Work (see narrative for explanation): staff/program funding combined at \$105,000; additional \$51,000 added from prior years' accumulated surplus for UW space increased cost.*

Major line items:

- Adult Resources - \$75,000; 15.7%.
- Youth & Young Adults - \$45,000; 9.4%.
- College Work - \$156,000; 32.7%.
- Compensation (salaries & benefits) - \$201,009; 42.1%.
- Recommendation represents

24.1% of Program Allocations

10.9% of Total Budget

Revenue Source: 86.3% Assessments; 11.8% Fees & Tuition; 1.9% Restricted income (College Work fund).

Summary, pg. 13, line 11-15

Congregational Development

- **Grants to Congregations**
- **Bishop Directed Grants**
- **Congregation Consulting Network (CCN)**
- **College for Congregational Development (CCD)**

2011 Highlights: The **College** trained 130 participants in 2011, upgraded written materials and developed a Year B manual, strengthened the design and overall experience of the College, and identified new trainers. The **consulting network** completed 30 third-party consultations and initiated a regular cycle of training. **Grants** increased interaction between committee members and those submitting grant applications to better identify usage of the grants and completed preliminary work on a web-based application and reporting process. Selected 2013 Goals: The **College** plans to train 120-130 lay and clergy leaders, develop a common language for congregational development in our diocese and offer new training programs. The **consulting network** will continue a regular cycle of training, recruit new people to the network and continue to provide third-party consultation services to congregations. The **Grants** Committee plans to expand congregational grants so more congregations are supported in development efforts.

Faith Formation

- **DSOMAT/Faith Nexus**
- **Diocesan Resource Center**
- **HYC/JYC/6-Day**
- **Young Adult Programs**
- **Provincial/National Youth Participation**
- **Training Events**
- **Convention Youth Presence**
- **College Work**
- **Children's Curriculum/Consultation**

2011 Highlights: Youth & Young Adults maintained the quality of **HYC** and **JYC** conferences, published a planning handbook for congregations, visited Narnia through *The Lion, the Witch and the Wardrobe* at the annual **6-Day** conference, had 9 of 10 regions represented by a voting youth presence at the convention, and raised over \$120,000 for the *Wine into Water* campaign. **College Work-UW** averaged 30-40 students for worship, supported student-driven program and increased quarterly offerings with

Faith Formation, continued

students empowered with the responsibility to choose where the money went. **College Work-WWU (Bellingham)** held a weekly bible study, quarterly retreats, and coordinated rides for students to Sunday services; chaplain held regular hours at a campus coffee shop to connect directly with students. Completed Phase 1 of the **Diocesan Resource Center** barcode project (adult circulating collection), worked to keep collection current, and displayed the Resource Center collection at events throughout the diocese. **Children’s Curriculum/Consultation** granted scholarships to 20+ persons attending children/youth-related programs and began to barcode circulating collections. **DSOMAT/Faith Nexus** piloted new structures including successful regional resource days and licensed ministry trainings, and engaged in conversation with constituent groups to determine needs. Selected 2013 Goals: Youth & Young Adults will maintain the quality of **HYC/JYC** programs, provide networking, training, and regular gatherings for young adults, recruit six congregations to train in CAST (Coping and Support Training) program, and work with Camp Huston to plan a 40th anniversary celebration for the **6-Day** program. With the retirement of Mary Shehane, the current chaplain at the University of Washington (UW), **College Work** is being reconfigured. A goal is to provide ministry to college students at many western Washington colleges, community colleges and universities – with more involvement of congregations in these locales – while also continuing ministry at UW and WWU (Western Washington University). The **Diocesan Resource Center** will increase circulation of materials using automated system, maintain a presence at diocesan and congregation events, and work with commissions and committees to provide and suggest useful materials. **Children’s Curriculum/Consultation** intends to refine/expand a children & youth web page and a distribution list to publicize the available collection of materials. **DSOMAT/Faith Nexus** plans to set a cycle of DSOMAT conferences and regional resource days, implement Young Adult Leadership Institute, promote Faith Nexus (a series of online resources with links to in-person opportunities) and collaborate on a full complement of clergy continuing education efforts.

Supporting Congregations

Supporting Congregations

Priorities Addressed: 1 & 2

Staff: **Joan Anthony**, Canon to the Ordinary (compensation, pg. 9); Janet Campbell, Canon for Liturgy (stipend)

Request: \$421,218

Council recommendation: \$250,561

Difference request/recommendation:

- o *Clergy Residency Program revised to reflect new information on clergy to be supported in 2013.*
- o *New program – First Time in Charge – developed in 2013; full funding in 2014.*
- o *Support for Congregations requested increase supported at 5% over 2012 funding level.*

Major line items:

- Clergy Residency Program - \$100,000; 39.9%.
- Recommendation represents

12.7% of Program Allocations	5.7% of Total Budget
------------------------------	----------------------

Revenue Source: 87.9% Assessments; 12.1% Restricted income (Clapp fund).

Summary, pg. 13, line 16

- **Total Common Ministry (TCM)**
- **Clergy Residency Program**
- **Canon for Liturgy**
- **First Time in Charge**
- **Leadership Training**
- **Clergy Days**
- **Bond Support Grant-Battle Ground**
- **Misconduct rehabilitation and settlement**
- **Support for congregations in conflict**
- **Mission InSite demographic program.**

Congregations and the support of ministry through people, dollars and resources is the primary goal of this area. 2011 Highlights: **TCM** began conversations about alternative methods of formation and doing TCM in the diocese. The **Clergy Residency** program placed clergy in three local congregations. **Leadership Training** provided materials to congregations in transition, vestries, wardens, clergy, bishop’s committees, and diocesan committees. Four **Clergy Days** were held on various topics in various locations. Training was provided for members of the Title IV response team. Selected 2013 Goals: With revision of **TCM** in 2012, 2013 will see conversion to a new process for formation of TCM Circles. There is potential to place several clergy (some fluent in Spanish) through the **Clergy**

Supporting Congregations, continued

Residency program. Leadership Training plans to hold congregational leaders days (utilizing the video-conferencing system for one), provide vestry resource guides, and gather mission vicars to discuss mission-specific issues. Plans include three pairs of **Clergy Days** on three topics, providing orientation for clergy new to the diocese and in charge of congregations through **First Time in Charge**, continuing training for the Title IV response team, and regular trainings in Safeguarding God’s Children/People. The **Canon for Liturgy** will respond to requests for assistance by congregations in the area of liturgical improvement/development.

Evangelism & Growth

Priorities Addressed: 1 & 2

Staff: **Melissa Skelton**, Canon for Congregational Development (compensation, pg. 2)

Request: \$38,240

Council recommendation: \$29,651

Difference request/recommendation:

- o *TV Eucharist program evaluation to be completed in 2013.*
- o *Evangelism Program requested increase supported at 5% over 2012 funding level.*

Major line items:

- Evangelism Program - \$21,651; 73.0%
- TV Eucharist - \$8,000; 27.0%
- No compensation included in request (included elsewhere)
- Recommendation represents

1.5% of Program Allocations	0.7% of Total Budget
-----------------------------	----------------------

Revenue Source: 100% Assessments.

Summary, pg. 13, line 17

Emerging Missions

Priorities Addressed: 1 & 2

Request: \$75,000

Council recommendation: \$75,000

Difference requested/recommendation:

- *No change.*
- Recommendation represents

3.4% of Program Allocations	1.7% of Total Budget
-----------------------------	----------------------

Revenue Source: 100% Assessments.

Summary, pg. 13, line 18

Evangelism and Growth

- **Evangelism Conference**
- **Mystery Visitor Program**
- **Evangelism Website**
- **TV Eucharist**

This area equips congregations to share the good news of Jesus Christ with others. 2011 Highlights: 2011 was a transition and planning year for this program with development of an approach to evangelism training based on exploring new ideas and techniques to address the needs of diverse populations, generations and ethnicities. Selected 2013 Goals: To equip people in congregations to be faithful and effective listeners and responders/storytellers around a) the Good News of God in Christ in their lives, and b) their life-giving experiences in their Episcopal congregations. Assist congregations to a) define and articulate the core identity of each congregation both in terms of Episcopal identity and in terms of unique distinctiveness and b) communicate that identity in compelling, attractive and magnetic ways through an **Evangelism Conference**. Assist congregations in strengthening the invite, greet and visitor follow-up. Continue promotion and enhancement of the **Evangelism Website**.

Emerging Missions

- **St. Luke, Seattle (Ballard)**
- **Church of the Apostles (COTA), Seattle (Fremont)**

This program supports emerging mission initiatives. 2011 Highlights: Provided funds to keep **St. Luke, Seattle (Ballard)** functioning at minimal level. Congregation returned to mission status. Supported **COTA (Church of the Apostles, Fremont)**, as they move to mission status in the ELCA (Lutheran Church). Selected 2012/2013 Goals: Place a fulltime priest at **St. Luke, Seattle (Ballard)** to redevelop ministry with continued growth,

evaluation and long range plan for property and ministry. Work with **COTA** to become a federated Lutheran/Episcopal congregation.

Multicultural Ministries

Priorities Addressed: 1, 2, & 3

Staff: **Arienne Davison**, Canon for Multicultural Ministries (25% time)

Request: \$140,875

Council recommendations \$140,875

Difference request/recommendation:

o *No change.*

Major line items:

- Holy Family of Jesus Cambodian - \$46,000; 32.7%
- Resurreccion, Mount Vernon – \$32,000; 22.7%
- Multicultural Ministries - \$30,000; 21.3%
- Dismantling Racism Training Team - \$7,000; 5.0%
- Compensation package - \$25,875; 18.4%
- Recommendation represents

7.1% of Program
Allocations

3.2% of
Total Budget

Revenue Source: 98.2% Assessments; 1.8% Fees & Tuition.

Summary, pg. 13, line 19-22

Multicultural Ministries

- **Curacy of Color / African American Ministry**
- **Indo-Hispanic Ministry**
- **First Nations Ministry**
- **St. John's Sudanese, Tukwila**
- **Holy Family of Jesus Cambodian, Tacoma**
- **La Iglesia Episcopal de la Resurreccion, Mt. Vernon**
- **Dismantling Racism Training**

This area supports, empowers and develops multicultural ministry with a goal to promote the health and development of a culturally and ethnically diverse diocese. 2011 Highlights: Celebrated the liturgical presence of **African Americans** in the diocese through an Absalom Jones event. Explored a possible **Indo-Hispanic** congregation start in Seattle and worked to revitalize existing ministry in Shelton. Commemorated **First Nations** peoples with Oakerhater celebration and repudiation of the Doctrine of Discovery discussion. Two First Nations committee members attended Wintertalk. Signed lease between **St. John Sudanese** Community Church and St. Columba, Kent; deployed clergy to St. John. The **Dismantling Racism Training Team (DRTT)** underwent a year of discernment and training for team members.

Selected 2013 Goals: Create and administer a unified process for multicultural ministries, including budget restructure. Transition this ministry area to a congregation/local and resource focus model. Strengthen **Curacy of Color** and increase fund size. Celebrate the presence of **African Americans** in the liturgical life of the diocese. Increase **Indo-Hispanic** membership in congregations and plant one new Indo-Hispanic ministry. Bring Indo-Hispanic immigrant youth/young adults into relationship with non-immigrant youth/young adults to address social injustices and move forward in solidarity. Plan liturgical celebrations commemorating **First Nations** ministries, as well as educational events and presentations. Support **St. John Sudanese** (Tukwila) in liturgical presence using Dinka and English languages; continue to support discernment and rental relationship with St. Columba, Kent. The **DRTT** plans to provide canonically-required training to clergy and congregations, advocate anti-racist goals and policies with the church and western Washington, support and develop anti-racism trainers, develop contextual training tools, and continue conversation on how racism affects all our priority areas using pre-workshop meetings and asset-based assessment.

Stewardship & Development

- **Bishop's Society**
- **Workshops & Resources**
- **Planned Giving Website**
- **Episcopal Charities Appeal / Student Scholarship Appeal**
- **Partnership with TENS (The Episcopal Network for Stewardship)**

This program provides resources and training to develop the ministry of legacy giving as well as support for annual campaigns and development of a theology of giving in gratitude for all that God has given us. 2011 Highlights: Presented a workshop on **year round stewardship** with new Canon Lance Ousley as the plenary speaker. Increased **Bishop's Society** membership from 1393 to 1450; celebrated, thanked and recognized members with a luau in August. Paid the corporate membership for

Stewardship & Development

Priorities Addressed: 1, 2, & 3

Staff: **Lance Ousley**, Canon for Stewardship & Dev. (fulltime); **Sharon Pethers**, Program Coordinator (60% time)

Request: \$209,786

Council recommendation: \$190,295

Difference request/recommendation:

- *Second administrative position that provided support during program transition eliminated.*
- *Stewardship & Development Program requested increase supported at 5% over 2012 funding level.*

Major line items:

- Stewardship & Development program - \$45,780; 24.1%
- Compensation (salaries & benefits) - \$144,515; 75.9%
- Recommendation represents

9.6% of Program
Allocations

4.3% of
Total Budget

Revenue Source: 100% Assessments.

Summary, pg. 13, line 23-25

Communications

Priorities Addressed: 1, 2, & 3

Staff: **Position Open**, Director of Diocesan Communications; **Greg Hester**, Publications Specialist (40% time).

Request: \$184,975

Council recommendation: \$149,975

Difference request/recommendation:

- *Communications Program reduced 34.5% as program transitions/redevelops.*
- *Staff amount reflects potential savings with reassignments/transitions.*

Major line items:

- Communications program - \$43,125; 28.8%
- Compensation (salaries & benefits) - \$106,850; 71.2%
- Recommendation represents

7.7% of Program
Allocations

3.4% of
Total Budget

Revenue Source: 100% Assessments.

Summary, pg. 13, line 26-28

TENS (The Episcopal Network for Stewardship) covering all congregations, and sent eight representatives to the national conference. Worked with the Bishop's Committee on Environment to integrate **stewardship of the environment**. Raised \$64,426 in the annual **Episcopal Charities Appeal**, falling just short of the \$70,000 goal. Selected 2013 Goals: Increase the **Bishop's Society** to 1506 members (a 15% increase) and host a diocesan-wide event to thank and recognize members. Provide two **workshops** in outlying areas. Provide **resources** to congregations. Organize commission members around specific stewardship areas and implement a new design for the diocesan planned giving **website**. Promote and continue partnership with **TENS**; pay for diocesan corporate membership and membership for each congregation. Promote and continue to provide use of our diocesan brokerage account to benefit congregations and other ministries, electronic giving, growing the **Student Scholarship Appeal**, ECA and support other campaigns that should arise. Begin implementation of new strategies for **ECA** to increase congregation participation and total raised a minimum of 33% over 2012.

Communications

- **Social Media Strategy**
- **Video Ministry Projects**
- **Online & Print Publications**
- **Website Content & Design**

As of June 2012 this program is in transition. This program strives to provide outstanding communications services to the diocese, boldly proclaiming the good news of the Episcopal Church in Western Washington. 2011 Highlights: Completed transition of the **Episcopal Voice** to a quarterly publication while maintaining excellent production quality; resolved mailing list issues. Continued to refine and bolster web presence through **website redesign** and increased social media activity. Selected 2013 Goals: Build a **corps of writers/photographers/videographers/storytellers** from throughout the diocese. Continue excellent production quality of the **Episcopal Voice** (beautiful graphic design, robust and engaging content that is attractive to members and seekers alike); seek competitive bids to reduce production costs, keeping in mind the importance of providing members and seekers with a product they can hold in their hand. Develop a **social media strategy**. Produce excellent publications, both print and electronic. Develop **video**

ministry projects, providing visual storytelling that can be easily shared with many audiences; empowerment and education of congregations on the local level, providing equipment and training so they can tell their own stories through short video projects (continuation of **The Flip Side** from Diocesan Convention 2011).

Bishop's Initiatives

Priorities Addressed: 1 & 2

Staff: **Greg Rickel**, Bishop Diocesan (comp., pg. 9); **Joan Anthony**, Canon to the Ordinary (comp., pg. 9)

Request: \$50,000

Council recommendation: \$50,000

Difference request/recommendation:

o *No change.*

• Recommendation represents

Revenue Source:

100% Assessments

Summary, pg. 13, line 29

2.5% of Program
Allocations

1.1% of
Total Budget

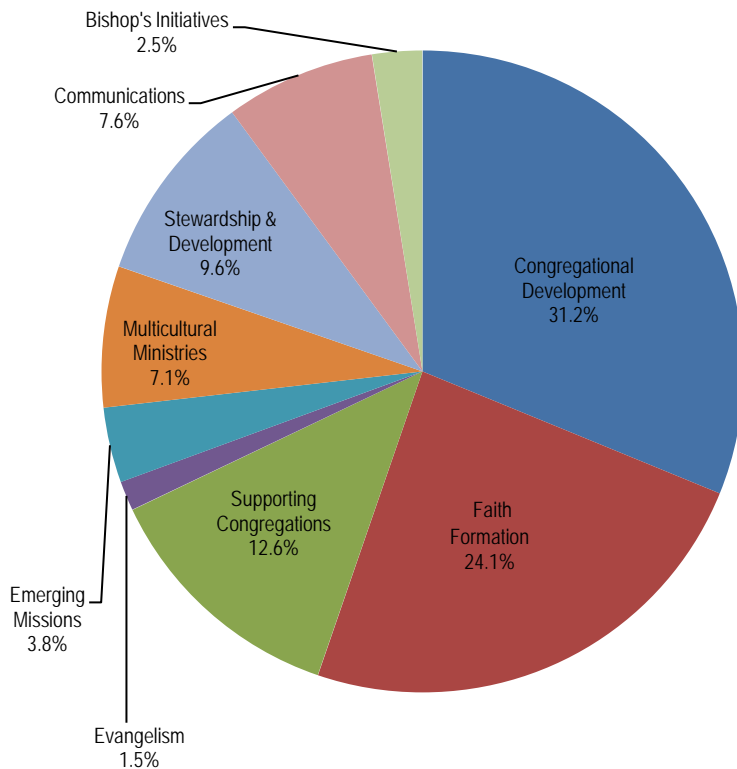
Bishop's Initiatives

- **Congregation Special Projects**

Bishop's Initiatives started in 2009 with funding from the unrestricted operating reserve; it is now an ongoing line item in the operating budget funded by assessment revenue. Funds are available for use by the bishop to enable congregations to move forward with special projects and new initiatives that support their ministry and growth.

Program for Ministry: Empowering Congregations: \$1,981,828 (45.1% of budget)

2013 Program Allocations



Diocesan Vision

We envision the Diocese of Olympia as one of the healthiest places in the Episcopal Church, growing and moving through the opportunity and challenge that come with being situated in the "None Zone" of the largely unchurched Pacific Northwest. We are a diocese on solid footing, with open communication and a resolve to live together in Christ and with Christ. We see our differences as blessings and we are committed to sharing those blessings with the world around us. We believe the core purpose of a diocese is building up the Body of Christ. The Diocese of Olympia works to fulfill that commitment in our congregations by focusing on three areas:

Congregational development – We believe that developing healthy congregations is central to that call. To that end, we have a clear strategy and ethos of development and health in all our congregations, no matter what the size or context. We assist congregations in facilitating clear expectations and in developing leaders – lay and clergy – who are given the skills and have the understanding to take responsibility for development. We believe that congregational development means far more than numerical growth, but when development is done well, numerical growth is often an outcome.

Concentrating on those 35 and under – We believe that the Church has a particular call to reach out to and attract people under age 35, many of whom are the second and third generations to have no knowledge of Christ and the Church. We believe that if we, the Church, can discover how to reach, feed and attract people under 35 we will be blessed by the tremendous leadership and spirituality this generation offers the Church. Therefore, our mission field is wherever we find this generation. We must engage with, listen to and commit resources toward all those who are 35 and younger. We equip congregations to relate to younger people and build ministry with them, and we do the same work on a diocesan level.

Stewardship of all our resources – We believe Christianity is a faith of abundance and blessing. Becoming a people truly in touch with this reality makes us stewards of all of our resources — human, financial, material and spiritual. At Creation, God gave us responsibility for the care of the earth. More than ever before, we are aware that what we do affects those in the next generations. Jesus teaches us that when we live for others we have abundant life. We assist congregational leaders in strengthening the stewardship of all resources in their congregations, and we practice this at a diocesan level.

The graph above provides a visual representation of the distribution of allocations within the programs for ministry outlined on page 2-7.

Priorities Addressed: 1, 2, & 3

Request: \$105,652

Council recommendation: \$89,999

Difference request/recommendation:

- *Commission for Church in the World, Bishop's Committee for the Environment, & Committee on Economic Justice requested increase supported at 5% over 2012 funding level.*
- *Israel/Palestine reduced based on prior year and request review.*
- *Support for diocesan/affiliated institutions and ministries transitioned from budget funding to ECA funding (see narrative for more detail).*
- *Restricted investment income updated; Emergency Assistance Grants increased 20.1%*

Major line items:

- Diocesan Commissions & Committees - \$27,424; 30.5%
- Contribution to ECA - \$16,000; 17.8%
- Millennium Dev. Goals - \$29,862; 33.2%
- No compensation
- Recommendation represents

2.1% of Total Budget

Revenue Source: 92.5% Assessments; 7.5% Restricted income (Human Need endowment) .

Summary, pg. 13, line 31-34

Church in the World

- **Bishop's Committee for the Environment**
- **Episcopal Bishop's Committee for Israel/Palestine (EBCIP)**
- **Committee on Alcohol and Substance Abuse**
- **Committee for Economic Justice**
- **Walk in Love: Response to AIDS Committee**
- **ECA Support for diocesan/affiliated institutions/ministries**
- **Refugee Grant Participation**
- **Emergency Assistance Grants**
- **Millennium Development Goals**

2011 Highlights: **Refugee** program improved English language level for 44 individuals and, through job search classes and placement, found work lasting over 30 days for 52 refugees. **EBCIP** supported an Islamophobia conference and published a Steadfast Hope workbook. **Environment** trained 16 churches in use of Portfolio Manager for Houses of Worship. **Economic Justice** presented to six congregations and participated in the Social Justice Conversation Group of the Church Council of Greater Seattle.

Beginning in 2013 this area is divided into three groups. *Diocesan Commissions & Committees* include the **Commission for Church in the World**, as well as committees on the **Environment, Israel/Palestine, Response to AIDS, Alcohol and Substance Abuse** and **Economic Justice**. Restricted/Non-Discretionary line items include **Refugee**

Grant Participation – set at a level that allows this increasingly large program to apply for grants on the local and national level, **Emergency Assistance Grants** funded by restricted income, and **Millennium Development Goals** at the level set by a convention-approved formula. Support of diocesan and/or affiliated institutions and ministries will transition over the next two years away from budget funding to funding through the Episcopal Charities Appeal. In 2013, rather than line item funding for these ministries, the diocesan budget will make a contribution of \$16,000 to ECA.

Church in the World: \$89,999 (2.1% of budget)

Request: \$690,514

Council recommendation: \$674,514

Difference requested/recommendation:

- *St. Mark's Partnership reduced 23.1%.*
- *Ecumenical and Interfaith reduced 10%.*

Major line items:

- National Church Asking (assessment) - \$612,514; 90.8%.
- No compensation included.
- Recommendation represents

15.3% of Total Budget

Revenue Source: 100% Assessments

Summary, pg. 14, line 35-36

Wider Church Covenants

- **National Church Asking (Assessment)**
- **St. Mark's Cathedral Partnership**
- **Province VIII Assessment**
- **Ecumenical & Interfaith**

National assessment based on a formula approved by each triennial General Convention; currently 19%. Ecumenical includes support for Faith Action Network, our faith-based state public policy education and advocacy network.

Wider Church Covenants: \$674,514
(15.3% of budget)

Diocesan Bishop's Office

Staff: **Greg Rickel**, Bishop Diocesan (fulltime); **Blaire Notrica**, Executive Assistant to the Bishop & to the Canon to the Ordinary (fulltime); **Kerry Allman**, Internet Strategist (fulltime); **Gen Grewell**, Archdeacon (volunteer)

Request: \$548,778

Council recommendation: \$541,758

Difference requested/recommendation:

- *IT General Office & Consultations reduced 11.6% based on prior year actual and request review.*
- *Vocations, Diaconal Formation & Archdeacon Expenses requested increase supported at 5% over 2012 funding level.*
- *Restricted investment income updated; increases to Theological Education (10.1%); Clergy Emergency Grants (5.6%); & Christiansen Grants (11.2%).*
- Compensation (salaries & benefits) - \$333,233; 61.5%
- Recommendation represents 37.9% of Canonical Allocations and 12.3% of Total Budget.

Revenue Source: 59.3% Assessments; 40.7% Restricted Income.

Summary, pg. 14, line 37-39

Canon to the Ordinary's Office

Staff: **Joan Anthony**, Canon to the Ordinary (fulltime)

Request: \$193,740

Council recommendation: \$153,740

Difference requested/recommendation:

- *Canon to the Ordinary program reduced 33.3% based on prior year actual and request review*
- Compensation (salary & benefits) - \$123,740; 80.5%
- Recommendation represents 10.8% of Canonical Allocations and 3.5% of Total Budget.

Revenue Source: 100% Assessments

Summary, pg. 14, line 41-43

Treasurer's Office

Staff: **Chris Smith-Clark**, Canon for Finance (fulltime); **Jane Huang**, Accountant (fulltime); **Carrie Rohlik**, Insurance & Finance Assistant (fulltime)

Request: \$223,115

Council recommendation: \$222,790

Difference requested/recommendation:

- *Treasurer's Office Program requested increase supported at 5% over 2012 funding level..*
- Compensation (salaries & benefits) - \$195,524; 87.8%
- Recommendation represents 15.6% of Canonical Allocations and 5.1% of Total Budget.

Revenue Source: 83.2% Assessments; 16.8% Restricted Income.

Summary, pg. 14, line 44-46

Diocesan Bishop's Office

- Bishop's Office Program
- Vocations (formerly COM & Ministry Discernment)
- Internet Strategist/IT Office & Consultations
- Video-Conferencing System
- Diaconal Formation & Archdeacon Expenses
- Theological Education Grants
- Clergy Emergency Grants
- Christiansen Grants
- Lambeth Conference Reserve
- Bishop Search/Consecration Reserve

This office oversees the pastoral, administrative and programmatic work of the diocese. Reserve funds are built through yearly transfers from restricted funds. Grants are fully funded by restricted income and administered according to the stipulations of each fund.

Canon to the Ordinary's Office

- Congregations in Transition
- Congregations in Conflict
- Clergy Deployment
- Misconduct Case Management
- First Time in Charge
- Programs included in Supporting Congregations (pg. 3), Emerging Missions (pg. 4), and Bishop's Initiatives (pg. 7)

The Canon to the Ordinary assists the bishop in diocesan ministry and carries out the decisions and vision of the bishop.

Treasurer's Office

- Financial Transactions & Record Keeping
- Receives/Reviews Congregation Audits, NDI & Parochial Reports
- Diocesan Insurance Management
- Resource for Congregation Treasurers
- Supports Board of Directors

Archives & Records Management

Staff: **Diane Wells**, Archivist & Records Manager (60% time); **Br. Carle Griffin**, Historiographer (volunteer)

Request: \$54,451

Council recommendation: \$54,451

Difference requested/recommendation:

- *No change.*
- Compensation (salary & benefits) - \$44,601; 81.9%
- Recommendation represents 3.8% of Canonical Allocations and 1.2% of Total Budget.

Revenue Source: 100% Assessments

Summary, pg. 14, line 47-49

Diocesan Governance

Staff: **Dede Moore**, Bishop's Executive for Governance (80% time); **Bill Goodenough**, Representative for Property (contract)

Request: \$283,032

Council recommendation: \$282,032

Difference requested/recommendation:

- *Corrected General Convention Reserve to reflect non-GC year accrual.*

Major line items:

- Legal & Audit - \$65,000; 23.1%
- Convention (included in Governance Program) – \$66,800; 23.7%
- Compensation (salary & benefits) - \$60,482; 21.4%
- Recommendation represents 19.7% of Canonical Allocations and 6.4% of Total Budget.

Revenue Source: 93.1% Assessments; 6.0% Convention Fees; 0.9% Restricted Income.

Summary, pg. 14, line 50-53

Property & Liability Insurance

Request: \$65,000

Council recommendation: \$65,000

- No compensation included
- Recommendation represents 4.6% of Canonical Allocations and 1.5% of Total Budget.

Revenue Source: 100% Assessments

Summary, pg. 14, line 54

Archives & Records Management

- Preservation of Historical Record
- Written Guides for Congregations
- Workshops & Consultations
- Information and Records Management – compliance with administrative, fiscal and legal requirements
- Provide Access to Records of Enduring Value
- Historiographer – Chronicle Diocesan History
- Historiographer – Oral Presentations/Forums

This is a canonically required program.

Diocesan Governance

- Annual Convention
- Diocesan Council
- Regional Ministries
- Liturgy & Arts Commission
- Personnel Commission
- Journal of Convention and Constitution & Canons
- Board of Directors / Representative for Property
- Volunteer Mileage
- Budget Process
- Committee on Constitution & Canons
- Legal & Audit Expenses
- General Convention Reserve
- Cathedral Dean Search Reserve

This area supports the boards, committees, councils and events that provide overall leadership of the diocese. The contracted Representative for Property oversees diocesan physical assets, represents the board in property matters involving missions, and advises the bishop on the financial viability of loans from outside sources requested by parishes.

Property & Liability Insurance

- Property & Liability Coverage

Provides coverage for the Liability, Directors and Officers, and non-owned auto for the diocesan corporation.

Compensation/Benefits Reserve

Council recommendation: \$108,379

- Recommendation represents 7.6% of Canonical Allocations and 2.5% of Total Budget

Revenue Source: 100% Assessments

Summary, pg. 14, line 55

Compensation/Benefits Reserve

- Compensation/Benefits Reserve
- Unemployment Reserve
- Medicare Supplement

Provides for the likelihood of an increase in insurance premiums for diocesan staff, as well as COLA salary increases. Covers the majority of the cost of Medicare supplement policies for retired diocesan staff. When required, unemployment reserve covers unemployment costs (self-funded) for diocesan staff in accordance with 2008 convention action.

Canonical & Corporate: \$1,428,150 (32.5% of budget)

Diocesan House

Staff: **Angela Mealing**, Receptionist (fulltime); **Mark Swanson**, property maintenance (45% time)

Request: \$183,038

Council recommendation: \$170,328

Difference request/recommendation:

- *Plant Services reduced based on prior year actual and request review.*
- *Diocesan House General requested increase supported at 5% over 2012 funding level.*

Major line items:

- Diocesan House - \$23,100; 13.6%
- Plant Services - \$76,000; 44.6%
- Compensation (salaries & benefits) - \$69,228; 40.6%
- Recommendation represents 76.8% of Trustee Expenses and 3.9% of Total Budget.

Revenue Source: 100% Assessments

Summary, pg. 14, line 57-59

Other Trustee Expenses

Request: \$60,527

Council recommendation: \$51,527

Difference requested/recommendation:

- *Outdoor Ministry reduced during plan development. No compensation included.*
- Recommendation represents 23.2% of Trustee Expenses and 1.2% of Total budget.

Revenue Source: 100% Assessments

Summary, pg. 14, line 60

Diocesan House

- Office Space for Diocesan Staff
- Meeting Space for Commissions, Committees, Affiliated Ministries & Organizations ...
- Office Supplies, Phone Service, Photocopier
- Building & Landscape Maintenance
- Building Security
- Hospitality & Kitchen Supplies
- Gas, Heat, Electricity, Garbage & Recycling

Other Trustee Expenses

- Congregation Specific Assistance
- Congregation Property Expense
- Outdoor Ministry
- St. Bernard's Chapel on Snoqualmie Pass

Congregation Property Expense and Congregation Specific Assistance provide funds for emergency situations in congregations unable to pay monthly expenses. Outdoor Ministry is new and will be developed in 2013. Two additional facilities, Huston Camp & Conference Center and St. Andrew's House each have a separate Board, and develop and support separate budgets; questions about either budget should be addressed directly to that facility.

Trustee Obligations: \$221,855 (5.1% of total budget)

Total Budget: \$4,396,346

Budget 2013

Total Program for Ministry: Empowering Congregations



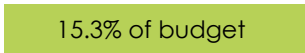
Total Church in the World



Total Trustee Expenses



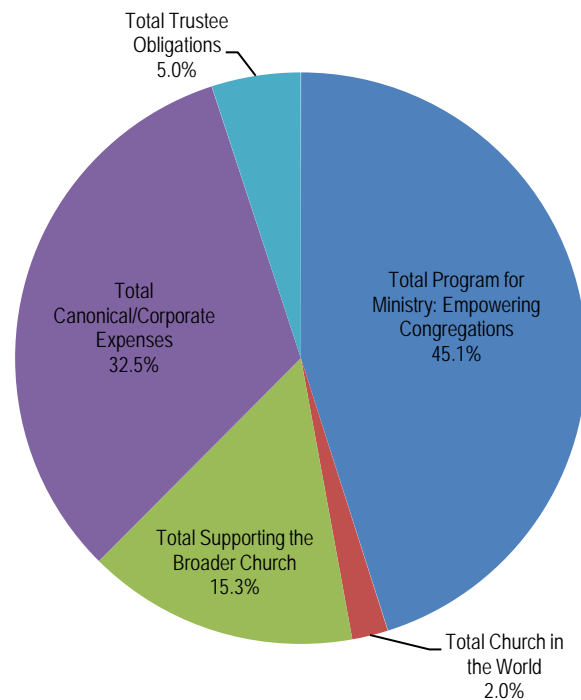
Total Supporting the Broader Church



Total Canonical & Corporate Expenses



Graph provides a visual representation of the winter version of the diocesan operating budget for 2013 showing requests by major budget areas.



Description		2013 Fall Final	% difference 2013 Spring	% difference 2013 Request	% difference 2012 Budget	2013 Projection Spring	2013 Requests Winter	2012 Budget	2011 Actual	2010 Actual
Revenue										
1	Assessments	3,759,275	0.5%		3.3%	3,740,425		3,640,564	3,800,014	3,594,003
2	Unrestricted Investment Income	82,149	0.0%		10.5%	82,149		74,340	85,491	77,819
3	Restricted Investment Income	320,842	0.0%		9.8%	320,842		292,190	311,737	318,343
4	Other Income	83,500	0.0%		-60.4%	83,500		211,120	70,171	106,035
5	Fees, Tuitions, and Reimbursements	150,580	0.0%		29.8%	150,580		116,000	122,097	137,303
6	Total Revenues Projected/Used	4,396,346	0.4%		1.4%	4,377,496		4,334,214	4,389,510	4,233,503
Expense										
Program for Ministry: Empowering Congregations										
7	Congregational Development - staff	51,676	0.0%	0.0%	2.0%	51,676	51,676	50,677	58,406	56,387
8	Congregational Development - grants to congregations	400,000	-11.1%	-11.1%	-6.1%	450,000	450,000	426,000	363,237	335,530
9	Congregational Development - program	166,787	-1.5%	-0.1%	6.3%	169,344	166,963	156,913	163,073	99,178
10	<i>Congregational Development</i>	618,463	-7.8%	-7.5%	-2.4%	671,020	668,639	633,590	584,716	491,095
11	Faith Formation - staff	201,009	0.0%	0.0%	0.0%	201,009	201,009	201,009	194,784	163,793
12	Faith Formation - youth, young adults, college work	45,000	0.0%	0.0%	0.0%	45,000	45,000	45,000	31,458	45,510
13	Faith Formation - college work	156,000	3.3%	9.6%	1.3%	151,000	142,300	154,000	98,576	87,000
14	Faith Formation - adult resources	75,000	-5.0%	-5.0%	86.6%	78,980	78,980	40,200	21,239	22,739
15	<i>Faith Formation</i>	477,009	0.2%	2.1%	8.4%	475,989	467,289	440,209	346,057	319,042
16	<i>Supporting Congregations</i>	250,561	-19.7%	-40.5%	11.5%	312,218	421,218	224,630	250,452	213,602
17	<i>Evangelism</i>	29,651	-22.5%	-22.5%	-28.8%	38,240	38,240	41,620	37,668	48,980
18	<i>Emerging Missions</i>	75,000	0.0%	0.0%	650.0%	75,000	75,000	10,000	22,542	23,590
19	Multicultural Ministries - staff	25,875	0.0%	0.0%	0.0%	25,875	25,875	25,875	25,000	81,915
20	Multicultural Ministries - direct congregation support	78,000	0.0%	0.0%	2.6%	78,000	78,000	76,000	81,000	102,326
21	Multicultural Ministries - program	37,000	0.0%	0.0%	-7.5%	37,000	37,000	40,000	31,054	39,151
22	<i>Multicultural Ministries</i>	140,875	0.0%	0.0%	-0.7%	140,875	140,875	141,875	137,054	223,392
23	Stewardship and Development - staff	144,515	-8.8%	-8.8%	-8.8%	158,536	158,536	158,536	97,446	111,305
24	Stewardship and Development - program	45,780	-10.7%	-10.7%	5.0%	51,250	51,250	43,600	50,333	35,280
25	<i>Stewardship and Development</i>	190,295	-9.3%	-9.3%	-5.9%	209,786	209,786	202,136	147,779	146,585
26	Communications - staff	121,850	0.0%	0.0%	0.0%	121,850	121,850	121,850	164,665	166,983
27	Communications - program	28,125	-55.4%	-55.4%	-57.3%	63,125	63,125	65,825	61,501	82,310
28	<i>Communications</i>	149,975	-18.9%	-18.9%	-20.1%	184,975	184,975	187,675	226,166	249,293
29	<i>Bishop's Initiatives</i>	50,000	0.0%	0.0%	0.0%	50,000	50,000	50,000	29,000	31,300
30	Total Program for Ministry: Congregations	1,981,828	-8.2%	-12.2%	2.6%	2,158,103	2,256,022	1,931,735	1,781,434	1,746,879
Church in the World										
31	<i>Commissions & Committees</i>	27,424	-0.3%	-26.9%	-11.7%	27,500	37,500	31,045	26,073	33,096
32	<i>Support of diocesan/affiliated institutions & ministries</i>	16,000	0.0%	-29.5%	0.3%	16,000	22,700	15,956	12,630	12,098
33	<i>Restricted/Non-Discretionary</i>	46,575	0.0%	2.5%	0.7%	46,575	45,452	46,270	53,649	43,325
34	Total Church in the World	89,999	-0.1%	-14.8%	-3.5%	90,075	105,652	93,271	92,352	88,519

Description	2013 Fall Final	% difference 2013 Spring	% difference 2013 Request	% difference 2012 Budget	2013 Projection Spring	2013 Requests Winter	2012 Budget	2011 Actual	2010 Actual	
The Broader Church										
35	Wider Church Covenants	62,000	63.2%	-20.5%	-22.5%	38,000	78,000	80,000	95,250	110,000
36	National Church Asking (Assessment)	612,514	0.0%	0.0%	0.8%	612,514	612,514	607,433	599,110	694,679
	Total The Broader Church	674,514	3.7%	-2.3%	-1.9%	650,514	690,514	687,433	694,360	804,679
Canonical and Corporate Expenses										
37	Diocesan Bishop's Office - staff	333,233	0.0%	0.0%	0.0%	333,233	333,233	333,233	326,666	350,703
38	Diocesan Bishop's Office - program	208,525	-1.5%	-3.3%	1.1%	211,593	215,545	206,255	223,568	229,242
39	<i>Diocesan Bishop's Office</i>	541,758	-0.6%	-1.3%	0.4%	544,826	548,778	539,488	550,234	579,945
40	<i>Bishop Suffragan's Office</i>									49,247
41	Canon to the Ordinary's Office - staff	123,740	0.0%	0.0%	0.0%	123,740	123,740	123,740	119,137	115,378
42	Canon to the Ordinary's Office - program	30,000	0.0%	-33.3%	-24.8%	30,000	45,000	39,900	25,475	27,854
43	<i>Canon to the Ordinary's Office</i>	153,740	0.0%	-8.9%	-6.0%	153,740	168,740	163,640	144,612	143,232
44	Treasurer's Office - staff	195,615	0.0%	0.0%	0.0%	195,615	195,615	195,615	214,153	211,535
45	Treasurer's Office - program	27,175	-1.2%	-1.2%	2.5%	27,500	27,500	26,500	23,042	24,781
46	<i>Treasurer's Office</i>	222,790	-0.1%	-0.1%	0.3%	223,115	223,115	222,115	237,195	236,316
47	Archives & Records Management - staff	44,601	0.0%	0.0%	0.0%	44,601	44,601	44,601	42,676	42,394
48	Archives & Records Management - program	9,850	0.0%	0.0%	1.0%	9,850	9,850	9,750	9,470	8,004
49	<i>Archives & Records Management</i>	54,451	0.0%	0.0%	0.2%	54,451	54,451	54,351	52,146	50,398
50	Diocesan Governance - staff	60,482	0.0%	0.0%	0.0%	60,482	60,482	60,482	58,232	49,533
51	Diocesan Governance - program	156,550	-0.6%	-0.6%	0.7%	157,550	157,550	155,450	84,743	124,828
52	Diocesan Governance - legal & audit	65,000	0.0%	0.0%	4.8%	65,000	65,000	62,000	54,613	58,587
53	<i>Diocesan Governance</i>	282,032	-0.4%	-0.4%	1.5%	283,032	283,032	277,932	197,588	232,948
54	<i>Property & Liability Insurance</i>	65,000	0.0%	0.0%	-4.8%	65,000	65,000	68,250	58,528	58,967
55	<i>Compensation/Benefits Reserve</i>	108,379	-0.6%	-0.6%	41.2%	109,000	109,000	76,744	122,273	73,419
56	Total Canonical & Corporate Expenses	1,428,150	-0.3%	-1.7%	1.8%	1,433,164	1,452,116	1,402,520	1,362,576	1,424,472
Trustee Expenses										
57	Diocesan House - staff	69,228	0.0%	0.0%	0.0%	69,228	69,228	69,228	64,494	65,329
58	Diocesan House - program	101,100	-0.4%	-11.2%	2.1%	101,500	113,810	99,000	99,965	102,050
59	<i>Diocesan House</i>	170,328	-0.2%	-6.9%	1.2%	170,728	183,038	168,228	164,459	167,379
60	<i>Other Trustee Expenses</i>	51,527	-1.0%	-14.9%	1.0%	52,027	60,527	51,027	74,984	17,174
61	Total Trustee Expenses	221,855	-0.4%	-8.9%	1.2%	222,755	243,565	219,255	239,443	184,553
62	Total Recommended / Budget / Actual	4,396,346	-3.5%	-7.4%	1.4%	4,554,611	4,747,869	4,334,214	4,170,165	4,249,102
63	Total Revenue Projected / Used	4,396,346	0.4%		1.4%	4,377,496		4,334,214	4,389,510	4,233,503
64	Net Excess or Deficit	0				(177,115)		-	219,345	(15,599)

For informational purposes only

65	Funds drawn from (added to) prior years cumulative surplus								(72,098)	(3,357)
66	Balance of prior years cumulative surplus at year end								345,865	273,767

2013 Changes from Spring Version to Fall Final Recommended

Changes noted below recommended by the Budget & Finance Committee & Approved by the Diocesan Council

Revenue: Projected assessment revenue reduced \$35,000 to \$3,810,000 based on latest parochial report data. Projected non-payment shortfall reduced from 3.5% to 2.25% based on current level of compliance. Projected prior year's assessment revenue increased \$5,000 to \$35,000 based on current experience.

St. Mark's Cathedral Partnership (included in line 35) sets the level of partnership support at \$50,000, increased from \$25,000 in the spring version of the budget.

Ecumenical & Interfaith (included in line 35) reduced 10% to \$9,000 reflecting tighter budgets at all levels and a need to share reductions with partner organizations.

Grants to Congregations (line 8) reduced to \$400,000 from \$450,000 reflecting 2011 actual grants allocated and grant requests received in 2012.

Clergy Residency Program (included in line 16) reduced from \$150,000 to \$100,000 based on revised information from the Canon to the Ordinary regarding the number of potential placements supported in 2013.

First Time in Charge (included in line 16) increased from \$1,000 to \$5,000 based on details from the Canon to the Ordinary on a new program for clergy to be developed in 2013 with full funding level expected to be requested in 2014.

TV Eucharist (included in line 17) reduced by 50% to \$8,000 with request for a complete program review in 2013.

Faith Formation – Adult Resources (line 14) reduced from \$78,980 to \$75,000 reflecting a slight decrease in line with 5% cap on program increases in 2013.

College Work (line 13) combines University of Washington (UW) and Western Washington University (WWU) and adds funds for increased cost of space rental at UW: With the retirement of Mary Shehane, the current chaplain at the University of Washington, college work is being reconfigured. A goal is to provide ministry to college students at many western Washington colleges, community colleges and universities - with more involvement of congregations in these locales - while also continuing ministry at UW and WWU. In July 2012 Bishop Rickel appointed the Rev. Rebecca Kirkpatrick as the College Chaplain. The fall recommended budget

includes \$105,000 for staff/program (increased from \$100,000) and \$51,000 (added by Diocesan Council action from prior years' accumulated surplus) for UW space rental while the Board of Directors considers purchase options (decision due in July 2013).

Stewardship & Development (line 23) includes a reduction in staff costs of \$14,021 reflecting elimination of a second administrative assistant position which provided extra support during transition of this area following the death of Carl Knirk.

Communications Program (line 27) reduced \$20,000 as program transitions to new leadership and more digital communications; **Communications Staff** (line 26) reduced \$15,000 reflecting potential savings based on new staffing model; Bishop Rickel is expected to announce more details fall 2012.

General Convention Reserve (included in line 51) corrected to \$12,000 from \$13,000 to reflect non-GC year accrual level.

Outdoor Ministry & Hospitality (included in line 60) reduced to \$500 as a placeholder; ministry to be developed in 2012/2013.

The programs listed below requested increases for 2013 ranging from 6% to 35%. Increases supported up to 5% above the 2012 funding level for each program line item. Programs requesting increases of less than 5% supported at requested level and reflected in the budget document.

- **Congregation Consulting Network & Canon for Congregational Development General Office** (included in line 9)
- **Support for Congregations** (included in line 16)
- **Evangelism Program** (included in line 17)
- **Stewardship & Development Program** (line 24)
- **Commission for Church in the World, Bishop's Committee for the Environment, Committee for Economic Justice** (included in line 31)
- **Vocations, Diaconal Formation, Archdeacon Expenses** (included in line 38)
- **Treasurer's Office Program** (included in line 45)
- **Diocesan House General** (included in line 58)

2013 Changes from Winter Requests to Spring Version

Changes noted below recommended by the Budget & Finance Committee

College Work combines University of Washington (UW) and Western Washington University (WWU) and adds funds for increased cost of space rental at UW (line 13): With the retirement of Mary Shehane, the current chaplain at the University of Washington, college work is being reconfigured. A goal is to provide ministry to college students at many

western Washington colleges, community colleges and universities - with more involvement of congregations in these locales - while also continuing ministry at UW and WWU. Bishop Rickel has indicated more details will be announced in July 2012. The spring draft budget includes \$100,000 for staff/program and \$51,000 (added by Diocesan

Council action from prior years' accumulated surplus) for UW space rental while the Board of Directors considers purchase options with decision due in July 2013.

Clergy Residency reduced from \$235,000 to \$150,000 (included in line 16): Based on new information from the Canon to the Ordinary on the number of potential placements in 2013.

First Time in Charge reduced from \$25,000 to \$1,000 (included in line 16): No details in budget request; place holder until details are received at which time additional funding will be considered.

Church in the World (line 31-33): Beginning in 2013 this area is divided into three categories: *diocesan commissions & committees, restricted/non-discretionary, and diocesan/affiliated institutions and ministries*. Under *diocesan commissions and committees* (line 31) funding for the following groups was revised based on prior year actual and request review: **Commission for Church in the World** reduced from \$9,000 to \$6,000; **Bishop's Committee for the Environment** reduced from \$8,000 to \$6,000; **Episcopal Bishop's Committee for Israel/Palestine** reduced from \$12,500 to \$7,500. Support of *diocesan/affiliated ministries* (Line 32) will transition over the next two years away from budget funding to funding through ECA (Episcopal Charities Appeal). In 2013, rather than line item funding as requested for **Earth Ministry, Greater Seattle Cares, Integrity Puget Sound, Jubilee Ministry Network, Mission to Seafarers** and

St. James Family Center, the diocesan budget will make a contribution of \$16,000 to ECA.

St. Mark's Cathedral Partnership reduced from \$65,000 to \$25,000 (included in line 35): still under consideration; final decision in fall draft.

Under **Canonical & Corporate Expenses and Trustee Obligations**, four line items were reduced based on prior year actual and request review. **IT General Office & Consultations** (included in line 38) was reduced from \$65,100 to \$57,550; **Canon to the Ordinary Program** (line 42) was reduced from \$45,000 to \$30,000; **Diocesan House General** (included in line 58) was reduced from \$31,810 to \$23,500; and **Diocesan House Plant Services** (included in line 58) was reduced from \$80,000 to \$76,000.

Commission on Outdoor Ministry & Hospitality (included in line 60) was reduced from \$9,500 to \$1,000: No details in budget request; place holder until details are received at which time additional funding will be considered.

Based on updated restricted revenue projections, items fully funded by restricted income were updated and are included in line 9 (**Bishop Directed Grants**), 33 (**Emergency Assistance Grants**), and 38 (**Theological Education, Clergy Emergency and Christiansen grants**).

Revenue: Diocesan Council approved a transfer from prior years accumulated surplus to cover increased rent at the UW (for college work) due to withdrawal of other participating denominations; share purchase under consideration by Board of Directors with decision due Summer 2013. (Line 4)

2012 Administrative Changes approved by Diocesan Council

Additions noted below included in the line referenced on page 13-14 of this document; amounts are not in addition to the amount noted in the spreadsheet.

- **Clergy Residency** \$43,000 (included in line 16): accounts for half year costs for 2011 placements not included in original 2012 request.
- **Evangelism** \$5,620 (line 17): carry-forward of 2011 unexpended funds as program transitions.
- **UW Campus Ministry** \$51,000 (included in line 13): increased rent due to withdrawal of other participating denominations; share purchase under consideration by Board of Directors.
- **Annual Retreat for Deacons** \$5,000 (included in line 38): not included in original 2012 request.
- **Comprehensive Strategic Review** \$24,000 (included in line 51): diocesan-wide "mutual ministry" process requested by Bishop Rickel/Standing Committee to be completed in 2012.
- **Congregation Specific Expense** \$25,000 & **Congregation Property Expense** \$15,000 (included in line 60): provides funds for emergency situations in congregations unable to pay monthly expenses.

The total \$168,620 drawn from the 2011 net excess (line 64) of \$240,718 resulting in \$72,098 added to the prior years' cumulative surplus (line 65).

Additional Notes:

- Salaries increased per convention action/benefits increased per changes in costs; funds drawn from the Compensation Benefits Reserve (line 55); not new dollars added to the budget.
- Standing Committee recommended and the Diocesan Council unanimously approved a \$12,000 (10%) salary increase for Bishop Rickel; funds drawn from the Compensation Benefits Reserve (line 55); not new dollars added to the budget.
- Total Common Ministry (included in line 16) in transition; difference in funds added to the Compensation Benefits Reserve (line 55).

Letter from Bishop Rickel, continued from pg. 1

assessment revenue projections anticipate a very slight increase of 0.30% (\$11,000) from 2012. What this says to me is that we may be beginning to see a turnaround in our congregations as well. This is, of course, not true everywhere, but there are signs of good health and stewardship in the vast majority of our congregations. Congregations with continued financial challenges are encouraged to contact Canon to the Ordinary, Joan Anthony, for advice and assistance.

A continued drop in assessment rate is not proposed for consideration by the 2012 convention, but that does not mean it is not clearly a goal that remains. We continue to see good payment rates as an overwhelming majority of congregations diligently and regularly pay their assessment. I know I speak for all those who labor on behalf of the diocesan leadership in thanking you for that.

Projected increases in investment income, and fees, tuitions and reimbursements (mainly in the area of Adult Resources) combined with assessment revenue provides an overall 1.43% (\$62,000) revenue increase from 2012. In the spring draft, the Budget & Finance Committee said, “[We] lowered the projected shortfall based on current performance to 3.5%.” With an actual shortfall of 4.5% in 2011 and an expectation that we will come in at or below the projected 4.7% in 2012, the Committee has reduced the projected shortfall for 2013 to 2.25%. Of course, this will require continued diligence on all our parts over the coming year; the confidence to make this determination is only possible due to your care and attention to this part of our collective life.

While expenses in this balanced budget are 7.4% less than what was initially requested and shown in the winter draft budget, and 3.5% less than what was shown in the spring draft budget, with the slight increase in projected revenue, we were able, for the first time in a few years, to provide increases requested by programs for ministry. You will see this reflected in the document and explained on page 15-16, along with other changes from the spring draft to fall recommended budget.

We continue to reorganize our diocesan staff, trying to be efficient while also building the staff needed for the church which exists now and into the future. While none of us knows what that might be, we have a pretty good idea what it won't be. Reflected in this budget you will see changes in our commitment and strategy for College Work. The Rev. Rebecca Kirkpatrick has been appointed as the College Chaplain at UW, and we will look to the possibility of expanding that role in the next year as possible. With Norah Joslyn's departure, I have chosen not to replace that position but instead take a careful look at communication strategy and staffing as we move into a new era. Some of the reorganization made necessary by Canon Carl Knirk's

untimely death, and the following search, can now be brought back to a longer term approach with the arrival of Canon Lance Ousley. This will mean that Heather Hodsdon, who has so wonderfully filled in as program assistant to the stewardship office will not be funded in this next year. Heather has moved on to a new exciting position with OikoCredit and I would not be surprised if we see her again working on special projects at the diocesan house. She has been a huge asset to us in so many ways. These are just some of the changes; yet more are being studied. The new Dean of St. Mark's Cathedral, Steve Thomason, and I have vowed to stay in close contact about possible ways to share staff to gain efficiency when this is possible.

Even though a continued lowering of assessment rate is not proposed for this convention, it is my continued goal to review our assessment rate and structure, as well as our overall vision and mission. We began this process in 2012 with the establishment of an Assessment Review Task Force and completion of Phase I of a Comprehensive Strategic Review. We will continue with Phase II in 2013; a strategic visioning process based on the findings from this past years' work. You will hear a full report on Phase I and more information about Phase II at our convention.

I encourage you to read the excellent letter written by Joe McGuire, chair of the Budget and Finance Committee, on behalf of the Diocesan Council, which contains more background information on the 2013 budget and our budget process. I cannot end this letter without thanking Joe McGuire and all who serve on the Budget & Finance Committee with him. They work hard and long on your behalf. I must also thank my fabulous staff especially Canon Chris Smith-Clark, Treasurer Steve Faust, and Executive for Governance Dede Moore. Without them, this would not have come to be before you now. They, each and every one, are a blessing to me.

Budgets say much about us, but they are only guides; they are not our God. And they are certainly not representative of the limits of the abundance we have received from our God. There is no way in a budget to sum up the incarnated reality of our collective life and mission. With all of that added to the work we present to you, the truth is clear, we are all deeply blessed, and I want to say I am truly blessed by you.

Faithfully,



The Rt. Rev. Gregory H. Rickel
Bishop of Olympia

Letter from Diocesan Council, continued from pg. 1

through this document, in each area you will see changes, if any, and the current recommended funding level highlighted in the left-hand sidebar.

2013 revenue is projected to increase 1.43% from the 2012 level. The increase in assessment income was a bit of a surprise since the assessment rate was reduced by .5% – reducing the rate from 17.5% to 17.0%. The Diocesan Council and Bishop Rickel proposed the .5% assessment rate reduction with a goal to allow congregations to retain more revenue at the local level.

We continue to support this decision despite the pressure this, in combination with the sharp decline in other projections, is placing on the diocesan budget process. When the Budget & Finance Committee first received revenue projections and compared them to budget requests, the deficit gap was over \$370,000. The Spring Budget closed this gap to \$177,000. The Fall Budget increased revenue by \$18,800 and reduced expenses by an additional \$158,200 to reach this balanced budget.

The 2013 Budget is not the end; it continues our transition to a new model of being a diocesan resource for all our congregations. We are already starting development of the 2014 Budget by looking at long term goals and priorities. To that end, the Diocesan Council asks that fall Pre-Convention gatherings consider the presented budget in light of the priorities outlined in the Vision Statement (page 7) and continue to provide feedback through the Budget and Finance Committee members attending each Gathering. While changes will not be made to this document – it is the final document that will be offered for ratification at the fall Convention – the Budget and Finance

Committee and Diocesan Council will continue to work on your behalf as we refine the budget process and align ourselves for future mission and ministry.

Our goal in this budget process continues to be to provide transparency and more opportunity for input during development of each budget by delegations, clergy, congregations and regions. We thank you for your participation in this important process.

Your Diocesan Council

The Rt. Rev. Greg Rickel, *Bishop Diocesan*
 Ms. Sally Barnes, *Columbia Regional Ministry*
 Ms. Lavonne Beede, *Evergreen Regional Ministry*
 **Mr. Tom Boyns, *Be Attitudes Regional Ministry*
 Ms. Charlotte Brown, *Commission for Multicultural Ministries*
 The Rev. Susan Dean, *Commission for Evangelism*
 Ms. Sally Farrell, *Eastside Episcopal Churches*
 The Rev. JR Lander, *Commission for Stewardship & Development*
 Mr. Don Little, *Peninsula Regional Ministry*
 **Mr. Joe McGuire, (*chair, Budget & Finance Committee*), *At-large*
 The Rev. Andrea McMillin, *Mt. Baker Regional Ministry*
 The Rev. Jim Neal, *Willapa Regional Ministry*
 Ms. Mary Pneuman, *Commission for Church in the World*
 Mr. Jordan Rickard, *At-large*
 The Rev. Jonathan Weldon, *At-large*
 **Mr. Bob Wheeler, *Sno-Isle Regional Ministry*
 The Rev. Martin Yabroff, *Rainier Regional Ministry*

Additional members of the Budget & Finance Committee who are not Diocesan Council members:

**Mr. Bill Brice, St. Andrew, Tacoma
 **Mr. Jim Campbell, St. Mark, Montesano
 **Mr. Steve Faust, Diocesan Treasurer
 **The Rev. June Johnson, St. John, Olympia
 **Mr. Rory Miller, St. Timothy, Chehalis.

**denotes member of the Budget & Finance Committee

2013 Fall Pre-Convention Gatherings

The fall recommended version of the 2013 budget is submitted for ratification by the fall Convention. It will be presented, with time for Q&A, at the fall pre-convention gatherings.

Rainier & Peninsula

Saturday, October 6
 10 am
 Christ Church, Tacoma

Willapa & Columbia

Saturday, October 6
 10 am
 St. Benedict, Lacey

Holy C & Be Attitudes

Saturday, October 13
 9 am-12 pm
 St. Mark's Cathedral
 Seattle, Skinner Hall

Eastside & Evergreen

Saturday, October 20
 9:30-11:30 am
 Holy Cross, Redmond

Sno Isle & Mount Baker

Saturday, October 20
 11:30 am-1:30 pm
 St. Aidan, Camano Island

Year in parentheses is last year of filing if not 2011

City	Congregation	Active Members	Communicants in Good Standing	Others	Average Sunday Attendance	Sunday Eucharists	16 yrs and Older	Under 16 Years	Confirmed or Received
Aberdeen	St Andrews Episcopal Church	400	400	0	141	104	4	8	0
Allyn	St Hugh of Lincoln Episcopal Church	89	89	0	46	52	0	1	0
Anacortes	Christ Episcopal Church	93	93	0	57	78	0	2	2
Auburn	St Matthews Episcopal Church	261	245	15	83	104	0	5	0
Bainbridge Island	Grace Episcopal Church	1,003	0	0	230	0	0	7	90
Bainbridge Island	St Barnabas Episcopal Church	458	458	0	142	116	2	4	0
Battle Ground	Church of the Holy Spirit	116	116	3	52	50	0	0	3
Bellevue	All Saints Episcopal Church	30	28	0	17	49	0	0	0
Bellevue	Church of the Holy Apostles	76	30	1	25	0	0	0	1
Bellevue	Church of the Resurrection	139	108	11	60	106	0	1	2
Bellevue	St Margarets Episcopal Church	822	768	60	297	153	1	8	6
Bellingham	St Pauls Episcopal Church	1,071	1,071	0	273	153	1	5	1
Blaine	Christ Episcopal Church	77	70	4	41	49	0	1	0
Bremerton	St Pauls Episcopal Church	291	172	12	89	107	3	2	0
Burien	St Elizabeths Episcopal Church	200	200	9	51	101	0	4	4
Camano Island	St Aidans Episcopal Church	225	217	0	115	79	0	0	0
Castle Rock	St Matthew Church	54	38	0	15	50	0	1	2
Cathlamet	St James Episcopal Church	48	44	2	20	51	3	1	0
Chehalis	St Timothy Episcopal Church	141	141	7	61	62	0	3	0
Darrington	Church of the Transfiguration (2010)	13	0	0	0	0	0	0	0
Eastsound	Emmanuel Episcopal Church	199	150	6	93	91	0	6	12
Edmonds	St Albans Episcopal Church	218	144	0	79	103	0	3	0
Edmonds	St Hilda-St Patrick Church	226	226	1	88	94	0	2	2
Elma	St Lukes Episcopal Church	25	21	0	9	17	0	0	0
Everett	Trinity Episcopal Church	320	288	35	145	155	2	8	0
Federal Way	Church of the Good Shepherd	183	138	7	86	109	0	5	4
Freeland	St Augustines in-the-Woods Episcopal	146	171	57	141	107	0	1	5
Friday Harbor	St Davids Episcopal Church	93	89	36	58	109	0	0	2
Gig Harbor	St Johns Episcopal Church	353	350	0	125	108	0	1	0
Hoodsport	St Germain Episcopal Church (2010)	11	22	14	20	52	1	2	2
Issaquah	St Michael & All Angels Church	286	285	1	111	104	1	4	17
Kenmore	Church of the Redeemer	678	348	20	115	87	2	0	0
Kent	St Columba's Episcopal Church	83	58	10	60	98	0	1	2

Year in parentheses is last year of filing if not 2011

City	Congregation	Active Members	Communicants in Good Standing	Others	Average Sunday Attendance	Sunday Eucharists	16 yrs and Older	Under 16 Years	Confirmed or Received
Kent	St James Episcopal Church	831	585	5	199	159	0	3	1
Kingston	Faith Episcopal Church	66	55	11	24	53	0	0	0
Kirkland	St Johns Episcopal Church	440	363	2	241	103	0	7	0
Lacey	St Benedicts Episcopal Church	340	300	38	129	105	3	2	0
Lakewood	St Joseph & St John Church	75	73	5	34	52	0	0	6
Lakewood	St Marys Episcopal Church	458	235	0	169	0	0	5	0
Longview	St Stephens Episcopal Church	354	201	0	97	101	0	1	4
Lopez Island	Grace Church	159	152	0	45	53	0	2	0
Maple Valley	St Georges Episcopal Church	177	177	0	105	4	3	4	23
Marysville	St Philip Episcopal Church	58	58	6	28	0	0	0	2
Medina	St Thomas Episcopal Church	1,572	1,451	0	327	144	2	23	0
Mercer Island	Emmanuel Episcopal Church	429	429	0	132	117	2	4	2
Monroe	Church of Our Saviour Episcopal	54	50	10	25	48	0	0	0
Montesano	St Marks Episcopal Church	33	22	1	17	52	0	0	0
Mount Vernon	St Pauls Episcopal Church	108	108	0	57	66	0	3	4
Oak Harbor	St Stephens Episcopal Church	32	32	0	24	68	0	0	0
Olympia	St Christopher's Church – a Federated Congregation	185	164	21	62	75	0	2	0
Olympia	St Johns Episcopal Church	520	520	0	243	163	1	17	19
Port Angeles	St Andrews Church	214	155	0	112	151	0	4	0
Port Orchard	St Bede Episcopal Church	200	200	21	100	109	0	4	0
Port Townsend	St Pauls Episcopal Church	326	320	6	114	131	0	1	0
Puyallup	Christ Episcopal Church	328	0	0	110	128	0	6	0
Redmond	Church of the Holy Cross	817	540	46	207	107	0	3	0
Renton	St Luke Episcopal Church	212	138	35	89	115	6	1	0
Sammamish	Good Samaritan Episcopal Church	383	350	55	124	111	0	1	4
Seattle	All Saints Church	63	33	6	28	52	0	0	0
Seattle	Christ Episcopal Church	319	223	15	111	143	0	5	0
Seattle	Church of St John the Baptist	287	287	9	126	106	1	3	0
Seattle	Church of the Ascension	288	239	0	114	103	1	5	5
Seattle	Epiphany Parish of Seattle	653	670	0	260	105	1	22	0
Seattle	St Andrews Episcopal Church	697	597	0	235	157	0	8	0
Seattle	St Clements Church	76	0	0	62	52	1	1	0
Seattle	St Lukes Episcopal Church	30	30	0	20	52	0	0	0

Year in parentheses is last year of filing if not 2011

City	Congregation	Active Members	Communicants in Good Standing	Others	Average Sunday Attendance	Sunday Eucharists	16 yrs and Older	Under 16 Years	Confirmed or Received
Seattle	St Marks Episcopal Cathedral	2,590	1,285	210	431	209	5	15	17
Seattle	St Pauls Episcopal Church	332	332	172	217	180	1	3	15
Seattle	St Peters Episcopal Church	129	88	16	50	53	0	6	0
Seattle	St Stephens Parish	448	380	0	159	91	0	0	7
Seattle	Trinity Church Episcopal	377	377	40	138	107	0	6	0
Seaview	St Peters Episcopal Church	47	47	0	27	52	0	0	0
Sedro Woolley	St James Church	21	21	0	21	52	0	1	0
Sequim	St Lukes Episcopal Church	270	263	1	159	104	0	1	0
Shelton	Church of St David of Wales	98	92	0	52	108	0	0	0
Shoreline	St David Emmanuel Episcopal Church	59	42	0	24	100	0	0	0
Shoreline	St Dunstons Church	311	0	0	108	0	0	3	0
Silverdale	St Antony of Egypt Episcopal Church	171	157	5	83	105	1	0	0
Snohomish	St Johns Episcopal Church	243	243	100	104	106	1	2	8
Snoqualmie	St Clare of Assisi Episcopal Church	118	101	2	44	54	0	0	0
South Bend	St Johns Episcopal Church	29	29	0	13	39	1	0	0
Tacoma	All Saints Episcopal Church	108	105	8	59	100	0	0	0
Tacoma	Christ Church	237	157	26	108	107	2	3	6
Tacoma	Holy Family of Jesus Epis Church	10	9	41	34	52	1	2	0
Tacoma	St Andrews Episcopal Church	226	219	8	120	106	1	6	9
Tacoma	St Lukes Episcopal Church	488	359	2	171	100	1	9	17
Tacoma	St Matthews Episcopal Church	106	97	0	60	102	0	2	0
Tahuya	St Nicholas Episcopal Church	21	25	0	20	28	0	0	0
Vancouver	All Saints Episcopal Church	70	63	17	37	49	0	1	5
Vancouver	Church of the Good Shepherd	629	623	115	278	150	0	5	0
Vancouver	St Lukes Episcopal Church	321	299	18	199	158	4	8	0
Vashon	Church of the Holy Spirit	217	202	8	97	111	0	2	0
Washougal	St Anne Episcopal Church	102	90	0	58	53	0	1	5
Westport	St Christopher Episcopal Church	13	8	4	9	36	1	0	0
Total		27,003	21,048	1,396	9,595	8,195.00	60	299	316.00

Diocese of Olympia

Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2011

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Aberdeen	St Andrews Episcopal Church	188,506	212,974	308,033	216,450	34,977	31,853	314,302
Allyn	St Hugh of Lincoln Episcopal Church	65,855	67,111	89,577	54,374	6,778	13,164	74,506
Anacortes	Christ Episcopal Church	100,861	121,008	260,887	122,789	23,023	85,613	249,139
Auburn	St Matthews Episcopal Church	95,937	108,952	109,389	90,771	1,985	1,581	92,352
Bainbridge Island	Grace Episcopal Church	528,982	584,434	621,409	630,057	78,235	58,072	633,237
Bainbridge Island	St Barnabas Episcopal Church	360,453	416,682	676,716	416,111	73,319	235,857	670,129
Battle Ground	Church of the Holy Spirit	47,437	109,437	109,437	103,259	19,187	5,170	103,259
Bellevue	All Saints Episcopal Church	75,693	113,754	115,719	117,719	11,289	7,650	120,860
Bellevue	Church of the Holy Apostles	26,915	47,886	47,886	21,239	4,714	0	21,239
Bellevue	Church of the Resurrection	157,703	209,979	246,543	210,216	38,172	30,437	240,653
Bellevue	St Margarets Episcopal Church	643,192	818,096	1,041,256	766,653	118,424	90,935	870,920
Bellingham	St Pauls Episcopal Church	545,589	596,035	739,913	598,834	100,997	70,012	659,969
Blaine	Christ Episcopal Church	49,084	68,630	76,572	71,192	8,696	4,510	73,192
Bremerton	St Pauls Episcopal Church	129,144	229,913	297,581	256,900	25,487	14,609	274,551
Burien	St Elizabeths Episcopal Church	87,284	161,759	163,759	141,589	25,312	2,000	141,589
Camano Island	St Aidans Episcopal Church	142,796	151,858	186,065	154,810	25,265	17,539	187,271
Castle Rock	St Matthew Church	9,815	12,477	14,477	12,169	2,288	4,678	17,404
Cathlamet	St James Episcopal Church	15,399	16,088	16,449	16,911	3,102	5,848	23,532
Chehalis	St Timothy Episcopal Church	84,914	135,392	154,610	140,793	18,842	35,011	160,036
Darrington	Church of the Transfiguration (2010)	0	0	0	0	0	0	0
Eastsound	Emmanuel Episcopal Church	159,741	233,708	248,833	230,557	33,845	36,177	251,576
Edmonds	St Albans Episcopal Church	144,894	151,288	158,328	191,676	30,725	640	198,716
Edmonds	St Hilda-St Patrick Church	150,881	173,092	237,952	154,242	30,453	67,708	223,129
Elma	St Lukes Episcopal Church	5,936	14,908	15,018	15,374	1,656	1,300	15,484
Everett	Trinity Episcopal Church	248,945	327,790	379,438	330,084	30,856	6,742	336,207
Federal Way	Church of the Good Shepherd	231,187	244,931	278,113	286,335	42,611	39,890	328,712
Freeland	St Augustines in-the-Woods Episcopal	262,714	262,714	500,304	272,444	49,985	1,024,136	1,290,580
Friday Harbor	St Davids Episcopal Church	136,200	148,296	235,847	179,157	32,271	5,645	184,905

Diocese of Olympia

Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2011

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Gig Harbor	St Johns Episcopal Church	244,400	284,721	288,788	282,869	51,633	0	286,936
Hoodsport	St Germain Episcopal Church (2010)	23,613	27,923	29,359	26,939	203	2,313	29,204
Issaquah	St Michael & All Angels Church	212,900	212,937	390,525	214,488	38,132	699,186	929,165
Kenmore	Church of the Redeemer	258,678	263,678	263,678	268,586	44,248	98,855	359,901
Kent	St Columba's Episcopal Church	134,209	216,132	217,132	165,931	35,720	56,045	214,123
Kent	St James Episcopal Church	426,248	444,941	497,996	467,823	83,428	25,850	493,673
Kingston	Faith Episcopal Church	35,947	41,555	49,091	52,974	4,505	6,305	53,116
Kirkland	St Johns Episcopal Church	457,606	498,957	524,627	563,220	87,691	13,308	584,161
Lacey	St Benedicts Episcopal Church	224,882	242,973	272,108	251,500	45,067	25,749	279,763
Lakewood	St Joseph & St John Church	88,792	99,592	101,659	106,099	18,059	2,108	107,721
Lakewood	St Marys Episcopal Church	459,896	491,058	504,177	431,865	74,672	38,965	451,479
Longview	St Stephens Episcopal Church	266,369	313,836	424,623	300,556	57,758	22,467	349,462
Lopez Island	Grace Church	81,586	81,586	102,565	86,675	15,087	11,514	99,366
Maple Valley	St Georges Episcopal Church	133,072	185,830	205,776	167,553	27,084	24,114	186,129
Marysville	St Philip Episcopal Church	49,434	93,026	93,376	93,026	3,694	0	93,376
Medina	St Thomas Episcopal Church	867,227	1,010,537	1,732,760	1,056,524	159,557	110,579	1,391,265
Mercer Island	Emmanuel Episcopal Church	581,737	617,598	699,873	575,297	110,306	117,516	684,992
Monroe	Church of Our Saviour Episcopal	56,864	63,864	65,257	57,864	9,865	12,854	66,042
Montesano	St Marks Episcopal Church	20,884	26,271	37,834	26,272	3,390	13,588	36,894
Mount Vernon	St Pauls Episcopal Church	134,878	146,627	168,349	150,507	29,372	11,629	164,167
Oak Harbor	St Stephens Episcopal Church	50,423	50,423	56,453	68,056	10,238	500	74,086
Olympia	St Christopher's Church – a Federated Congregation	90,668	99,247	169,562	133,777	11,902	21,399	164,779
Olympia	St Johns Episcopal Church	365,536	402,286	463,396	417,921	73,697	15,393	445,331
Port Angeles	St Andrews Church	182,584	196,606	222,940	207,481	36,055	15,153	231,700
Port Orchard	St Bede Episcopal Church	157,937	169,324	247,884	167,764	28,810	0	167,764
Port Townsend	St Pauls Episcopal Church	247,443	258,914	462,994	262,835	36,249	387,952	650,094
Puyallup	Christ Episcopal Church	207,975	261,092	269,611	244,060	41,562	3,187	248,564
Redmond	Church of the Holy Cross	460,504	460,504	769,635	482,152	44,710	273,203	758,755

Diocese of Olympia

Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2011

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Renton	St Luke Episcopal Church	151,484	212,599	214,385	218,376	36,302	2,752	221,600
Sammamish	Good Samaritan Episcopal Church	180,741	232,512	310,300	250,947	32,776	30,951	280,159
Seattle	All Saints Church	58,467	108,716	110,196	127,777	19,199	1,780	130,327
Seattle	Christ Episcopal Church	299,719	370,975	427,253	365,685	60,938	29,145	401,616
Seattle	Church of St John the Baptist	278,583	315,811	405,337	297,447	50,773	17,228	345,672
Seattle	Church of the Ascension	296,306	326,267	429,875	297,617	46,853	240,532	541,254
Seattle	Epiphany Parish of Seattle	820,410	1,092,105	1,824,903	1,108,756	132,921	1,011,604	1,979,443
Seattle	St Andrews Episcopal Church	428,430	517,322	776,656	506,305	83,454	218,144	733,922
Seattle	St Clements Church	99,213	137,748	162,214	174,208	24,414	6,392	186,188
Seattle	St Lukes Episcopal Church	42,057	55,729	70,214	51,510	2,000	4,139	57,886
Seattle	St Marks Episcopal Cathedral	1,120,428	1,851,642	1,983,332	1,921,751	306,523	189,590	2,119,458
Seattle	St Pauls Episcopal Church	312,431	368,608	1,262,115	362,203	62,661	1,158,119	1,520,322
Seattle	St Peters Episcopal Church	87,731	105,669	114,064	115,313	16,365	5,551	125,724
Seattle	St Stephens Parish	477,416	559,395	567,023	606,753	95,532	6,512	611,913
Seattle	Trinity Church Episcopal	198,602	820,589	820,589	820,589	101,050	105,495	820,589
Seaview	St Peters Episcopal Church	32,141	34,527	47,591	44,764	5,640	3,917	61,189
Sedro Woolley	St James Church	43,974	43,974	49,428	45,598	8,734	2,814	48,412
Sequim	St Lukes Episcopal Church	277,011	293,660	304,736	317,111	56,053	46,057	362,064
Shelton	Church of St David of Wales	126,324	153,402	314,181	170,664	27,504	116,608	291,086
Shoreline	St David Emmanuel Episcopal Church	62,282	74,172	76,513	68,299	12,457	8,276	76,092
Shoreline	St Dunstons Church	259,285	289,708	332,205	290,226	37,919	13,651	305,964
Silverdale	St Antony of Egypt Episcopal Church	167,431	174,224	175,966	168,506	27,718	4,553	170,248
Snohomish	St Johns Episcopal Church	202,195	231,262	255,786	231,459	40,315	57,000	289,995
Snoqualmie	St Clare of Assisi Episcopal Church	87,166	132,637	139,065	126,034	22,631	44,797	170,727
South Bend	St Johns Episcopal Church	10,334	13,866	14,987	17,164	2,672	1,534	18,086
Tacoma	All Saints Episcopal Church	81,691	96,103	96,428	96,702	17,614	1,102	98,129
Tacoma	Christ Church	270,980	334,090	449,039	322,782	52,704	41,005	403,089
Tacoma	Holy Family of Jesus Epis Church	5,543	52,529	54,733	60,475	2,400	2,551	61,964

Diocese of Olympia

Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2011

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Tacoma	St Andrews Episcopal Church	239,639	253,279	260,197	212,019	38,504	42,709	230,757
Tacoma	St Lukes Episcopal Church	371,856	371,856	437,952	359,603	49,069	122,927	482,848
Tacoma	St Matthews Episcopal Church	136,870	147,464	151,877	149,959	1,000	0	154,472
Tahuya	St Nicholas Episcopal Church	21,830	26,488	26,488	19,756	2,220	849	22,730
Vancouver	All Saints Episcopal Church	54,090	130,802	177,170	102,977	11,566	52,614	155,591
Vancouver	Church of the Good Shepherd	642,584	658,482	706,849	664,900	96,990	69,278	708,412
Vancouver	St Lukes Episcopal Church	300,302	397,776	439,867	383,545	57,166	30,411	415,538
Vashon	Church of the Holy Spirit	169,532	172,780	185,927	179,960	29,277	1,402	182,908
Washougal	St Anne Episcopal Church	109,023	119,023	158,275	118,306	21,780	50,651	173,746
Westport	St Christopher Episcopal Church	6,155	8,205	8,205	8,780	1,697	300	8,780
Total		19,748,605	24,287,226	31,004,060	24,518,145	3,750,579	7,649,449	32,328,357

DIOCESE OF OLYMPIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011



CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

To the Diocesan Council
Diocese of Olympia, Inc.
Seattle, Washington

We have audited the accompanying statements of financial position of the Diocese of Olympia, Inc. as of December 31, 2011 and 2010, and the related statements of activities and cash flows (all on the Episcopal Church Basis of Accounting) for the years then ended. These financial statements are the responsibility of the Diocesan management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements are being presented in accordance with accounting principles authorized by the General Convention of the Episcopal Church which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diocese of Olympia, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles authorized by the General Convention of the Episcopal Church as described in Note 1.

Peterson Sullivan LLP

August 28, 2012

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF FINANCIAL POSITION – EPISCOPAL CHURCH BASIS

December 31, 2011 and 2010

ASSETS	2011	2010
Cash and cash equivalents	\$ 1,312,709	\$ 1,141,882
Certificates of deposit	500,000	500,000
Investments	46,104,149	46,329,822
Related party loans receivable	664,500	743,160
Loan receivable	243,494	248,147
Interest and DIF income/principal receivable	117,233	99,111
Other assets	84,847	80,836
Property	33,542,017	22,191,412
Total assets	<u>\$ 82,568,949</u>	<u>\$ 71,334,370</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Distributions and other payables	\$ 234,576	\$ 270,979
Cash and investments held in trust for congregations and other institutions	26,085,244	26,409,809
Loans payable	517,633	557,516
Total liabilities	26,837,453	27,238,304
Net assets		
Unrestricted	37,545,131	25,956,175
Temporarily restricted	1,400,642	1,378,721
Permanently restricted	16,785,723	16,761,170
Total net assets	<u>55,731,496</u>	<u>44,096,066</u>
Total liabilities and net assets	<u>\$ 82,568,949</u>	<u>\$ 71,334,370</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.

STATEMENT OF ACTIVITIES – EPISCOPAL CHURCH BASIS
For the Year Ended December 31, 2011 and 2010

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions	\$ 205,790	\$ 1,600	\$ 29,272	\$ 236,662	\$ 465,288	\$ 17,131	\$ 2,527	\$ 484,946
Loan interest	63,684			63,684	63,505			63,505
Other investment income	84,992	65,832	34,250	185,074	77,339	61,301	31,663	170,303
Contribution from Operating Fund	191,916			191,916	205,403			205,403
Net assets released from program restrictions	97,846	(45,621)	(52,225)		360,900	(76,108)	(284,792)	
Total support and revenue	644,228	21,811	11,297	677,336	1,172,435	2,324	(250,602)	924,157
Expenses and Disbursements								
Ministry and transfers	10,597			10,597	165,354			165,354
Trustee obligations	66,646			66,646	65,679			65,679
Bad debt expense	5,443			5,443	156,556			156,556
Contribution to Operating Fund	135,154			135,154	570,000			570,000
Contribution to other funds	51,061			51,061				
Total expenses and disbursements	268,901			268,901	957,589			957,589
Change in net assets before realized and unrealized gains and losses, and transfers and contributions of property	375,327	21,811	11,297	408,435	214,846	2,324	(250,602)	(33,432)
Realized and unrealized gain (loss) on investments	(471)	110	13,256	12,895	219,281	16,639	1,322,875	1,558,795
Transfer of property from parish ownership	11,214,100			11,214,100				
Contribution of property to parish					(2,361,774)			(2,361,774)
Change in net assets	11,588,956	21,921	24,553	11,635,430	(1,927,647)	18,963	1,072,273	(836,411)
Net assets, beginning of year	25,956,175	1,378,721	16,761,170	44,096,066	27,883,822	1,359,758	15,688,897	44,932,477
Net assets, end of year	\$ 37,545,131	\$ 1,400,642	\$ 16,785,723	\$ 55,731,496	\$ 25,956,175	\$ 1,378,721	\$ 16,761,170	\$ 44,096,066

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF CASH FLOWS – EPISCOPAL CHURCH BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	\$ 11,635,430	\$ (836,411)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Gains on investments	(12,895)	(1,558,795)
Bad debt expense	5,443	156,556
Write off of property		95,000
Contributed loan payments and real estate	(231,799)	(260,893)
Contribution of property to parish		2,361,774
Transfer of property from parish ownership	(11,214,100)	
Change in operating assets and liabilities		
Interest receivable	(18,122)	52,510
Other assets	(4,011)	2,666
Distributions and other payables	(36,403)	135,591
	123,543	147,998
Cash Flows From Investing Activities		
Net proceeds from (purchase of) investments	227,747	(191,081)
Loan repayments (advances), net	77,869	(69,758)
Reimbursement of capital expenditures	105,882	
Purchase of real estate	(50,471)	(191,935)
	361,027	(452,774)
Cash Flows From Financing Activity		
Change in cash and investments held in trust for congregations and other institutions	(313,743)	627,151
	170,827	322,375
Cash and cash equivalents, beginning of year	1,141,882	819,507
Cash and cash equivalents, end of year	\$ 1,312,709	\$ 1,141,882

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Operations

The Diocese of Olympia is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches and institutions in Western Washington and is composed of two separate legal entities, the Diocese of Olympia, Inc. ("the Diocese") and the Diocese of Olympia – Operating Fund ("the Operating Fund"). The operations of the missions and parishes of the Diocese are not included in these financial statements, as they are managed under local control. The Diocese's main source of support is gifts, loan interest, and investment and endowment income.

These financial statements are for the Diocese and do not include the Operating Fund. The Diocese is composed of the James F. Hodges Diocesan Investment Fund ("the DIF"), the Trust Accounts, and the combined Building Loan, Mission Development, and Real Estate Funds ("the Combined Funds"). Each of these three funds (the DIF, the Trust Accounts, and the Combined Funds) issues separate audited financial statements. The various entities discussed above are described below.

The James F. Hodges Diocesan Investment Fund ("the DIF") was organized in 1951 as an investment pool for the endowments of the Diocese, parishes, and related institutions. The DIF's investment strategy is to balance the need for current income and growth in asset value to offset inflation by investing in a mixture of stocks and bonds. The securities are currently held in trust with US Bank. The Diocesan Investment Committee makes investment decisions. The funds are not federally insured.

The Trust Accounts hold the endowment funds of the Diocese and other institutions of the Diocese for which the Diocese has been named trustee. The funds held are invested primarily in the DIF.

The Building Loan Fund ("the BLF") was established in 1949 to make loans to churches to assist in financing new building projects and to make loans for small building repair and improvement projects. Repayment terms vary and remaining maturities range from 1 to 18 years. Effective January 1, 1993, the Board of Directors adopted a policy of annual changes in the interest rate charged to Diocesan institutions. The rate is set annually at the One-Year Treasury Constant Maturities Index rounded up to the nearest eighth of a point plus 3% for parishes and 1.5% for missions, and the rate cannot be less than 3.5% for parishes and missions. In addition, there is a 2% cap on interest increases per year. Loans where interest is currently being waived are shown at undiscounted value.

Because of the anticipated need for funds in the future, the BLF adopted, on January 21, 1993, an interest rate incentive program to encourage faster principal repayment. In exchange for each year of loan term reduction, the BLF will reduce the interest rate on the loan by 4/10 of 1%. In addition, there are other limitations imposed on this voluntary program.

The Mission Development Fund ("the MDF") was set up to purchase properties in areas where growth would necessitate the establishment of a new congregation. Advances made by the MDF are generally exempt from interest and current principal repayment for a period of time even after congregations have been organized.

The Real Estate Fund accounts for the value of the land and buildings held by the Diocese. The value of mission property is shown as a Diocesan asset until the mission becomes a parish. Generally, in Washington State, real property used for the church's exempt purposes is exempt from real estate taxes.

The Operating Fund contains the operating budget, restricted income, designated, and grant funds of the Diocese of Olympia. The Operating Fund is an unincorporated association and is not included in these financial statements.

Basis of Accounting

These financial statements are prepared on the accrual basis of accounting and have been prepared in accordance with principles authorized by the General Convention of the Episcopal Church in the January 1, 2000, revision of the *Manual of Business Methods in Church Affairs*. The Episcopal Church has adopted accounting standards which require net assets to be shown as unrestricted, temporarily restricted, or permanently restricted. Inter-entity activity has been eliminated.

The January 1, 1995, revised accounting principles of the Episcopal Church required capitalizing furniture, fixtures, and equipment. They also state that the recognition of depreciation is optional. Previously, all fixtures and equipment were expensed. The Diocese does not capitalize any furniture or fixtures purchased by mission congregations. The Diocese has elected not to depreciate its assets.

Real estate is to be carried at historical cost or fair value at date of donation. Because the January 1, 1995, revised accounting manual dropped the use of fair value accounting, the Diocese has reconstructed the cost basis of its properties. Estimates were used in many cases, as precise records were not available.

When a mission becomes a parish, the value of its real estate and any related loans are removed from the Real Estate Fund. In 2010, the Grace Church mission ("Grace Church") became a parish and, accordingly, all real estate related to Grace Church, with a carrying value of \$2,361,774, was removed from the Real Estate Fund. Grace Church did not have any loans held at the Real Estate Fund.

For missions of the Diocese, Diocesan policy is that all construction payments are made by the BLF and then reimbursed by the congregation. These expenditures are not reflected in the financial statements except to the extent that amounts advanced have not been reimbursed, or cash held has not been expended.

Occasionally, the Diocese and a parish may decide it is for the mutual benefit of all parties for the parish to revert to mission status. When this happens, the fair value of its real estate is recognized as a contribution to the Real Estate Fund. In 2011, St. Matthew parish, St. Luke parish, and St. George parish all reverted back to mission status and, accordingly, all real estate related to these former parishes, with a fair value of \$11,214,100, were contributed to the Real Estate Fund.

As discussed above, estimates have to be used in many cases when assets are added as precise records are not always available. For the property contributed in 2011 due to the St. Matthew parish, St. Luke parish and St. George parish reverting back to mission status, some of the property added was valued using outside estimates, as precise records regarding the cost of the property were not available. The St. Matthew and St. Luke land added (\$4,644,100) was valued using information provided by the King County Department of Assessments. The St. Matthew, St. Luke, and St. George buildings added (\$6,570,000) were valued using information provided by the Diocese's insurance provider. The values provided by the insurance providers represent their estimate of the cost to replace the buildings. These were the best estimates available to value the property contributed. The inputs used to determine the fair value of the contributed property are considered Level 3 inputs, as defined by the fair value hierarchy (see below).

Property reflected in the statements of financial position is categorized as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 7,358,331	\$ 2,792,613
Building/improvements	25,466,873	18,681,986
Bishop housing	<u>716,813</u>	<u>716,813</u>
	<u>\$ 33,542,017</u>	<u>\$ 22,191,412</u>

Beginning in 2010 and ending in 2011, a building was constructed at the Huston Center, paid for out of the Operating Fund, and was contributed to and capitalized at the Real Estate Fund. This contribution is recorded as a contribution of real estate in the statements of activities. Project costs of \$191,916 and \$205,403 were contributed to the Real Estate Fund in 2011 and 2010, respectively.

Financial Statement Presentation

The Diocese reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Contributions, investment income, and gains restricted by donor are reported as increases in unrestricted net assets if restrictions are met in the reporting period in which the income and gains are recognized.

Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for various ministerial purposes. Most of these net assets come from the Trust Accounts.

Permanently Restricted Net Assets

Permanently restricted net assets consist of funds held for various endowed purposes. Occasionally, due to loan losses, there can be releases of permanently restricted net assets. Most of these net assets come from the Trust Accounts.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels which prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The Diocese reports its investments (discussed below) at fair value.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Diocese considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Diocese regularly has cash in excess of federally insured limits with its bank.

Certificates of Deposit

The certificates of deposit have original maturities exceeding three months. Of the total balance, \$285,686 serves as collateral for a loan to a bank (see Note 5) at December 31, 2011. The certificates of deposit have a carrying value (cost plus accrued interest) that approximates fair value.

Investments

Investments are reported at their fair value using Level 2 inputs (the value of the DIF is based on the value of the underlying investments in the DIF, which are valued using Level 1 inputs) in the statements of financial position. Gains and losses are included in the change in net assets.

Investments consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Common stocks (including equity mutual funds)	\$ 31,872,019	\$ 32,143,330
U.S. Government debt securities	7,019,982	6,911,760
Short-term bond mutual fund	4,227,507	4,279,159
Intermediate-term bond mutual fund	1,243,523	1,234,809
Money market funds	1,741,118	1,760,764
	<u>\$ 46,104,149</u>	<u>\$ 46,329,822</u>

No single investment represents more than 10% of total investments. All investments are held in the DIF discussed earlier.

Loans Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. The Diocese uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is generally written off against the allowance.

The bad debt allowance at December 31, 2010, was \$155,515 for loans receivable and \$60,818 for interest receivable. During 2011, all reserved receivables in the allowance at December 31, 2010, were charged off against the allowance, resulting in no allowance at December 31, 2011.

Interest receivable has been accrued to December 31, 2011 and 2010. At the Board's discretion, in some instances, interest is not charged on construction loans.

The Diocese has not imputed interest on related party loans as the terms are generally undefined and the imputed interest would not generally be material.

Cash and Investments Held in Trust for Congregations and Other Institutions

Cash and investments held in trust for congregations and other institutions consist of:

	<u>2011</u>	<u>2010</u>
DIF balances	\$ 22,589,846	\$ 22,905,876
Trust account balances	<u>3,494,398</u>	<u>3,503,933</u>
	<u>\$ 26,084,244</u>	<u>\$ 26,409,809</u>

Taxes

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not required to file a federal tax return.

Subsequent Events

The Diocese has evaluated subsequent events through the date these financial statements were available to be issued, which was the same date as the independent auditors' report.

Note 2. Interfund Loans

As previously noted, inter-entity loans are eliminated in combination. Loans eliminated (listed by creditor) can be summarized as follows:

	<u>2011</u>	<u>2010</u>
Building Loan Fund	\$ 3,192,070	\$ 3,394,059
Mission Development Fund	291,963	395,539
Trust Accounts	<u>1,012,847</u>	<u>1,012,847</u>
	<u>\$ 4,496,880</u>	<u>\$ 4,802,445</u>

Note 3. Endowment

The endowments are held in the Trust Accounts and consist of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments ("quasi-endowments"). As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Trustees of the Trust Accounts have interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Trust Accounts classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, plus (b) the original value of subsequent gifts to the permanent endowment and 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, and (c) unrealized gains and losses within the permanent endowment. 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 in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Trustees consider the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of the Trust Accounts and the donor-restricted endowment 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 Trust Accounts
- The investment policies of the Trust Accounts

Endowment net assets consisted of the following at:

	December 31, 2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,400,642	\$ 16,785,723	\$ 18,186,365
Board-designated quasi-endowment funds	1,832,540			1,832,540
Total funds	<u>\$ 1,832,540</u>	<u>\$ 1,400,642</u>	<u>\$ 16,785,723</u>	<u>\$ 20,018,905</u>

	December 31, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,378,721	\$ 16,761,170	\$ 18,139,891
Board-designated quasi-endowment funds	1,780,122			1,780,122
Total funds	<u>\$ 1,780,122</u>	<u>\$ 1,378,721</u>	<u>\$ 16,761,170</u>	<u>\$ 19,920,013</u>

Changes in endowment net assets are as follows for the years ended:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, December 31, 2009	\$ 1,748,633	\$ 1,359,758	\$ 15,688,897	\$ 18,797,288
Investment return	219,281	77,940	1,354,538	1,651,759
Contributions		17,131	2,527	19,658
Appropriation of endowment assets for expenditure and transfers out of endowment	<u>(187,792)</u>	<u>(76,108)</u>	<u>(284,792)</u>	<u>(548,692)</u>
Endowment net assets, December 31, 2010	1,780,122	1,378,721	16,761,170	19,920,013
Investment return	(471)	65,942	47,506	112,977
Contributions		1,600	29,272	30,872
Appropriation of endowment assets for expenditure and transfers out of endowment	<u>52,889</u>	<u>(45,621)</u>	<u>(52,225)</u>	<u>(44,957)</u>
Endowment net assets, December 31, 2011	<u>\$ 1,832,540</u>	<u>\$ 1,400,642</u>	<u>\$ 16,785,723</u>	<u>\$ 20,018,905</u>

Return Objectives and Risk Parameters

The Trust Accounts have 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 organization must hold in perpetuity or for a donor-specified period as well as quasi-endowment funds. Under this policy, as approved by the Trustees, 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 while assuming a moderate level of investment risk. The Trust Accounts expect its endowment funds, over time, to provide an average rate of return of approximately 9% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Trust Accounts rely 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 Trust Accounts target 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 Trust Accounts have a policy of appropriating up to 95% of the market value of the investment in excess of the original endowment adjusted for the U.S. City Average Urban Consumers Price Index ("CPI"). In the event that the Board does not elect to appropriate the entire allowable amount, the investment gains or losses, by default, are included as a positive or negative change to permanently restricted net assets. Any losses incurred which reduce the investment value below the original endowment adjusted for CPI are included in unrestricted losses on investments. As discussed below, there were no endowments where the fair value of the investment had fallen below the original basis, adjusted for CPI as of December 31, 2011 or 2010. In establishing this policy, the Trust Accounts considered the long-term expected return on its endowment. Accordingly, over the long-term, the Trust Accounts expected the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Trust Accounts' 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.

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 UPMIFA requires the Trust Accounts to retain as a fund of perpetual duration. The donor requirement is based on the original endowment determined at December 31, 1985, or fund set-up date, if later. This date may be pushed back by the beneficiary, but the burden of proof to establish any pre-1985 excess appreciation will fall on the beneficiary. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are to be reported in unrestricted net assets. There were no such deficiencies as of December 31, 2011 or 2010.

Note 4. Loans Receivable

Loans receivable consist of the following:

	<u>2011</u>	<u>2010</u>
Good Shepherd, Vancouver	\$ 49,382	\$ 49,382
Parishes		
Auburn, St. Matthew's		155,515
Issaquah, St. Michael's	151,458	
Kent, St. James	22,920	70,000
Port Townsend, St. Paul	164,880	
Redmond, Holy Cross	42,126	61,869
Seattle, St. John	72,260	96,102
Seattle, St. John	7,948	81,348
Shelton, St. David	29,903	36,895
Vancouver, Good Shepherd	101,368	115,683
Vancouver, Good Shepherd	22,255	30,078
Vancouver, Good Shepherd		200,000
Vancouver, Good Shepherd		1,803
	<u>664,500</u>	<u>898,675</u>
Less allowance for doubtful loans		<u>(155,515)</u>
	<u>\$ 664,500</u>	<u>\$ 743,160</u>

In addition, the Trust Accounts has a loan receivable from an unrelated party. This loan bears interest at a fixed rate of 5.0%, is secured by the property sold, and requires monthly repayments of principal and interest over a 30-year amortization of \$1,342, with a balloon payment of approximately \$170,000 due at maturity in July 2025. The remaining balance on the loan receivable at December 31, 2011 and 2010, was \$243,494 and \$248,147, respectively.

Note 5. Loans Payable

	2011	2010
Loan from a bank that funded the construction of the Cathlamet St. James Family Center. Payments due in monthly installments of \$2,035 including interest at 6.0% secured by real property and a certificate of deposit held at the Trust Accounts. Due in full June 2015.	\$ 285,686	\$ 300,347
Battle Ground Bond Loans bearing interest at 6.5%. Due in annual installments of \$20,000 to \$25,000 plus interest, secured by real property. Due in full in 2014.	70,000	90,000
Loan from a family trust to purchase property. The loan is not secured. Due in monthly installments of \$1,120 including interest at 5.0% with the balance due in July 2015.	161,947	167,169
	\$ 517,633	\$ 557,516

The schedule of debt maturity principal is as follows at December 31:

Year Ending	Bank Loan	Battle Ground	Family Trust Loan	Total
2012	\$ 6,843	\$ 20,000	\$ 5,462	\$ 32,305
2013	7,265	25,000	5,742	38,007
2014	7,713	25,000	6,035	38,748
2015	263,865		144,708	408,573
	\$ 285,686	\$ 70,000	\$ 161,947	\$ 517,633

No interest expense is recorded by the Diocese as the amounts are paid and expensed by other related entities.

Note 6. Seattle Habitat for Humanity

On June 28, 2001, the Diocese sold property valued at \$224,600 to Seattle Habitat for Humanity ("Habitat") for \$37,151. As part of the agreement, Habitat constructed two houses and leased them back to the Diocese at nominal rent for its ministry. Only the cash portion of this transaction was reflected in the financial statements as the value of the leased property being used cannot be determined. One house is used by the Diocesan refugee program and the other by St. John's, West Seattle.

Note 7. Contingencies and Commitments

Contingencies

No liabilities that relate to the mission congregations of the Diocese are reflected. The Diocese could be held to be a responsible party until a mission becomes a parish.

Property insurance on structures does not include earthquake insurance.

DIOCESE OF OLYMPIA – OPERATING FUND

FINANCIAL REPORT

DECEMBER 31, 2011



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

Diocesan Council
Diocese of Olympia – Operating Fund
Seattle, Washington

We have audited the accompanying statements of financial position of the Diocese of Olympia – Operating Fund ("the Operating Fund") as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Operating Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diocese of Olympia – Operating Fund as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2012, on our consideration of Diocese of Olympia – Operating Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Our 2011 audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The 2011 statement of budgeted revenue and expenditures compared to actual is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Peterson Sullivan LLP

August 31, 2012

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

ASSETS	2011	2010
	<u> </u>	<u> </u>
Current Assets		
Cash and cash equivalents	\$ 1,286,104	\$ 1,785,514
Certificates of deposit	1,050,000	450,000
Diocesan Investment Fund receivable	83,049	69,945
Accounts receivable	91,917	250,753
Contributions receivable		21,347
Loans receivable, current portion	137,451	94,984
Prepaid expenses	18,334	68,340
	<u> </u>	<u> </u>
Total current assets	2,666,855	2,740,883
Loans Receivable, net of current portion	129,761	68,882
Prepaid Rent	191,967	194,922
	<u> </u>	<u> </u>
Total assets	<u>\$ 2,988,583</u>	<u>\$ 3,004,687</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 96,469	\$ 130,385
Accrued payroll expenses	83,530	97,342
Camp Huston/St. Andrew's House deposits	81,986	93,458
Grants payable	199,892	204,177
Other payables	7,457	10,576
	<u> </u>	<u> </u>
Total current liabilities	469,334	535,938
Post-Retirement Payable	560,000	575,000
	<u> </u>	<u> </u>
Total liabilities	1,029,334	1,110,938
Net Assets		
Unrestricted	1,326,609	1,333,567
Temporarily restricted	632,640	560,182
	<u> </u>	<u> </u>
Total net assets	1,959,249	1,893,749
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 2,988,583</u>	<u>\$ 3,004,687</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Assessments	\$ 3,799,894	\$ -	\$ 3,799,894	\$ 3,593,551	\$ -	\$ 3,593,551
Contributions	80,909	118,737	199,646	20,715	162,786	183,501
Bequests				379,820		379,820
Fees and tuition	976,807		976,807	1,036,450		1,036,450
Grants	594,348	51,250	645,598	823,557	108,500	932,057
Investment income from Diocesan Investment Fund	286,800	128,631	415,431	306,600	89,321	395,921
Contribution from Trust Accounts	135,154		135,154	570,000		570,000
In-kind contribution of facility use	213,421		213,421	213,421		213,421
Interest income	14,975		14,975	30,086		30,086
Miscellaneous	68,726	7,955	76,681	68,529	30,200	98,729
Net assets released from restrictions	234,115	(234,115)		411,613	(411,613)	
Total support and revenue	6,405,149	72,458	6,477,607	7,454,342	(20,806)	7,433,536
Expenses						
Program services	5,534,854		5,534,854	5,621,729		5,621,729
Management and general	827,047		827,047	840,028		840,028
Fundraising	50,206		50,206	10,000		10,000
Total expenses	6,412,107		6,412,107	6,471,757		6,471,757
Change in net assets	(6,958)	72,458	65,500	982,585	(20,806)	961,779
Net Assets, beginning of year	1,333,567	560,182	1,893,749	350,982	580,988	931,970
Net Assets, end of year	\$ 1,326,609	\$ 632,640	\$ 1,959,249	\$ 1,333,567	\$ 560,182	\$ 1,893,749

See Notes to Financial Statements

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 65,500	\$ 961,779
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense		50,000
Change in operating assets		
Diocesan Investment Fund receivable	(13,104)	(34,229)
Accounts receivable	158,836	(10,424)
Contributions receivable	21,347	3,230
Prepaid expenses	50,006	(19,626)
Prepaid rent	2,955	2,953
Change in operating liabilities		
Accounts payable	(33,916)	71,607
Accrued payroll expenses	(13,812)	(15,295)
Camp Huston/St. Andrew's House deposits	(11,472)	(8,784)
Grants payable	(4,285)	52,964
Other payables	(3,119)	8,494
Post-retirement payable	(15,000)	(80,000)
Cash flows from operating activities	<u>203,936</u>	<u>982,669</u>
Cash Flows from Investing Activities		
Purchase of certificates of deposit	(600,000)	(250,000)
Issuance of loans receivable	(198,973)	(117,947)
Payments received on loans receivable	95,627	89,561
Cash flows from investing activities	<u>(703,346)</u>	<u>(278,386)</u>
Net change in cash	(499,410)	704,283
Cash, beginning of year	<u>1,785,514</u>	<u>1,081,231</u>
Cash, end of year	<u><u>\$ 1,286,104</u></u>	<u><u>\$ 1,785,514</u></u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

The Diocese of Olympia, Inc. ("the Diocese") is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches in Western Washington.

The Diocese of Olympia – Operating Fund ("the Operating Fund") contains the operating budget, restricted income, designated, and grant funds of the Diocese. The Operating Fund is an unincorporated association.

The fund groupings known as the Trust Accounts, the Building Loan Fund, the Real Estate Fund, the Mission Development Fund, and the James F. Hodges Diocesan Investment Fund are reported separately in other financial statements. They are part of the Diocese, but are not separately incorporated. The Diocese is an incorporated entity. The Real Estate Fund owns the Diocesan properties that constitute the offices used by the Operating Fund, and the conference center used by and included in the budget of the Operating Fund (see Note 2). The Real Estate Fund also owns the properties used by mission parishes in the Diocese. The Diocesan Student Memorial Fund is considered to be an independent entity and is not included in these financial statements.

The Operating Fund's main source of support is assessments levied on its congregations. The assessments are a function of the congregation's revenue. Some congregations are not paying their assessments currently for various reasons. The rate of assessment shortfall currently incorporated into the budget is 15 percent. The Operating Fund also runs a large refugee resettlement, assistance, and work-training program, which is primarily funded by state and federal grants.

Basis of Accounting

These financial statements are prepared on the accrual basis of accounting and have been prepared in accordance with principles authorized by the General Convention of the Episcopal Church in the January 1, 2000, revision of the *Manual of Business Methods in Church Affairs*. At the Operating Fund, there are no differences between the Episcopal Church Basis and accounting principles generally accepted in the United States. A statement comparing budget to actual is required for budgeted funds and is included as a supplemental statement to these financial statements.

Financial Statement Presentation

The Operating Fund reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. The Operating Fund has no permanently restricted net assets, so this class of net assets is not shown on the financial statements.

Designated Net Assets

Included in unrestricted net assets are \$990,908 and \$833,581 at December 31, 2011 and 2010, respectively, of funds designated by the Diocesan Council for various ministries.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of unexpended contributions restricted for particular purposes or time periods. Temporarily restricted net assets are transferred to unrestricted net assets as expenditures are incurred for the restricted purpose, or as time restrictions expire. Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2011</u>	<u>2010</u>
Refugee loans	\$ 393,287	\$ 341,547
Ethnic ministries	51,392	52,927
Episcopal Charities Appeal	24,828	30,426
Scholarships	24,955	25,003
Native American (ERD) program	16,188	16,188
Theological education	7,270	12,387
Huston Center/The Operating Fund care, maintenance, and development	24,826	3,452
Other programs	89,894	78,252
	<u>\$ 632,640</u>	<u>\$ 560,182</u>

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Operating Fund considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Operating Fund regularly has cash in excess of federally insured limits with its bank.

Certificates of Deposit

The Operating Fund held five certificates of deposit with an original maturity exceeding three months at December 31, 2011, and held two certificates of deposit with an original maturity exceeding three months at December 31, 2010. The certificates of deposit are recorded at cost plus accrued interest.

Accounts and Loans Receivable/Grant Revenue

Accounts and loans receivable are stated at the amount management expects to collect from outstanding balances. Loans are made exclusively to qualified refugees as defined by the federal programs discussed below. Loans are offered to qualifying individuals for entrepreneur endeavors or to assist families in transitioning to living in a new region.

The Operating Fund has active refugee and employment programs supported predominantly by grant contracts with the state and the federal government. Most of the programs are on an achievement or reimbursable expense basis. Grant revenue is recognized when the qualified reimbursable expenditure is incurred. Accounts receivable consists primarily of amounts billed but not yet collected on these grant contracts.

Approximately 84% of accounts receivable were due from three organizations at December 31, 2011. Approximately 89% of accounts receivable were due from two organizations at December 31, 2010.

Approximately 96% and 79% of grant revenue under grant contracts were earned from three organizations at December 31, 2011 and 2010, respectively.

Allowance for Bad Debts

The following tables show an aging analysis of the loans receivable by the time past due at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
30-59 Days Past Due	\$ 1,102	\$ 1,674
60-89 Days Past Due	969	1,492
90-119 Days Past Due	1,009	1,480
> 120 Days Past Due	54,055	64,819
Current	<u>210,077</u>	<u>94,401</u>
Total Loans Receivable	<u>\$ 267,212</u>	<u>\$ 163,866</u>

The Operating Fund does not have a formal risk rating system. The Operating Fund uses the allowance method for recognizing bad debts. When determining an appropriate allowance, management considers such things as the age of the receivable and the credit history of the creditor. When an account is deemed uncollectible, it is generally written off against the allowance. No allowance for uncollectible accounts or loans receivable was required at December 31, 2011 or 2010.

Contributions Receivable

Contributions receivable at year end will be collected by the Operating Fund and passed through to other organizations. The Operating Fund is acting as an agent of these funds and a related amount is recorded as a liability and is included in grants payable. All amounts are expected to be collected within five years. Any discount of the receivable would not be material.

Assessments

Assessments receivable are not recorded. Assessment revenue is recognized on the cash basis, because the Diocesan Council regularly grants assessment relief for unpaid amounts from prior years. No parish had assessments of 10% of total assessments in 2011 or 2010.

Fee and Tuition Revenue

The Operating Fund operates numerous camps, conferences, and events throughout the year which are primarily held at the Huston Center and St. Andrew's House. Fees and tuition from these events are generally paid in advance, and revenue is recognized at the time of the event. Payments received for events that have not taken place are recorded as Camp Huston/St. Andrew's House deposits liability on the Statements of Financial Position.

Tax Status

The IRS has determined that the Operating Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a religious entity, it is not required to file a federal tax return.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The Operating Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was the same as the date of the independent auditors' report.

Note 2. Related Organization Transactions

The Diocese and the Operating Fund have agreed to be bound by and comply with the Constitution, Canons, Doctrines, Disciplines, and Worship of the Episcopal Church. The Operating Fund paid \$619,110 and \$729,679 in support of the Episcopal Church for the years ended December 31, 2011 and 2010, respectively.

The Diocese owns the building in which the Operating Fund has its offices. The value of the space used is considered an in-kind contribution from the Diocese and has been included in both revenue and expenses in the Statements of Activities at its current market rental value of \$213,421 for the years ended December 31, 2011 and 2010.

The Board of the Diocese makes annual discretionary transfers of earnings to the Operating Fund from the Trust Accounts. Income from this source for the years ended December 31, 2011 and 2010, was \$135,154 and \$570,000, respectively, and is called Contribution from Trust Accounts in the Statements of Activities.

In 2010, the Operating Fund constructed a director's residence at the Huston Center. This building had a cost of \$205,403, has been contributed to and capitalized at the Real Estate Fund, and is included in Program Services Expense in the Statements of Activities. This construction continued in 2011 at a cost of \$191,916 that had been contributed to and capitalized at the Real Estate Fund, and is included in Program Service Expense in the Statements of Activities.

Note 3. Prepaid Rent

In 2003, the Diocese entered into an agreement to lease a house for \$1 per year for a term of 75 years. The Diocese gave up property as payment for the use of the house in the Operating Fund refugee program. The value of the property given up in 2003 was \$221,500, and this prepayment for the use of the house is being expensed on a straight-line basis over the life of the lease. As of December 31, 2011 and 2010, the prepaid rent balance was \$191,967 and \$194,922, respectively. Rent expense recognized for each of the years then ended was \$2,955.

Note 4. Pensions/Postretirement Benefits

Pension Plans

All full and part-time clergy employed by the Diocese are covered under a plan administered by the Church Pension Group, a national group pension plan of the Episcopal Church ("the Church Pension Fund"). These individuals have 18 percent of their compensation, including housing allowance if applicable, paid to the plan.

Lay employees are covered under a Section 403(b), Annuity Retirement Plan, of the IRC ("the Lay Employee Plan"). Employees are eligible to participate after two consecutive 1,000 hour service years. Employees are 100% vested after five years. The Operating Fund contribution is set at five percent of current year's salary plus up to an additional four percent discretionary match of voluntary employee contributions. Employer contributions for 2011 and 2010 were made as follows:

	<u>2011</u>	<u>2010</u>
Clergy	\$ 94,291	\$ 75,684
Lay employees	<u>68,589</u>	<u>72,664</u>
	<u>\$ 162,880</u>	<u>\$ 148,348</u>

The Lay Employee Plan guarantees no specific benefit, so no unfunded liability exists. All Episcopal clergy must participate in the Church Pension Fund and the liability is assumed by the Church Pension Fund. The Church Pension Fund does not specifically guarantee benefits. Because it is a church, the Operating Fund is not subject to ERISA requirements.

Postretirement Health Benefits

A policy established by the Operating Fund in a prior year was to pay for medigap health insurance coverage for retired clergy and lay employees and their spouses who are over the age of 65, who meet eligibility requirements of five years full time employment immediately prior to a retirement age of 59 1/2 or over. All lay employees hired prior to January 1, 2001, are now covered under a fixed dollar per year limitation. Employees hired after January 1, 2001, have no promise of coverage.

In 2003, the Church Pension Fund began providing medigap health insurance for retired clergy and their spouses (at attainment of age 65). This has reduced the Operating Fund's future obligations.

Health insurance expense and related contribution information is summarized as follows:

	<u>2011</u>	<u>2010</u>
Benefit cost	\$ 44,982	\$ 48,597
Change in expense resulting from a change in the minimum liability	<u>(15,000)</u>	<u>(80,000)</u>
Total (benefit) expense	<u>\$ 29,982</u>	<u>\$ (31,403)</u>
Diocese contribution to the plan and benefits paid	<u>\$ 44,982</u>	<u>\$ 48,597</u>

The Diocese expects to contribute between \$40,000 and \$50,000 per year to the plan in future years to pay benefits. This is the same as the expected future benefit payments.

The Operating Fund has an actuarial valuation prepared for future health insurance coverage which results in a liability for the benefit obligations of \$560,000 and \$575,000 at December 31, 2011 and 2010, respectively, using a discount rate of 5% (as there are no plan assets).

Note 5. Contingent Liabilities

No liabilities that relate to the mission congregations of the Diocese are reflected. The Operating Fund could be held to be a responsible party until a mission becomes a parish.

The Operating Fund is an agent for institutions of the Diocese and collects and remits premiums to various healthcare insurance companies in Washington.

In the normal course of business, the Operating Fund has various claims in process, matters in litigation, and other contingencies. In management's opinion, the outcome from these matters will not materially impact the Operating Fund's financial position or results of activities.

S U P P L E M E N T A L S T A T E M E N T

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENT OF BUDGETED REVENUE AND EXPENDITURES COMPARED TO ACTUAL

For the Year Ended December 31, 2011

UNAUDITED

	2011 Budget	2011 Actual	Total Budget Variance
Revenue			
Assessments	\$ 3,684,000	\$ 3,799,894	\$ 115,894
Contributions		120	120
Investments (Unrestricted)	113,359	325,224	211,865
Investments (Restricted)	340,721	78,958	(261,763)
Fees and tuition	155,220	128,638	(26,582)
Bank and loan interest	10,000	10,146	146
Miscellaneous	71,000	71,163	163
	<u>4,374,300</u>	<u>4,414,143</u>	<u>39,843</u>
Expenses			
Office of the Bishop	591,995	546,308	45,687
Communications	200,993	177,523	23,470
Governing Bodies	236,990	183,088	53,902
Diocesan House	233,867	214,615	19,252
Archives	52,181	52,146	35
St. Mark's Cathedral	77,500	77,500	
St. Andrew's House	5,000	5,000	
Huston Center		3,708	(3,708)
St. Bernard's Chapel	1,027		1,027
Evangelism	121,000	114,576	6,424
Evangelism Training	37,500	21,668	15,832
Ethnic Ministries	141,000	137,054	3,946
Congregation/Ministry Development	190,735	187,278	3,457
Faith Development Program	150,309	149,559	750
Resource Center	116,760	97,922	18,838
Medicare Supplement	125,632	120,906	4,726
Stewardship & Development	184,936	147,780	37,156
Treasurer's Office	299,514	295,723	3,791
National Church Apportionment	599,110	599,110	
General Convention Deputies	12,000	12,000	
Province VIII	10,000	10,000	
Lambeth Conference	2,500	2,500	
Ecumenical & Interfaith	10,250	10,250	
Multi-Cultural Concerns	95,441	93,631	1,810
Missioners	47,388	47,324	64
Commission on Developing Congregations	875,672	866,705	8,967
	<u>4,419,300</u>	<u>4,173,874</u>	<u>245,426</u>
Total expense	<u>4,419,300</u>	<u>4,173,874</u>	<u>245,426</u>
Change in net assets	<u>\$ (45,000)</u>	<u>\$ 240,269</u>	<u>\$ 285,269</u>

See Note to Supplemental Statement

NOTE TO SUPPLEMENTAL STATEMENT

Note 1. Fund Groups Presented as Part of the Supplemental Statement

The Diocese has divided the Operating Fund into five fund groups: Unrestricted, Restricted, Designated, Audit Reconciliation, and Grant. These fund groups are still used to produce management reports, but are not shown as separate funds in these financial statements.

The Diocesan budget as shown on the 2011 supplemental statement of budgeted revenue and expenditures compared to actual includes only the Unrestricted Operating, Restricted Operating and Huston Center/The Operating Fund funds (a self-supporting program comprised of both restricted and unrestricted funds), as these are the total of the funds available for the Convention to allocate in its annual budget. However, the Operating Fund includes other funds for which Diocesan Council is responsible as noted above. All of these funds are included in the Statements of Activities in the basic financial statements.



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Diocesan Council
Diocese of Olympia – Operating Fund
Seattle, Washington

We have audited the financial statements of the Diocese of Olympia – Operating Fund ("the Operating Fund") as of and for the year ended December 31, 2011, and have issued our report thereon dated August 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Operating Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Operating Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Operating Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Operating Fund's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items 2011-01, 2011-02, and 2011-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Operating Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Operating Fund in a separate letter dated August 31, 2012.

The Operating Fund's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Operating Fund's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and other pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Sullivan LLP

October 2, 2012



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Diocesan Council
Diocese of Olympia – Operating Fund
Seattle, Washington

Compliance

We have audited Diocese of Olympia – Operating Fund's ("the Operating Fund") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Operating Fund's major federal programs for the year ended December 31, 2011. The Operating Fund's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Operating Fund's management. Our responsibility is to express an opinion on the Operating Fund's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Operating Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Operating Fund's compliance with those requirements.

In our opinion, the Operating Fund complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

Management of the Operating Fund is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Operating Fund's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Operating Fund's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Operating Fund as of and for the year ended December 31, 2011, and have issued our report thereon dated August 31, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and other pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Sullivan LLP

October 2, 2012

DIOCESE OF OLYMPIA – OPERATING FUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

Award Description	Federal CFDA Number	Contract Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Refugee and Entrant Assistance Discretionary Grants - Microenterprise Development Project - Loan Fund	93.576 *	90RG0081/01	\$ 70,508
Refugee and Entrant Assistance Discretionary Grants - Microenterprise Development Project - Loan Fund	93.576 *	90RG0081/02	170,433
Refugee and Entrant Assistance Discretionary Grants - Microenterprise Development Project - Loan Fund	93.576 *	90RG0081/03	92,618
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/01	25,169
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/02	29,902
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/03	90,722
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/04	109,729
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/05	15,122
Refugee and Entrant Assistance Discretionary Grants - Administration for Children & Families Financial Assistance Award	93.576 *	90RG0089/01	<u>4,500</u>
Total Department of Health and Human Services			608,703
U.S. DEPARTMENT OF STATE - BUREAU OF POPULATION, REFUGEES, AND MIGRATION			
Pass-through from:			
Church World Services			
U.S. Refugee Admissions Program - Reception and Placement (R & P) Program	19.510	SPRMCO10CA012	162,470
U.S. Refugee Admissions Program - Reception and Placement (R & P) Program	19.510	SPRMCO10CA007	<u>30,812</u>
Total Department of State - Bureau of Population, Refugees, and Migration			<u>193,282</u>
Total			<u><u>\$ 801,985</u></u>

* Major program

See Note to Schedule of Expenditures of Federal Awards

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Diocese of Olympia – Operating Fund and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

DIOCESE OF OLYMPIA – OPERATING FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2011

A. Summary of Audit Results

Financial Statements:

Type of auditors' report issued: Unqualified

Internal Control Over Financial Reporting:

Material weaknesses identified: Yes

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted: No

Federal Awards:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported: No

Identification of major programs:

CFDA Number

93.576

Name of Federal Program

Refugee and Entrant Assistance
Discretionary Grants

Dollar threshold used to distinguish between Type A and B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

No

B. Findings – Financial Statement Audit

2011-1: Preparation of the Schedule of Expenditures of Federal Awards

Condition: Federal expenditures are not reconciled and recorded in accordance with Office of Management and Budget (OMB) Circular A-133. There is also no independent review of the schedule of expenditures of federal awards.

Criteria: Internal controls should be in place that provides reasonable assurance that the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Cause: The Diocese was unaware of the requirements to prepare the schedule of expenditures of federal awards under *Government Auditing Standards* and OMB Circular A-133.

Effect: There is a reasonable possibility that the schedule of expenditure of federal awards would not be fairly stated in all material respects in relation to the financial statements as a whole.

Recommendation: Formal policies and procedures should be designed, documented, and implemented regarding reconciliation and review of all significant financial statement accounts related to federal awards to ensure that the schedule of expenditures of federal awards is fairly presented.

Views of Responsible Officials and Planned Corrective Action:

The Diocese agrees with this finding and is in the process of strengthening of the preparation and procedures regarding the Schedule of Expenditures of Federal Awards, including training a staff person from the Refugee Office on use of the Diocese's software. This person has some accounting background and is very familiar with the requirements of and activity in all of the grants. She will continue to work part of her time in the Refugee Program Office and between one and two days per week in the accounting office. Her training is scheduled for October 30th with our software support consultant and will begin working in the accounting office the following week. Upon completion of training, she will perform regular reconciliations of her tracked activity of federal expenditures on grants on the Schedule of Expenditures of Federal Awards to the accounting software.

2011-2: Tracking Temporarily Restricted Net Assets

Condition: Management does not have sufficient policies and procedures in place to identify, track, and record restricted funds and releases of related restrictions.

Criteria: Internal controls should be in place to track and record restrictions on funds received, as well as related releases.

Cause: Management does not have the staffing and infrastructure necessary to track restricted funds.

Effect: There is a reasonable probability that temporarily and/or permanently restricted net assets and related financial activity is not fairly presented on the financial statements and the Diocese is not in compliance with fund restrictions.

Recommendation: Formal policies and procedures should be designed, documented, and implemented regarding tracking receipt and releases of funds that are for restricted purposes.

Views of Responsible Officials and Planned Corrective Action:

The Diocese agrees with this finding and is in the process of strengthening policies and procedures regarding Tracking Temporarily Restricted Net Assets, including cross training how to perform this function so there is more than one staff person familiar with the process. This is part of a reorganization of the accounting office, the implementation of which will begin in November 2012.

2011-3: Review and Reconciliation of the Diocese of Olympia, Inc. Building Loan Fund, Mission Development Fund, and Real Estate Fund

Condition: Management does not have sufficient policies and procedures in place to identify, record, and review the activity of these funds.

Criteria: Internal controls should be in place to review these funds and the related activity to ensure that they are fairly stated.

Cause: Management does not have the staffing and infrastructure in place necessary to effectively record and review these funds.

Effect: Material adjustments were made to fairly present these funds on the financial statements.

Recommendation: Formal policies and procedures should be designed, documented, and implemented regarding review and reconciliation of significant fund activities.

Views of Responsible Officials and Planned Corrective Action:

The Diocese agrees with this finding and is in the process of developing a new process before December 31, 2012.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None

**DIOCESE OF OLYMPIA, INC. –
TRUST ACCOUNTS**

FINANCIAL REPORT

DECEMBER 31, 2011



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

Diocesan Council
Diocese of Olympia, Inc. – Trust Accounts
Seattle, Washington

We have audited the accompanying statements of financial position of the Diocese of Olympia, Inc. – Trust Accounts ("the Trust Accounts") as of December 31, 2011 and 2010, and the related statements of activities and cash flows (all on the Episcopal Church Basis of Accounting) for the years then ended. These financial statements are the responsibility of the Trust Accounts' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements are being presented in accordance with accounting principles authorized by the General Convention of the Episcopal Church, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Olympia, Inc. – Trust Accounts as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with the accounting principles authorized by the General Convention of the Episcopal Church as described in Note 1.

Peterson Sullivan LLP

August 28, 2012

**DIOCESE OF OLYMPIA, INC.
TRUST ACCOUNTS**

STATEMENTS OF FINANCIAL POSITION – EPISCOPAL CHURCH BASIS

December 31, 2011 and 2010

ASSETS	2011	2010
Current Assets		
Cash and cash equivalents	\$ 94,240	\$ 262,578
Certificate of deposit	500,000	500,000
Investments	23,387,937	23,316,755
Current portion of loan receivable	3,945	3,753
Total current assets	23,986,122	24,083,086
Non-Current Assets		
Bishop residence	716,813	716,813
Related party loans receivable	1,062,229	1,062,229
Loan receivable, net of current portion	239,549	244,394
Other assets	84,847	80,836
Total non-current assets	2,103,438	2,104,272
Total assets	\$ 26,089,560	\$ 26,187,358
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payable to Diocesan Investment Fund	\$ -	\$ 69,079
Cash held in trust for congregations		5,112
Investments held in trust for congregations and other institutions	3,494,398	3,498,821
Total current liabilities	3,494,398	3,573,012
Net Assets		
Unrestricted	4,408,797	4,474,455
Temporarily restricted	1,400,642	1,378,721
Permanently restricted	16,785,723	16,761,170
Total net assets	22,595,162	22,614,346
Total liabilities and net assets	\$ 26,089,560	\$ 26,187,358

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.
TRUST ACCOUNTS**

STATEMENTS OF ACTIVITIES – EPISCOPAL CHURCH BASIS

For the Years Ended December 31, 2011 and 2010

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions	\$ 10,629	\$ 1,600	\$ 29,272	\$ 41,501	\$ 12,500	\$ 17,131	\$ 2,527	\$ 32,158
Realized and unrealized gains (losses) on investments	(471)	110	13,256	12,895	219,281	16,639	1,322,875	1,558,795
Other investment income	18,346	65,832	34,250	118,428	11,660	61,301	31,663	104,624
Contributions from Real Estate Fund					235,899			235,899
Net assets released from program restrictions	97,846	(45,621)	(52,225)		360,900	(76,108)	(284,792)	
Total support and revenue	126,350	21,921	24,553	172,824	840,240	18,963	1,072,273	1,931,476
Expenses								
Operating expenses	5,793			5,793	160,034			160,034
Contributions to Operating Fund	135,154			135,154	570,000			570,000
Contributions to Other Funds	51,061			51,061				
Total expenses	192,008			192,008	730,034			730,034
Change in Net Assets	(65,658)	21,921	24,553	(19,184)	110,206	18,963	1,072,273	1,201,442
Net Assets, beginning of year	4,474,455	1,378,721	16,761,170	22,614,346	4,364,249	1,359,758	15,688,897	21,412,904
Net Assets, end of year	<u>\$ 4,408,797</u>	<u>\$ 1,400,642</u>	<u>\$ 16,785,723</u>	<u>\$ 22,595,162</u>	<u>\$ 4,474,455</u>	<u>\$ 1,378,721</u>	<u>\$ 16,761,170</u>	<u>\$ 22,614,346</u>

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.
TRUST ACCOUNTS**

STATEMENTS OF CASH FLOWS – EPISCOPAL CHURCH BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	\$ (19,184)	\$ 1,201,442
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized gains on investments	(12,895)	(1,558,795)
Write off of property		95,000
Contribution of loan receivable		(250,000)
Change in operating assets and liabilities		
Other assets	(4,011)	2,666
Payable to (Receivable from) Diocesan Investment Fund	(69,079)	35,829
	(105,169)	(473,858)
Net cash flows from operating activities	(105,169)	(473,858)
Cash Flows from Investing Activities		
Proceeds from sale of investments	81,139	885,735
Purchase of investments (including reinvested dividends)	(132,220)	(274,644)
Principal payments received on loans receivable	4,652	25,490
	(46,429)	636,581
Net cash flows from investing activities	(46,429)	636,581
Cash Flows from Financing Activities		
Decrease in cash held in trust for congregations	(5,112)	(11,210)
Change in investments held in trust for congregations and other institutions	(11,628)	(12,979)
	(16,740)	(24,189)
Net cash flows from financing activities	(16,740)	(24,189)
Change in cash and cash equivalents	(168,338)	138,534
Cash and Cash Equivalents, beginning of year	262,578	124,044
Cash and Cash Equivalents, end of year	\$ 94,240	\$ 262,578

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

The Diocese of Olympia, Inc. ("the Diocese") is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches in Western Washington.

The Diocese of Olympia, Inc. – Trust Accounts ("the Trust Accounts") hold the endowment funds for the Diocese and other institutions of the Diocese for which the Diocese has been named trustee. The funds are predominantly invested in the James F. Hodges Diocesan Investment Fund ("DIF"). The DIF is a pool of investments owned in part by the Trust Accounts and by other Episcopal entities.

The fund groupings known as the Building Loan Fund ("the BLF"), the Real Estate Fund, the Mission Development Fund ("the MDF"), and the DIF issue their own financial statements. The BLF, the Real Estate Fund, and the MDF do not invest in the Trust Accounts (or vice-versa), but, as noted above, the Trust Accounts invest in the DIF.

If the Trust Accounts make a loan to a mission or parish of the Diocese for the purchase of property, the property is recorded within the Real Estate Fund. No other transactions occur regularly between the BLF, MDF, Real Estate Fund, and the Trust Accounts.

These entities are part of the Diocese, but are not separately incorporated. The Diocese is an incorporated entity.

The Diocese of Olympia – Operating Fund ("the Operating Fund") contains the operating budget, restricted income, and designated and grant funds of the Diocese. The Operating Fund is reported separately. The Operating Fund is an unincorporated association.

Unrestricted earnings on investments held by the Trust Accounts are transferred to the Operating Fund in order to fund general operations of the Diocese. The Trust Accounts are not allocated any of the common expenses incurred and paid from the Operating Fund. Employees of this related entity maintain the books and records of the Trust Accounts at no charge to this fund.

Basis of Accounting

These financial statements are prepared on the accrual basis of accounting and have been prepared in accordance with principles authorized by the General Convention of the Episcopal Church in the January 1, 2000, revision of the *Manual of Business Methods in Church Affairs*. The Episcopal Church has adopted accounting standards which require net assets to be shown as unrestricted, temporarily restricted, or permanently restricted.

The accounting principles of the Episcopal Church prior to January 1, 1995, required furniture, fixtures, and equipment to be expensed when purchased. After that date, property and equipment are capitalized but depreciation is optional. The building owned by the Trust Accounts (the Bishop's residence) is not being depreciated (this is the primary difference between the Episcopal Church basis of accounting and accounting principles generally accepted in the United States).

Financial Statement Presentation

The Trust Accounts report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Contributions, investment income, and gains on investments restricted by donors are reported as increases in unrestricted net assets if restrictions are met in the reporting period in which the income and gains are recognized. The Operating Fund (described earlier in these notes) receives and reports most of the income earned by the Trust Accounts' permanently restricted net assets.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels which prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The Trust Accounts report investments (discussed in Note 4) at fair value.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Trust Accounts consider all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Trust Accounts regularly have cash in excess of federally insured limits with its bank.

Certificate of Deposit

The Trust Accounts hold a certificate of deposit at December 31, 2011, and held the same certificate of deposit at December 31, 2010. The certificate of deposit has an original maturity which exceeds three months. Of the total balance, \$285,686 serves as collateral for a loan from a bank included in the Real Estate Fund's financial statements. The certificate of deposit is stated at cost which approximates fair value.

Investments Held in Trust for Congregations and Other Institutions

Investments held in trust for congregations and other institutions consist of amounts held by the Trust, where the Trust acts as an agent of the funds. Accordingly, earnings and losses related to these investments are not recognized in the statements of activities of the Trust Accounts.

Loans Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. The Trust Accounts use the allowance method for recognizing bad debts. When determining an appropriate allowance, management considers such things as the age of the receivable, the credit history of the creditor, and the assets collateralizing the loan. When an account is deemed uncollectible, it is generally written off against the allowance. The Trust Accounts have historically not experienced significant losses related to uncollectible receivables. No allowance for uncollectible accounts or loans receivable was required at December 31, 2011 or 2010.

The Trust Accounts have not imputed interest on related party loans that do not bear interest as the terms are generally undefined, the imputed interest would not generally be material, and the amounts are due from another fund of the Diocese.

Taxes

The Trust Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not required to file a federal tax return.

Subsequent Events

The Diocese has evaluated subsequent events through the date these financial statements were available to be issued, which was the date of the independent auditors' report.

Note 2. Investments

Investments are reported at their fair value using Level 2 inputs (the value of the DIF is based on the value of the underlying investments in the DIF, which are valued using Level 1 inputs) in the statements of financial position. Unrealized gains and losses are included in the change in net assets. The majority of the Trust Accounts' investments are in the Diocesan-managed DIF. Fund activity for 2011 and 2010 is as follows:

	2011	2010
Fair value, beginning of year	\$ 23,316,755	\$ 22,099,742
Reinvestment of dividends	61,795	56,645
Purchases	70,425	217,999
Redemptions	(81,139)	(885,735)
Increase in fair value	20,101	1,828,104
Less: Fair value, end of year	<u>\$ 23,387,937</u>	<u>\$ 23,316,755</u>

The DIF is a type of mutual fund, open exclusively to the Diocese and its institutions. The DIF has balanced growth and income as its investment objective. At December 31, 2011 and 2010, the DIF was approximately 4% cash equivalents, 27% U.S. Government debt securities, and 69% common stocks (including equity mutual funds) listed on major exchanges. No single investment in the DIF represents more than 10% of total investments. Investments in the DIF are not federally insured.

Note 3. Loans Receivable

The Diocese (through the Trust Accounts) has loaned funds to parishes and missions (related parties) within the Diocese as follows:

Loan to	Comment/Payment/ Maturity	Rate	2011	2010
Cathlamet	No maturity date set	0%	\$ 150,000	\$ 150,000
St. Columba's, Des Moines	Land at St. Columba's, no maturity date set	0%	318,847	318,847
Battle Ground	15-year amortization at BLF mission rate due 2017	3.5%	69,000	69,000
Good Shepherd, Vancouver	On interest waiver; to be repaid after BLF loan repaid	0%	49,382	49,382
St. Hilda/ St. Patrick	On interest waiver, then 15-year amortization at BLF mission rate	0%	475,000	475,000
			<u>\$ 1,062,229</u>	<u>\$ 1,062,229</u>

In addition, the Trust Accounts has a loan receivable from an unrelated party. This loan bears interest at a fixed rate of 5.0%, is secured by real property, and requires monthly repayments of principal and interest over a 30-year amortization of \$1,342, with a balloon payment of approximately \$170,000 due at maturity in July 2025. Principal payments due in the next year of \$3,945 are presented as current on the 2011 statement of financial position; the remaining amount of \$239,549 is presented as non-current.

Note 4. Investments Held in Trust for Congregations and Other Institutions

Investments held in trust for congregations and other institutions at December 31 consist of:

	<u>2011</u>	<u>2010</u>
Cash held in trust for congregations		
Bond Trustee accounts	\$ -	\$ 5,112
Securities and investments held in trust for congregations and other institutions		
Annie Wright School	352,860	352,531
Bainbridge, St. Barnabas' - Hodges Endowment	841,264	840,479
Hoodsport, St. Germaine	79,995	79,920
Kent, St. James' - Arney Memorial	54,479	54,428
Kent, St. James' - Endowment	43,134	43,094
Lord Scholarship Fund	25,536	24,893
Seattle, St. Mark's - Hodges Endowment	1,229,337	1,228,190
Seaview, St. Peter's - Johnson Bequest	379,413	370,707
St. Paul's, Palm Desert, CA - Hodges Endowment	161,506	161,355
Bellingham, Mabel Wilson Trust	316,160	331,850
Tod Prichard, Allyn	10,714	11,374
	<u>3,494,398</u>	<u>3,498,821</u>
Total securities for congregations and institutions		
	<u>\$ 3,494,398</u>	<u>\$ 3,503,933</u>
Total liabilities to congregations and other institutions		

Note 5. Endowments

The Trust Account's endowment consists of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments ("quasi-endowments"). As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Trustees of the Trust Accounts have interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Trust Accounts classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, plus (b) the original value of subsequent gifts to the permanent endowment and 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, and (c) unrealized gains and losses within the permanent endowment. 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 in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Trustees consider the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of the Trust Accounts and the donor-restricted endowment 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 Trust Accounts
- The investment policies of the Trust Accounts

Endowment net assets consisted of the following at:

	December 31, 2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,400,642	\$ 16,785,723	\$ 18,186,365
Board-designated quasi-endowment funds	1,707,174			1,707,174
Total funds	<u>\$ 1,707,174</u>	<u>\$ 1,400,642</u>	<u>\$ 16,785,723</u>	<u>\$ 19,893,539</u>

	December 31, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,378,721	\$ 16,761,170	\$ 18,139,891
Board-designated quasi-endowment funds	1,678,043			1,678,043
Total funds	<u>\$ 1,678,043</u>	<u>\$ 1,378,721</u>	<u>\$ 16,761,170</u>	<u>\$ 19,817,934</u>

Endowment net assets consisted of the following at:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2009	\$ 1,808,596	\$ 1,359,758	\$ 15,688,897	\$ 18,857,251
Investment return	219,281	77,940	1,354,538	1,651,759
Contributions		17,131	2,527	19,658
Appropriation of endowment assets for expenditure and transfers out of endowment	<u>(349,834)</u>	<u>(76,108)</u>	<u>(284,792)</u>	<u>(710,734)</u>
Endowment net assets, December 31, 2010	1,678,043	1,378,721	16,761,170	19,817,934
Investment return	(471)	65,942	47,506	112,977
Contributions		1,600	29,272	30,872
Appropriation of endowment assets for expenditure and transfers out of endowment	<u>29,602</u>	<u>(45,621)</u>	<u>(52,225)</u>	<u>(68,244)</u>
Endowment net assets, December 31, 2011	<u>\$ 1,707,174</u>	<u>\$ 1,400,642</u>	<u>\$ 16,785,723</u>	<u>\$ 19,893,539</u>

Return Objectives and Risk Parameters

The Trust Accounts have 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 organization must hold in perpetuity or for a donor-specified period as well as quasi-endowment funds. Under this policy, as approved by the Trustees, 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 while assuming a moderate level of investment risk. The Trust Accounts expect its endowment funds, over time, to provide an average rate of return of approximately 9% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Trust Accounts rely 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 Trust Accounts target 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 Trust Accounts have a policy of appropriating up to 95% of the market value of the investment in excess of the original endowment adjusted for the U.S. City Average Urban Consumers Price Index ("CPI"). In the event that the Board does not elect to appropriate the entire allowable amount, the investment gains or losses, by default, are included as a positive or negative change to permanently restricted net assets. Any losses incurred which reduce the investment value below the original endowment adjusted for CPI are included in unrestricted losses on investments. As discussed below, there were no endowments where the fair value of the investment had fallen below the original basis, adjusted for CPI as of December 31, 2011 or 2010. In establishing this policy, the Trust Accounts considered the long-term expected return on its endowment. Accordingly, over the long-term, the Trust Accounts expected the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Trust Accounts' 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.

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 UPMIFA requires the Trust Accounts to retain as a fund of perpetual duration. The donor requirement is based on the original endowment determined at December 31, 1985, or fund set-up date, if later. This date may be pushed back by the beneficiary, but the burden of proof to establish any pre-1985 excess appreciation will fall on the beneficiary. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are to be reported in unrestricted net assets. There were no such deficiencies as of December 31, 2011 or 2010.

Note 6. Schedule of Net Assets

	December 31, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Other assets held in trust for Diocese				
Campaign - various restrictions	\$ -	\$ 1,111,915	\$ -	\$ 1,111,915
Diocesan School of Theology		15,833		15,833
Hodges Income Account		53,948		53,948
Huston Discretionary Account, Horn Trust		8,507		8,507
Planned Giving Gifts		7,070		7,070
Ruth and Jacques Hayes Memorial Trust		4,902		4,902
Snoqualmie, St. Bernard's Chapel		2,134		2,134
<hr/>				
Total other assets held in trust for Diocese		1,204,309		1,204,309
Primarily securities and investments held in trust for Diocese				
Bishop Curtis Camp Scholarship			124,537	124,537
Bishop Suffragan Endowment			41,928	41,928
Carl Knirk Memorial Scholarship		31,915	2,500	34,415
Centennial Project	317			317
Christenson Bequest			307,042	307,042
Clapp Trust			1,147,029	1,147,029
Clergy Emergency Fund			459,367	459,367
College Work Endowment			357,293	357,293
Dean Search Reserve	15,216			15,216
Diocesan Working Capital Trust Fund			542,326	542,326
Emergency/Temporary Help	5,686			5,686
Episcopal Charities Appeal		38,269		38,269
Episcopal House Fund	896,189			896,189
Episcopal Search Reserve	235,172			235,172
Episcopate Endowment Fund #1			5,048,933	5,048,933
Episcopate Endowment Fund #2	2,124,513			2,124,513
Grace L. Philips Memorial Fund	560,597			560,597
Hansen Fund			4,091	4,091
Hayes Trust (Held by Wells Fargo Bank)			29,122	29,122
Hodges Endowment for Diocese			2,343,056	2,343,056
Horn Memorial for Camp Huston			1,198,963	1,198,963
Human Need Endowment			268,538	268,538
James McConnell Scholarship Fund			19,199	19,199
Jean Young Memorial		16,255		16,255
KY Print Shop			1,769	1,769
Mission Ministry Endowment			1,029,768	1,029,768
Refugee Program Reserves		37,079		37,079
S. Eston Collins Memorial Scholarship			13,586	13,586
Sophie Henry Trust			2,858,365	2,858,365
St. Andrew's House Endowment		72,815		72,815
Thanksgiving and Memorial Fund	571,107			571,107
Theological Education Fund			988,311	988,311
<hr/>				
Total securities and investments held for Diocese	4,408,797	196,333	16,785,723	21,390,853
<hr/>				
Total net assets	\$ 4,408,797	\$ 1,400,642	\$ 16,785,723	\$ 22,595,162

December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Other assets held in trust for Diocese				
Campaign - unrestricted	\$ 106,661	\$ -	\$ -	\$ 106,661
Campaign - various restrictions		1,128,902		1,128,902
Diocesan School of Theology		15,833		15,833
Hodges Income Account		13,557		13,557
Huston Discretionary Account, Horn Trust		12,660		12,660
Planned Giving Gifts		7,070		7,070
Ruth and Jacques Hayes Memorial Trust		4,247		4,247
Snoqualmie, St. Bernard's Chapel		2,134		2,134
Total other assets held in trust for Diocese	106,661	1,184,403		1,291,064
Primarily securities and investments held in trust for Diocese				
Bishop Curtis Camp Scholarship			123,850	123,850
Bishop Suffragan Endowment			40,869	40,869
Carl Knirk Memorial Scholarship		35,630	2,500	38,130
Centennial Project	309			309
Christenson Bequest			306,755	306,755
Clapp Trust			1,145,958	1,145,958
Clergy Emergency Fund			478,004	478,004
College Work Endowment			356,960	356,960
Dean Search Reserve	12,495			12,495
Diocesan Working Capital Trust Fund			541,819	541,819
Emergency/Temporary Help	5,686			5,686
Episcopal Charities Appeal		37,302		37,302
Episcopal House Fund	896,024			896,024
Episcopal Search Reserve	219,883			219,883
Episcopate Endowment Fund #1			5,044,221	5,044,221
Episcopate Endowment Fund #2	2,122,997			2,122,997
Grace L. Philips Memorial Fund	560,074			560,074
Hansen Fund			3,987	3,987
Hayes Trust (Held by Wells Fargo Bank)			31,150	31,150
Hodges Endowment for Diocese			2,340,869	2,340,869
Horn Memorial for Camp Huston			1,197,844	1,197,844
Human Need Endowment			244,826	244,826
James McConnell Scholarship Fund			19,181	19,181
Jean Young Memorial		15,845		15,845
Mission Ministry Endowment			1,026,048	1,026,048
Refugee Program Reserves		36,142		36,142
S. Eston Collins Memorial Scholarship			13,243	13,243
Sophie Henry Trust			2,855,697	2,855,697
St. Andrew's House Endowment		69,399		69,399
Thanksgiving and Memorial Fund	550,326			550,326
Theological Education Fund			987,389	987,389
Total securities and investments held for Diocese	4,367,794	194,318	16,761,170	21,323,282
Total net assets	\$ 4,474,455	\$ 1,378,721	\$ 16,761,170	\$ 22,614,346

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND
MISSION DEVELOPMENT FUND AND
REAL ESTATE FUND**

FINANCIAL REPORT

DECEMBER 31, 2011



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

Diocesan Council
Diocese of Olympia, Inc.
Building Loan Fund,
Mission Development Fund, and
Real Estate Fund
Seattle, Washington

We have audited the accompanying statements of financial position of the Diocese of Olympia, Inc. – Building Loan Fund, Mission Development Fund, and Real Estate Fund ("the Funds") as of December 31, 2011 and 2010, and the related statements of activities and cash flows (all on the Episcopal Church Basis of Accounting) for the years then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements are being presented in accordance with accounting principles authorized by the General Convention of the Episcopal Church which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Olympia, Inc. – Building Loan Fund, Mission Development Fund, and Real Estate Fund as of December 31, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended, in conformity with the accounting principles authorized by the General Convention of the Episcopal Church as described in Note 1.

Peterson Sullivan LLP

August 28, 2012

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,
AND REAL ESTATE FUND**

STATEMENTS OF FINANCIAL POSITION – EPISCOPAL CHURCH BASIS

December 31, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 1,218,469	\$ 879,304
Receivables		
Parish loans receivable, net	615,118	693,778
Interest receivable, net	<u>8,023</u>	<u>4,402</u>
Total receivables	623,141	698,180
Property		
Real estate	<u>32,825,204</u>	<u>21,474,599</u>
Total assets	<u>\$ 34,666,814</u>	<u>\$ 23,052,083</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Related party loans	\$ 1,012,847	\$ 1,012,847
Loans - unrelated parties	<u>517,633</u>	<u>557,516</u>
Total liabilities	1,530,480	1,570,363
Unrestricted Net Assets	<u>33,136,334</u>	<u>21,481,720</u>
Total liabilities and net assets	<u>\$ 34,666,814</u>	<u>\$ 23,052,083</u>

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,
AND REAL ESTATE FUND**

STATEMENTS OF ACTIVITIES – EPISCOPAL CHURCH BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Support and Revenue		
Interest (building loans)	\$ 55,552	\$ 55,336
Interest (Bolling loans)	8,132	8,169
Contributions	155,213	411,272
Contributed loan payments and other	39,948	50,617
Total support and revenue	258,845	525,394
Expenses		
Corporate/canonically required	4,804	5,320
Bad debt expense	5,443	156,556
Total expenses	10,247	161,876
Change in unrestricted net assets before contributions and transfers of property	248,598	363,518
Contributions and Transfers of Property		
Contributions of real estate	191,916	205,403
Transfer of property from former parish ownership	11,214,100	
Contributions of property to parish		(2,361,774)
Property sale contributed to Trust Accounts		(245,000)
Total contributions and transfers of property	11,406,016	(2,401,371)
Change in unrestricted net assets	11,654,614	(2,037,853)
Unrestricted net assets, beginning of year	21,481,720	23,519,573
Unrestricted net assets, end of year	\$ 33,136,334	\$ 21,481,720

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,
AND REAL ESTATE FUND**

STATEMENTS OF CASH FLOWS – EPISCOPAL CHURCH BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	\$ 11,654,614	\$ (2,037,853)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	5,443	156,556
Contributed loan payments and real estate	(231,799)	(255,893)
Contributions of property to parish		2,361,774
Transfer of property from parish control	(11,214,100)	
Property sale contributed to Trust Accounts		245,000
Decrease (increase) in interest receivable	(3,621)	1,440
	210,537	471,024
Net cash flows from operating activities	210,537	471,024
Cash Flows From Investing Activities		
Parish loan repayments (advances), net	73,217	(95,248)
Reimbursement of capital expenditures	105,882	
Purchases of real estate	(50,471)	(191,935)
	128,628	(287,183)
Net cash flows from investing activities	128,628	(287,183)
Net change in cash and cash equivalents	339,165	183,841
Cash and cash equivalents, beginning of year	879,304	695,463
Cash and cash equivalents, end of year	\$ 1,218,469	\$ 879,304

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

The Diocese of Olympia, Inc. ("the Diocese") is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches in Western Washington.

The Diocese of Olympia, Inc. – Building Loan Fund, Mission Development Fund, and Real Estate Fund ("the Funds") contain the mission sites, building loans, and real estate of the Diocese.

The Building Loan Fund ("the BLF") was established in 1949 to make loans to churches to assist in financing new building projects and to make loans for small building repair and improvement projects. Repayment terms vary and remaining maturities range from 1 to 18 years. Effective January 1, 1993, the Board of Directors adopted a policy of annual changes in the interest rate charged to Diocesan institutions. The rate is set annually at the One-Year Treasury Constant Maturities Index rounded up to the nearest eighth of a point plus 3% for parishes and 1.5% for missions, and the rate cannot be less than 3.5% for parishes or missions. In addition, a 2% cap on interest increases per year was adopted. Loans where interest is currently being waived are shown at undiscounted value.

Because of the anticipated need for funds in the future, the BLF adopted, on January 21, 1993, an interest rate incentive program to encourage faster principal repayment. In exchange for each year of loan term reduction, the BLF will reduce the interest rate on the loan by 4/10 of 1%. In addition, there are other limitations imposed on this voluntary program.

The Mission Development Fund ("the MDF") was set up to purchase properties in areas where growth would necessitate the establishment of a new congregation. Advances made by the MDF are generally exempt from interest and current principal repayment for a period of time even after congregations have been organized.

The Real Estate Fund accounts for the value of the land and buildings owned by the Diocese. The value of a mission congregation's property is shown as a Diocesan asset until the mission becomes a parish. Generally, in Washington State, real property used for the church's exempt purposes is exempt from real estate taxes.

Other Funds

The Diocese also has other groupings known as the Trust Accounts and the James F. Hodges Diocesan Investment Fund, which are reported separately in other financial statements.

These entities are part of the Diocese, but are not separately incorporated. The Diocese is an incorporated entity.

Also, the Diocese of Olympia – Operating Fund ("the Operating Fund") is reported separately. The Operating Fund contains the operating budget, restricted income, and designated and grant funds of the Diocese. The Operating Fund is an unincorporated association.

Basis of Accounting

These financial statements are prepared on the accrual basis of accounting and have been prepared in accordance with principles authorized by the General Convention of the Episcopal Church in the January 1, 2000, revision of the *Manual of Business Methods in Church Affairs*. The Episcopal Church has adopted accounting standards which require net assets to be shown as unrestricted, temporarily restricted, or permanently restricted. Inter-fund activity has been eliminated.

The January 1, 1995, revised accounting principles of the Episcopal Church required capitalizing furniture, fixtures, and equipment. They also state that the recognition of depreciation is optional. Previously, all fixtures and equipment were expensed. The Diocese does not capitalize any furniture or fixtures purchased by mission congregations. The Diocese has elected not to depreciate its assets.

Real estate is to be carried at historical cost or fair market value at date of donation. Because the January 1, 1995, revised accounting manual dropped the use of fair value accounting, the Diocese has reconstructed the cost basis of its properties. Estimates were used in many cases, as precise records were not available.

When a mission becomes a parish, the value of its real estate and any related loans are removed from the Real Estate Fund. In 2010, the Grace Church mission ("Grace Church") became a parish and, accordingly, all real estate related to Grace Church, with a carrying value of \$2,361,774, was removed from the Real Estate Fund. Grace Church did not have any loans held at the Real Estate Fund.

For missions of the Diocese, Diocesan policy is that all construction payments are made by the BLF and then reimbursed by the congregation. These expenditures are not reflected in the financial statements except to the extent that amounts advanced have not been reimbursed, or cash held has not been expended.

Occasionally, the Diocese and a parish may decide it is for the mutual benefit of all parties for the parish to revert to mission status. When this happens, the fair value of its real estate is recognized as a contribution to the Real Estate Fund. In 2011, St. Matthew parish, St. Luke parish, and St. George parish all reverted back to mission status and, accordingly, all real estate related to these former parishes, with a fair value of \$11,214,100, were contributed to the Real Estate Fund.

As discussed above, estimates have to be used in many cases when assets are added as precise records are not always available. For the property contributed in 2011 due to the St. Matthew parish, St. Luke parish and St. George parish reverting back to mission status, some of the property added was valued using outside estimates, as precise records regarding the cost of the property were not available. The St. Matthew and St. Luke land added (\$4,644,100) was valued using information provided by the King County Department of Assessments. The St. Matthew, St. Luke, and St. George buildings added (\$6,570,000) were valued using information provided by the Diocese's insurance provider. The values provided by the insurance providers represent their estimate of the cost to replace the buildings. These were the best estimates available to value the property contributed. The inputs used to determine the fair value of contributed property are considered Level 3 inputs, as defined by the fair value hierarchy (see below).

Property reflected in the statements of financial position is categorized as follows:

	2011	2010
Land	\$ 7,358,331	\$ 2,792,613
Buildings/improvements	25,466,873	18,681,986
	\$ 32,825,204	\$ 21,474,599

Beginning in 2010 and ending in 2011, a building was constructed at the Huston Center, paid for out of the Operating Fund, and was contributed to and capitalized at the Real Estate Fund. This contribution is recorded as a contribution of real estate in the statements of activities. Project costs of \$191,916 and \$205,403 were contributed to the Real Estate Fund in 2011 and 2010, respectively.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels which prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The BMR reports contributions of property, resulting from a parish becoming a mission, at fair value at the date of the change.

Financial Statement Presentation

The Funds report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. The Funds have no temporarily or permanently restricted net assets, so these classes of assets are not presented.

Contributions, investment income, and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Diocese considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Diocese occasionally has cash in excess of federally insured limits with its bank.

Loans Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. The Funds use the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is generally written off against the allowance.

The bad debt allowance at December 31, 2010, was \$155,515 for loans receivable and \$60,818 for interest receivable. During 2011, all reserved receivables in the allowance at December 31, 2010, were charged off against the allowance, resulting in no allowance at December 31, 2011.

Interest receivable has been accrued to December 31, 2011 and 2010. At the Board's discretion, in some instances, interest is not charged on construction loans.

Related Party Loans

The Funds have generally not imputed interest on related party loans that do not bear interest as the terms are generally undefined, the imputed interest would not generally be material, and the amounts are due to another fund of the Diocese.

Taxes

The Diocese is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. It is not required to file a federal tax return.

Subsequent Events

The Funds have evaluated subsequent events through the date these financial statements were available to be issued, which was the same date as the independent auditors' report.

Note 2. Loans Receivable

Loans receivable consist of the following:

	<u>2011</u>	<u>2010</u>
Parishes		
Auburn, St. Matthew's	\$ -	\$ 155,515
Issaquah, St. Michael's	151,458	
Kent, St. James	22,920	70,000
Port Townsend, St. Paul	164,880	
Redmond, Holy Cross	42,126	61,869
Seattle, St. John	72,260	96,102
Seattle, St. John	7,948	81,348
Shelton, St. David	29,903	36,895
Vancouver, Good Shepherd	101,368	115,683
Vancouver, Good Shepherd	22,255	30,078
Vancouver, Good Shepherd		200,000
Vancouver, Good Shepherd		1,803
	<u>615,118</u>	<u>693,778</u>
Less allowance for doubtful loans		<u>(155,515)</u>
	<u>\$ 615,118</u>	<u>\$ 538,263</u>

As missions are part of the Diocese (and are part of the Funds), the mission receivables do not appear in these financial statements (as they have been eliminated).

	<u>2011</u>	<u>2010</u>
Missions		
Anacortes, Christ Church	\$ 38,621	\$ 133,094
Cathlamet, St. James'	198,703	170,219
Des Moines, St. Columba's	936,616	938,115
Meadowdale, St. Hilda's - St. Patrick's	436,529	438,929
Redmond, Good Samaritan	436,104	437,104
Redmond, Good Samaritan	732,186	838,068
Snoqualmie, St. Clare's	69,193	34,917
Steilacoom, St. Jos/St. John	54,194	63,144
Vancouver, All Saints'	229,492	245,149
Washougal, St. Anne	60,432	95,320
	<u>\$ 3,192,070</u>	<u>\$ 3,394,059</u>

Note 3. Combination

As previously stated, inter-entity loans are eliminated in combination. Loans eliminated can be summarized as follows:

	<u>2011</u>	<u>2010</u>
BLF to Real Estate Fund	\$ 3,192,070	\$ 3,394,059
MDF to Real Estate Fund	291,963	395,539
	<u>\$ 3,484,033</u>	<u>\$ 3,789,598</u>

Note 4. Related Party Loans

As described in Note 1, the Trust Accounts are other Diocese funds that are not included in these financial statements. The Trust Accounts have made loans to the Funds as follows:

Loan to	Comment/Payment/ Maturity	Rate	2011	2010
Cathlamet	No maturity date set	0%	\$ 150,000	\$ 150,000
St. Columba's, Des Moines	Land at St. Columba's, no maturity date set	0%	318,847	318,847
Battle Ground	15-year amortization at BLF mission rate due 2017	3.5%	69,000	69,000
St. Hilda/ St. Patrick	On interest waiver, then 15-year amortization at BLF mission rate	0%	475,000	475,000
			<u>\$ 1,012,847</u>	<u>\$ 1,012,847</u>

No interest expense is recorded by the Funds as the amounts are paid and expensed by other related entities or funds.

Note 5. Loans Payable

	2011	2010
Loan from a bank that funded the construction of the Cathlamet St. James Family Center. Payments due in monthly installments of \$2,035 including interest at 6.0% secured by real property and a certificate of deposit held at the Trust Accounts. Due in full June 2015.	\$ 285,686	\$ 300,347
Battle Ground Bond Loans bearing interest at 6.5%. Due in annual installments of \$20,000 to \$25,000 plus interest, secured by real property. Due in full in 2014.	70,000	90,000
Loan from a family trust to purchase property. The loan is not secured. Due in monthly installments of \$1,120 including interest at 5.0% with the balance due in July 2015.	161,947	167,169
		<u>\$ 517,633</u>
		<u>\$ 557,516</u>

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES
DIOCESAN INVESTMENT FUND**

FINANCIAL REPORT

DECEMBER 31, 2011



CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

Diocese of Olympia, Inc.
The James F. Hodges Diocesan Investment Fund
Seattle, Washington

We have audited the accompanying statements of assets and liabilities of the Diocese of Olympia, Inc. – The James F. Hodges Diocesan Investment Fund as of December 31, 2011 and 2010, and the related statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Diocesan management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Olympia, Inc. – The James F. Hodges Diocesan Investment Fund as of December 31, 2011 and 2010, and the results of its operations and changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of investments as of December 31, 2011 and 2010, are presented for purposes of additional analysis and are 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 audits 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Peterson Sullivan LLP

March 12, 2012

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

STATEMENTS OF ASSETS AND LIABILITIES

December 31, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Investment income receivable	\$ 109,210	\$ 94,709
Investments (at fair value):		
Equity securities	31,872,019	32,143,330
Bonds, notes, and other	12,491,012	12,425,728
Cash equivalents	<u>1,741,118</u>	<u>1,760,764</u>
Total investments	<u>46,104,149</u>	<u>46,329,822</u>
Total assets	46,213,359	46,424,531
LIABILITIES		
Distributions payable	<u>234,576</u>	<u>201,900</u>
Net assets	<u><u>\$ 45,978,783</u></u>	<u><u>\$ 46,222,631</u></u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Investment income		
Dividends and interest	\$ 1,238,095	\$ 1,190,581
Securities lending and other income	9,725	4,503
	1,247,820	1,195,084
Expenses		
Agency fee	52,734	52,767
Accounting fee	5,543	5,000
Audit	6,750	6,600
Board miscellaneous expense	1,273	1,000
Printing and postage	346	312
	66,646	65,679
Excess investment income over expenses	1,181,174	1,129,405
Realized gain and unrealized investment gain (loss)		
Net investment gain realized	795,392	1,569,301
Net unrealized investment gain (loss)	(793,318)	1,953,373
	2,074	3,522,674
Change in net assets resulting from operations	\$ 1,183,248	\$ 4,652,079

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Change in net assets resulting from operations	\$ 1,183,248	\$ 4,652,079
Distributions paid to shareholders	(1,154,070)	(1,029,674)
Capital share transactions		
Proceeds from shareholder purchases and dividends reinvested	1,211,609	1,404,550
Shareholder redemptions	(1,484,635)	(1,464,032)
Decrease in net assets resulting from capital share transactions	(273,026)	(59,482)
Change in net assets	(243,848)	3,562,923
Net assets, beginning of year	46,222,631	42,659,708
Net assets, end of year	\$ 45,978,783	\$ 46,222,631

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 2011

Equity Securities	Number of Shares	Fair Value
Abbot Laboratories	7,200	\$ 404,856
Air Products and Chemicals, Inc.	5,700	485,583
Apple Inc.	1,100	445,500
Automatic Data Processing	8,600	464,486
Becton Dickinson & Co	4,700	351,184
Berkshire Hathaway Inc. Class B	5,800	442,540
Blackrock Inc.	1,370	244,189
Boeing Company	7,800	572,130
Chevron Corp	10,575	1,125,180
Chubb Corporation	8,400	581,448
Cisco Systems, Inc.	26,800	484,544
Coca Cola Company	3,400	237,898
ConAgra Foods, Inc.	19,100	504,240
Costco Wholesale, Inc.	13,235	1,102,740
Eaton Vance Tax Managed Emerging Markets Fund	14,938	616,340
Eli Lilly & Co	8,900	369,884
Emerson Electric	12,300	573,057
Enterprise Products Partners LP	13,700	635,406
Exxon Mobil Corp	12,022	1,018,985
General Dynamics Corp	3,925	260,659
General Electric	19,800	354,618
Google Inc.	425	274,507
HJ Heinz Co	8,700	470,148
I Shares S&P Mid Cap 400	25,250	2,212,153
I Shares S&P Small Cap 600	35,400	2,417,820
Intel Corp	12,700	307,975
International Business Machines	4,865	894,576
Johnson & Johnson	8,700	570,546
Johnson Controls, Inc.	21,020	657,085
JP Morgan Chase & Co	11,700	389,025
Lazard	6,440	168,148
McGraw-Hill Cos Inc.	6,228	280,073
Medtronic, Inc.	7,800	298,350
Microsoft	22,900	594,484
Nextera Energy Inc.	4,800	292,224
Novartis	8,600	491,662
Paccar, Inc.	22,600	846,822
Pfizer, Inc.	24,778	536,196
Procter & Gamble Co	10,600	707,126
Qualcomm Inc.	6,400	350,080
Southern Co	15,600	722,124
Sysco Corp	14,400	422,352
United Technologies	10,100	738,209
Vanguard Developed Markets Index	314,830	2,672,909
Vanguard Emerging Markets ETF	18,100	691,601
V F Corporation	4,516	573,487
Ventas Inc.	7,315	403,276
Verizon Communications, Inc.	21,500	862,580
Wells Fargo & Co	10,050	276,978
3M Co	5,800	474,034
Total equity securities		<u>\$ 31,872,018</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

(Continued)

December 31, 2011

<u>BONDS, NOTES, AND OTHER</u>	Rate of Interest	Maturity	Shares or Face Value	Fair Value
Federal Home Loan Bank Debenture	4.375	6/14/19	\$ 1,000,000	\$ 1,170,070
Federal Home Loan Bank Debenture	4.625	6/12/15	1,000,000	1,127,920
FNMA Medium Term Notes	1.000	5/28/15	500,000	499,715
FNMA Medium Term Notes	1.375	11/29/16	500,000	498,715
FNMA Medium Term Notes	2.250	6/28/19	500,000	501,315
U.S. Treasury Inflation Protected Securities	3.375	1/15/12	1,275,230	1,275,625
U.S. Treasury Inflation Protected Securities	2.000	1/15/14	1,838,205	1,946,622
Vanguard Intermediate Term Grade Admiral Share	Variable	n/a	124,477	1,243,523
Vanguard Short Term Investment Grade	Variable	n/a	397,322	<u>4,227,507</u>
Total Bonds, Notes, and Other				<u>\$ 12,491,012</u>
 <u>CASH EQUIVALENTS</u>				
First America Prime Obligation Fund	Variable	n/a	\$ 1,741,118	<u>\$ 1,741,118</u>
Total cash equivalents				<u>\$ 1,741,118</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 2010

Equity Securities	Number of Shares	Fair Value
Abbot Laboratories	7,200	\$ 344,952
Air Products and Chemicals, Inc.	5,700	518,415
Apple Inc.	1,600	516,096
Automatic Data Processing	8,600	398,008
Becton Dickinson & Co	4,700	397,244
Berkshire Hathaway Inc. Class B	5,800	464,638
Boeing Company	7,800	509,028
Chevron Corp	11,700	1,067,625
Chubb Corporation	8,400	500,976
Cisco Systems, Inc.	26,800	542,164
ConAgra Foods, Inc.	19,100	431,278
Costco Wholesale, Inc.	13,235	955,699
Eaton Vance Tax Managed Emerging Markets Fund	16,887	863,251
Eli Lilly & Co	8,900	311,856
Emerson Electric	12,300	703,191
Enterprise Products Partners LP	13,700	570,057
Exxon Mobil Corp	12,022	879,049
General Dynamics Corp	5,800	411,568
General Electric	19,800	362,142
Google Inc.	425	252,437
HJ Heinz Co	8,700	430,302
I Shares S&P Mid Cap 400	27,300	2,475,837
I Shares S&P Small Cap 600	35,400	2,423,838
Intel Corp	12,700	267,081
International Business Machines	5,500	807,180
Johnson & Johnson	8,700	538,095
Johnson Controls, Inc.	21,020	802,964
JP Morgan Chase & Co	11,700	496,314
McGraw-Hill Cos Inc.	6,228	226,761
Medtronic, Inc.	7,800	289,302
Microsoft	27,900	778,689
Nationwide Health Properties, Inc.	9,300	338,334
Nextera Energy Inc.	4,800	249,552
Novartis	8,600	506,970
Paccar, Inc.	19,250	1,103,795
Pfizer, Inc.	24,778	433,863
Procter & Gamble Co	10,600	681,898
Qualcomm Inc.	6,400	316,736
Southern Co	15,600	596,388
Staples, Inc.	25,108	571,709
Sysco Corp	14,400	423,360
United Technologies	10,100	795,072
Vanguard Developed Markets Index	287,458	2,891,828
Vanguard Emerging Markets ETF	18,100	871,443
V F Corporation	4,516	389,189
Verizon Communications, Inc.	21,500	769,270
Wells Fargo & Co	5,400	167,346
3M Co	5,800	500,540
Total equity securities		<u>\$ 32,143,330</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

(Continued)

December 31, 2010

<u>BONDS, NOTES, AND OTHER</u>	Rate of Interest	Maturity	Shares or Face Value	Fair Value
Federal Home Loan Bank Debenture	4.375	6/14/19	\$ 1,000,000	\$ 1,065,370
Federal Home Loan Bank Debenture	4.625	6/12/15	1,000,000	1,108,650
U.S. Treasury Inflation Protected Securities	3.375	1/15/12	1,231,680	1,287,586
U.S. Treasury Inflation Protected Securities	2.000	1/15/14	1,775,430	1,906,084
U.S. Treasury Notes	5.000	8/15/11	1,500,000	1,544,070
Vanguard Intermediate Term Grade Admiral Shares	Variable	n/a	124,477	1,234,809
Vanguard Short Term Investment Grade	Variable	n/a	397,322	4,279,159
Total Bonds, Notes, and Other				<u>\$ 12,425,728</u>
 <u>CASH EQUIVALENTS</u>				
First America Prime Obligation Fund	Variable	n/a	\$ 1,760,764	<u>\$ 1,760,764</u>
Total cash equivalents				<u>\$ 1,760,764</u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. General

The James F. Hodges Diocesan Investment Fund ("the Fund") was organized in 1951 as an investment pool for the endowments of The Diocese of Olympia, Inc. ("the Diocese"), its parishes, missions, and related institutions. The Fund's current name was adopted in 1987.

The Fund's investment strategy is to balance the need for current income and growth in asset value to offset inflation by investing in a mixture of equity and debt securities. The securities are currently held by US Bank. The Diocesan Investment Committee makes investment decisions. The funds are not federally insured.

The Diocese has funds other than the Fund which are called the Trust Funds and the Building Loan, Mission Development and Real Estate Fund. These funds are included in separate financial statements.

Note 2. Basis of Accounting

These financial statements present only a selected portion of the activities of the Diocese. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net assets of the Diocese.

The financial statements are prepared on a basis of accounting that is in accordance with accounting principles and reporting practices for Episcopal Church Dioceses. These principles do not specify the method of accounting for this type of fund. Therefore, the Fund follows the accounting policies of an investment pool, in accordance with accounting principles generally accepted in the United States. Securities are valued at fair value based on closing sales prices reported on recognized securities exchanges on the last business day of the year (see Note 4).

Securities transactions are accounted for on a trade-date basis. Realized gains and losses from securities transactions are reported on a specific identification basis. The Fund distributes net cash investment income to shareholders monthly, but net capital gains are reinvested. Shareholders may reinvest dividends, purchase, or redeem shares on a monthly basis only.

No provision is made for income taxes as the Diocese is exempt from taxation.

Requests for purchases and redemptions are administered by the Diocese which collects funds for purchases in the current month and then remits the funds to US Bank in the subsequent month. Shares are purchased at the net asset value at the beginning of the month when US Bank receives the funds. At December 31, 2011 and 2010, the Diocese held \$65,014 and \$80,237 in funds for purchase in January 2012 and 2011, respectively. These amounts are not included in the financial statements until funds are purchased. They are included in the financial statements of the Diocese.

Note 3. Subsequent Events

The Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was the same date as the independent auditors' report.

Note 4. Fair Value Measurement

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

The fair value of all investments was determined using Level 1 observable inputs (quoted prices in active markets for identical assets), within the fair value hierarchy using quoted market rates.

Note 5. Unrealized Appreciation

Unrealized appreciation on investments was as follows at December 31, 2011:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Equity securities	\$ 25,047,764	\$ 31,872,019	\$ 6,824,255
Bonds, notes, and other	11,882,833	12,491,012	608,179
Cash equivalents	1,741,118	1,741,118	
	<u>\$ 38,671,715</u>	<u>\$ 46,104,149</u>	<u>\$ 7,432,434</u>

Unrealized appreciation on investments was as follows at December 31, 2010:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Equity securities	\$ 24,553,264	\$ 32,143,330	\$ 7,590,066
Bonds, notes, and other	11,790,043	12,425,728	635,685
Cash equivalents	<u>1,760,764</u>	<u>1,760,764</u>	
	<u>\$ 38,104,071</u>	<u>\$ 46,329,822</u>	<u>\$ 8,225,751</u>

Note 6. Shareholders

The Fund's investment pool activity is as follows:

	<u>Number of Shares</u>	<u>Per Share Value</u>
Shares outstanding, December 31, 2009	261,689.620	\$ 163.016
Shares purchased and dividends reinvested	8,786.309	
Shares redeemed	<u>(9,283.692)</u>	
Shares outstanding, December 31, 2010	261,192.237	\$ 176.968
Shares purchased and dividends reinvested	6,735.135	
Shares redeemed	<u>(8,324.262)</u>	
Shares outstanding, December 31, 2011	<u>259,603.110</u>	<u>\$ 177.112</u>

Note 7. Related Party Transaction

The Fund is charged approximately \$5,000 per year for the common expenses paid by the Diocese. This charge is included in distributions payable on the statement of assets and liabilities at December 31, 2011. The fee was paid in 2010, so at December 31, 2010, there were no amounts payable to related parties.

Note 8. Investment Policy: Tobacco Stocks

In accordance with investment policy recommended by the Executive Council of the Episcopal Church, the Fund does not invest in securities issued by companies that manufacture and distribute tobacco products.

Courtesy Resolutions

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks to all persons – lay and clergy – who have given freely of their time and talents to provide leadership for this Diocese over the past year, especially those who are completing their terms on Diocesan Council, the Standing Committee, and various boards, commissions, committees and task forces.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia remember in their prayers all those in countries around the world where war, or the threat of war, is a daily reality, and for all in military service who risk life and personal safety on our behalf to bring about peace, especially the military chaplains in their rounds, duties and deployment.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia give thanksgiving for the leadership and ministry of our Presiding Bishop, the Most Reverend Katharine Jefferts Schori and that of her husband, Richard.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Archbishop of Canterbury Rowan Williams with our thanks and our prayers.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its love and best wishes to our Bishops Retired, Bavi Edna “Nedi” Rivera, and her husband, the Rev. Robert “Bob” Moore; Sanford “Sandy” Hampton, and his wife, Mari; Vincent Warner, and his wife Shen; and William Choi, and his wife Catherine; Cabbell “Cabby” Tennis, and his wife, Hyde; Craig Anderson and his wife, Lizbeth, and to Terry Cochrane, widow of the Rt. Rev. Robert Cochrane, 6th Bishop of Olympia.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia gives thanks for the Rt. Rev. James Magness, Bishop Suffragan for Armed Services Federal Ministries, for his life, witness, and message and for sharing the wealth of his wisdom with us at this convention.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Jim Waggoner, Bishop of Spokane and to all the clergy and people of the Diocese of Spokane.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Michael Hanley, Bishop of Oregon and to all the clergy and people of the Diocese of Oregon.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Michael Ingham, Bishop of the Diocese of New Westminster and to all of the clergy and people of the Diocese of New Westminster.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Danilo Bustamante, Bishop of the South Philippines and to all the people of the Diocese of the South Philippines.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Martin Barahona, Bishop of El Salvador and to all the clergy and people of the Diocese of El Salvador.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Suheil Duwani, Bishop of Jerusalem and the Middle East and to all of the clergy and people of the Diocese of Jerusalem and the Middle East.

Be It RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia recognizes and celebrates the 100th Anniversary of Holy Spirit, Vashon, the 50th Anniversary of Holy Cross, Redmond, and the 50th Anniversary of the Good Shepherd, Vancouver.

Be It RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia recognizes and celebrates the 10th Anniversary of the founding of the Little Sisters of Saint Clare.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks and appreciation for the leadership of Ms Barbara Fox as President of the Standing Committee.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks and appreciation for the leadership of Mr Steve Faust for his seven years as Treasurer of the Diocese of Olympia.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia thanks for the able work of our Chancellor Judith Andrews.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks to the Secretary of Convention, the Rev. Marda Steedman-Sanborn and to those who assisted her in preparing for this Convention.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks to those who serve as pages, tellers and work in other capacities behind the scenes, making it possible for this Convention to be together and conduct its business to the Glory of God.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia thanks all the staff of the SeaTac Hilton, for their care for us.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks and appreciation to the diocesan staff who work faithfully on behalf of the people and congregations of our Diocese and the wider Church each and every day in the spirit of Servant Leadership.

BE IT RESOLVED, that the 102nd Annual Convention of the Diocese of Olympia express its thanks for the ministry of all who have worked so hard on this Convention's planning: the Commission for Liturgy and Arts for creating our wonderful liturgies, particularly, Ms. Becky Morrill; Chair of Dispatch of Business, the Rev. Andrea McMillin; Ms. Dede Moore, Bishop's Executive for Governance, for their dedicated and effective work, the diocesan staff, and the volunteers who gave their time during this convention.