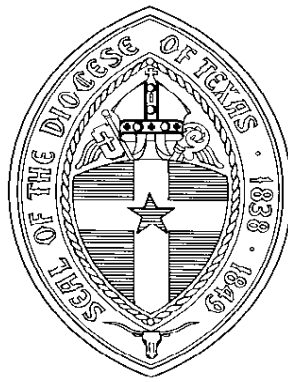


THE EPISCOPAL DIOCESE OF TEXAS



CONFIDENTIAL

REPORT TO THE 168th COUNCIL OF
THE DIOCESE OF TEXAS

UNAUDITED FINANCIAL STATEMENTS
For the year ended December 31, 2016

THE EPISCOPAL DIOCESE OF TEXAS

BALANCE SHEET

For the year ended December 31, 2016

	Unaudited December 31, 2016	Audited December 31, 2015
ASSETS		
Cash & Marketable Securities	205,323	60,629 1)
Prepaid Expenses	103,288	87,357
A/R - Assessments - Current	353,696	399,664
A/R - Allowance for Doubtful	(104,761)	(46,809)
A/R - Related Entities	446,116	226,087 2)
Accounts Receivable - Other	55,487	231,809
Notes Receivable	6,771	12,771
Fixed Assets	999,087	821,696 3)
Accumulated Depreciation	(658,369)	(523,205)
TOTAL ASSETS	1,406,638	1,270,001
LIABILITIES		
Accounts Payable - Trade	321,347	269,969
Accounts Payable - Other	30,242	41,772
Account Pay - Related Entities	57,245	23,285
Discretionary Accounts	22,893	22,777
Deferred Revenue - Other	90,397	51,841 1)
Line of Credit	-	350,000 4)
Notes Payable	-	-
TOTAL LIABILITIES	522,124	759,646
NET ASSETS		
Current year revenue over (under) expenses	374,159	(232,771)
Net Assets	330,293	520,485
Net Assets - Special Accounts	180,062	222,640
TOTAL NET ASSETS	884,514	510,355
TOTAL LIABILITIES & NET ASSETS	1,406,638	1,270,001

Notes:

- 1) Collections for the 2017 Diocesan Council are being held until the event takes place in February 2017.
- 2) Primarily a receivable from EDOT FSC as a result of reduced health insurance expenses that the Diocese had previously advanced to FSC. See also note 23 on the income statement.
- 3) Increase in fixed assets reflects the relocation of the Tyler Diocesan office into a new space for \$57,000, and also includes scheduled IT upgrades for Diocesan staff in the amount of \$60,000.
- 4) The line of credit was paid off in June 2016.

THE EPISCOPAL DIOCESE OF TEXAS

INCOME STATEMENT SUMMARY

Unaudited

For the year ended December 31, 2016

	YTD Actual	Annual Budget	Variance
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INCOME STATEMENT SUMMARY

REVENUES

Current Year Assessments	\$ 7,838,216	\$ 7,838,216	\$ -
Foundation Support	1,861,049	1,857,257	3,792
Program Revenues	376,798	331,277	45,521
Other Income	164,529	203,250	(38,722)

TOTAL REVENUES	\$ 10,240,591	\$ 10,230,000	\$ 10,591
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EXPENDITURES

The Office of the Bishop	\$ 2,043,974	\$ 1,968,153	\$ 75,821
Canonical Expenses	337,702	384,500	(46,798)
Ministry Expenses	2,022,090	2,047,545	(25,455)
Mission Amplification Expenses	1,446,416	1,330,745	115,671
Service and Outreach Expenses	1,453,076	1,458,423	(5,347)
Administration Expenses	2,554,196	3,040,634	(486,438)
Special Accounts	8,979	-	8,979

TOTAL EXPENSES	\$ 9,866,432	\$ 10,230,000	\$ (363,568)
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NET CHANGE IN ASSETS	\$ 374,159	\$ -	\$ 374,159
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THE EPISCOPAL DIOCESE OF TEXAS

INCOME STATEMENT

Unaudited

For the year ended December 31, 2016

	YTD Actual	Annual Budget	Variance
REVENUES			
Assessments			
Diocesan	7,230,590	7,230,590	-
Insurance	686,800	686,800	-
Less: Allowance for Uncollectible Accounts	(79,174)	(79,174)	-
Net Assessment Revenue	7,838,216	7,838,216	-
Foundation Support			
Church Corporation	110,000	110,000	-
Bishop Quin Foundation	90,000	75,000	15,000 1)
The Episcopal Foundation of TX	90,000	90,000	-
Church Corporation - Other	-	50,000	(50,000) 2)
Total Foundation Grants	290,000	325,000	(35,000)
Foundation Overhead Allocation			
Church Corporation	174,624	174,624	-
Bishop Quin Foundation	100,483	100,483	-
The Episcopal Foundation of TX	127,829	127,829	-
Episcopal Health Foundation	431,788	431,788	-
Great Commission Fund	140,423	140,423	-
Grants in support of Diocesan Reorganization	550,902	512,110	38,792 3)
Grant for translation of cultural translation of IWC	45,000	45,000	-
Total Foundation Overhead Payments	1,571,049	1,532,257	38,792
Other Revenues			
IONA Program Revenue	41,359	30,000	11,359
Wellness & Care Revenue	4,935	6,000	(1,065)
Commission on Ministry Revenue	5,450	2,500	2,950
Congregational Development Revenue	410	6,000	(5,590)
Formation/Youth Event Revenue	107,311	110,000	(2,689)
Unified Commission Revenues	15,630	20,000	(4,370)
Recovery Ministries Income	50,100	12,000	38,100 4)
Episcopal Service Corps	70,419	87,277	(16,858) 5)
Other Program Revenue	220	7,000	(6,780)
Spiritual Formation/FIND	36,020	-	36,020 6)
Texas Episcopalian Contribution	1,989	4,000	(2,011)
Bequests and Donations	2,269	18,000	(15,731)
Diocesan Council - hosted by EDOT	109,840	116,250	(6,410)
IWC Summit Revenues	27,011	37,500	(10,489) 7)
Compass Rose Society Reimbursement	50,000	50,000	-
Other Conference Fees	18,153	20,000	(1,847)
Miscellaneous Income	211	8,000	(7,790)
Brochures Sales	-	-	-
Investment Gains (Losses)	-	-	-
Total Other Revenues	541,326	534,527	6,799
TOTAL REVENUES	\$ 10,240,591	\$ 10,230,000	\$ 10,591

	YTD Actual	Annual Budget	Variance
EXPENDITURES			
OFFICE OF THE BISHOP			
Clergy Compensation			
Clergy Salaries			
Bishop of Texas	232,529	197,030	35,499 8)
Bishop Suffragan - Tyler (Fisher)	113,418	104,925	8,493 8)
Bishop Suffragan - Austin (Harrison)	125,082	118,920	6,162 8, 9)
Assisting Bishops	1,300	8,000	(6,700)
Canon to the Ordinary (Ryan)	92,000	66,500	25,500 8)
Chief of Staff (Newton)	76,084	55,585	20,499 8)
Secretary of the Diocese (Logan)	6,510	6,010	500
Total Clergy Salaries	646,923	556,970	89,953
Housing Allowance and Maintenance			
Bishop of Texas	60,000	60,000	-
Bishop Suffragan - Tyler (Fisher)	36,000	36,000	-
Bishop Suffragan - Austin (Harrison)	38,000	35,000	3,000 9)
Assisting Bishops	-	-	-
Canon to the Ordinary (Ryan)	60,000	60,000	-
Chief of Staff (Newton)	48,000	48,000	-
Secretary of the Diocese	8,000	8,000	-
Total Housing Allowance and Maintenance	250,000	247,000	3,000
Pension and Social Security Reimbursement			
Bishop of Texas	85,994	72,425	13,569 8)
Bishop Suffragan - Tyler (Fisher)	52,023	47,750	4,273 8)
Bishop Suffragan - Austin (Harrison)	53,660	50,525	3,135 8)
Assisting Bishops	-	1,440	(1,440)
Canon to the Ordinary (Ryan)	55,809	44,700	11,109 8)
Chief of Staff (Newton)	45,744	38,760	6,984 8)
Secretary of the Diocese	2,387	5,250	(2,863)
Total Pension and SS Reimbursement	295,617	260,850	34,767
Total Clergy Compensation	1,192,540	1,064,820	127,720
Lay Staff Compensation			
Salaries	388,305	404,743	(16,438)
Pensions	28,136	36,427	(8,291)
Employer FICA	31,390	30,963	427
Total Lay Staff Compensation	447,831	472,133	(24,302) 10)
Business and Travel Expense			
Bishop of Texas	82,247	80,000	2,247
Bishop Suffragan - Tyler (Fisher)	53,985	57,500	(3,515) 1)
Bishop Suffragan - Austin (Harrison)	41,225	52,500	(11,275)
Assisting Bishops	5,069	5,000	69
Canon to the Ordinary (Ryan)	23,006	35,000	(11,994)
Chief of Staff (Newton)	26,208	20,000	6,208 1)
Secretary of the Diocese	1,104	1,000	104
Retired Diocesan Bishops	6,916	5,000	1,916
Archdeacon and Deacons	8,866	500	8,366 11)
Business and Travel - Staff	6,174	10,000	(3,826)
Vehicle Depreciation	41,666	34,700	6,966
Total Business and Travel Expense	296,465	301,200	(4,734)
Clergy Conference	107,138	130,000	(22,862) 12)
TOTAL OFFICE OF THE BISHOP	2,043,974	1,968,153	75,822

	YTD Actual	Annual Budget	Variance	
CANONICAL EXPENSES				
Diocesan Council	245,408	289,500	(44,092)	13)
Historian and Archives	5,303	4,000	1,303	
Commission on Ministry	60,995	55,000	5,995	
General Convention - Deputies	-	-	-	
General Convention - Hosting Expenses	676	15,000	(14,324)	
Provincial Synod Assessment	13,275	13,500	(225)	
Provincial Synod Delegates Expenses	-	-	-	
Executive Board	10,623	4,500	6,123	
Standing Committee	1,422	2,000	(578)	
Journal Expense	-	-	-	
Office of the Secretary	-	1,000	(1,000)	
Canonical Printing Expense	-	-	-	
TOTAL CANONICAL EXPENSES	337,702	384,500	(46,798)	
MINISTRY EXPENSES				
Ministry Staff Compensation				
Salaries, Stipends and Housing	749,638	735,075	14,563	
Pensions	81,743	87,113	(5,370)	
Social Security	69,536	71,657	(2,121)	
Total Ministry Staff Compensation	900,917	893,845	7,072	
Campus Missions				
Waco, Baylor University	60,000	60,000	-	
Houston, Rice University	105,141	105,000	141	
College Station, A&M University	127,634	180,000	(52,366)	14)
Austin, University of Texas	178,904	180,000	(1,096)	
University of Houston	61,314	75,000	(13,686)	
Other Campus Missions	129,170	122,000	7,170	
Total Campus Missions	662,162	722,000	(59,837)	
Communications				
Dialog	75,120	80,000	(4,880)	
Communications Department	22,130	30,000	(7,870)	
Translation of outreach materials	26,974	45,000	(18,026)	15)
Business and Travel	25,629	30,000	(4,371)	
Total Communications	149,852	185,000	(35,147)	
Transition Ministry				
Travel & Business - Transition Minister	5,304	10,000	(4,696)	
Wellness and Care Ministry				
Business and Travel	14,146	15,000	(854)	
Safe Church (Congregational Wellness /Care)	59,190	58,500	690	
Clergy & Family Wellness/Care	4,594	10,000	(5,406)	
Recovery Ministry	26,615	22,000	4,615	4)
Total Wellness and Care Ministry	104,545	105,500	(955)	
Other Ministry Expenses				
Interfaith and Ecumenical Work	636	2,000	(1,364)	
Chaplains to the Retired	4,800	7,200	(2,400)	
Consultant for Schools	4,072	2,000	2,072	
Support for Congregations	106,636	70,000	36,636	16)
Calling & Moving	83,165	50,000	33,165	17)
TOTAL MINISTRY EXPENSES	2,022,090	2,047,545	(25,454)	

	YTD Actual	Annual Budget	Variance
MISSION AMPLIFICATION			
Mission Amplification Compensation			
Salaries, Stipends and Housing	457,588	476,299	(18,711)
Pensions	40,639	42,867	(2,228)
Employer FICA	36,922	36,437	485
Total Mission Amplification Compensation	535,150	555,603	(20,454) 10)
Congregational Vitality			
Business and Travel	42,419	-	42,419 18)
Sharing Faith Dinners	4,783	-	4,783
Church Plants and Strategic Development	26,966	32,500	(5,534)
Conferences & Clergy Gatherings	90,774	-	90,774 19)
Iona School and Center	100,594	135,000	(34,406) 19)
Clergy Train (Clericus, Curates, Cont. Educ. & FTIC)	56,755	45,000	11,755
Small Conferences	1,000	8,000	(7,000)
Newcomer Ministry	1,845	9,000	(7,155)
Invite Welcome Connect Summit	72,819	70,000	2,819
Vestry/Leadership Development	7,885	20,000	(12,115)
Total Congregational Vitality	405,841	319,500	86,340
Christian Formation			
Christian Formation	58,465	94,000	(35,535)
Unified Commissions Expense	36,308	38,010	(1,702)
Spiritual Formation/FIND	35,054	-	35,054 6)
Youth Ministry	145,395	95,000	50,395
Episcopal Service Corps	201,059	182,132	18,927 5)
Business/travel - Other	406	14,000	(13,594)
Total Christian Formation	476,687	423,142	53,545
Intercultural Development	28,738	32,500	(3,762)
TOTAL MISSION AMPLIFICATION EXPENSES	1,446,416	1,330,745	115,669
SERVICE AND OUTREACH			
Support of the Episcopal Church	961,313	961,313	-
Support of the Anglican Communion	300,000	300,000	-
Support for the University of the South	8,000	8,000	-
Millennium Development Goals	71,610	71,610	-
World Mission	35,561	35,000	561
Companion Dioceses	40,000	40,000	-
Disaster Outreach Expense	589	2,500	(1,911)
Prison & Restorative Justice Missions	36,003	40,000	(3,997)
TOTAL SERVICE AND OUTREACH	1,453,076	1,458,423	(5,347)

	YTD Actual	Annual Budget	Variance
ADMINISTRATIVE EXPENSES			
Lay Staff Compensation			
Salaries	373,225	710,436	(337,211)
Reserve for Salary Increases	-	20,000	(20,000)
Pensions	33,339	63,939	(30,600)
Employer FICA	28,365	54,348	(25,983)
Total Staff Compensation	434,928	848,723	(413,794) 10)
Diocesan Center Operating Expense			
Information Technology	288,601	230,000	58,601 21)
Website redesign & New Acctg. System	4,855	-	4,855
Utilities	91,801	90,000	1,801
Janitorial, Maint. & Repair	83,101	90,000	(6,899)
Rent - Austin & Tyler Offices	82,048	95,000	(12,952)
Storage	19,424	15,000	4,424
Total Diocesan Center Operating Expense	569,831	520,000	49,830
General Office Expense			
Office Equip Lease/Maint	41,564	40,000	1,564
Office Supplies/Printing	44,967	35,000	9,967
Communications-Telephone	45,585	55,000	(9,415)
Postage/Delivery Expense	29,477	24,000	5,477
Miscellaneous Office Expense	8,916	7,500	1,416
Payroll Processing Expense	11,832	10,000	1,832
HR Consulting & other transition costs	282,899	215,000	67,899 3)
Depreciation - Furniture & Equipment	17,014	10,000	7,014
Total General Office Expense	482,254	396,500	85,754
Insurance			
Diocesan Property & Casualty Insurance	76,659	62,000	14,659 22)
Diocesan Workers' Compensation Insurance	24,001	18,000	6,001
Automobile Insurance for Diocesan Vehicles	20,306	18,000	2,306
Group Health Insurance	305,689	604,915	(299,226) 23)
Other Health Insurance Costs (insurance reserve)	108,063	75,000	33,063 24)
Total Insurance	534,718	777,915	(243,197)
Other Administrative Expenses			
Overhead reimbursement to the EDOT FSC	334,040	334,040	-
Legal Expense	48,419	50,000	(1,581)
Diocesan Audit	23,020	25,000	(1,980)
Interest and Bank Fees	13,861	14,450	(589)
Miscellaneous Operating Expense	2	7	(5)
Business/Travel-Finance Staff	59,456	65,000	(5,544)
Subsidy Pension - Retired Clergy	5,086	1,500	3,586
Diocesan Staff meetings	48,581	7,500	41,081 20)
Total Other Admin	532,465	497,497	34,968
TOTAL ADMINISTRATIVE EXPENSES	2,554,196	3,040,635	(486,439)
TOTAL EXPENSES	9,857,453	10,230,000	(372,545)
Special Accounts - Net	8,979	-	8,979 S
NET CHANGE IN ASSETS	\$ 374,159	\$ -	\$ 374,157

YTD Actual	Annual Budget	Variance
Explanatory Notes		
<p>1) Two sabbatical grants were received from the Bishop Quin Foundation and used in 2016.</p> <p>2) This grant was to help the Diocese with the expenses for hosting the 2018 General Convention in Austin. It was approved in 2015 after the budget was approved. The revenues were included in 2015 by the auditors.</p> <p>3) Transition costs are billed as incurred and include the first half of the year's compensation for the former CFO and his consulting for the remainder of the year. In addition, the human resources consultant was not budgeted for in 2016.</p> <p>4) The Recovery Ministry was granted \$50,000 during 2016 for the "Shoemaker Community website development and enhancement" project, thus revenue and related expenses are higher than originally budgeted.</p> <p>5) Revenues and expenses from the Austin site have been below expectations in spite of grant writing activity.</p> <p>6) Spiritual Formation/FIND is moving towards self-sufficiency beginning this year, thus no revenue or expense were budgeted for that program.</p> <p>7) The IWC Conference was not as well attended as we had hoped and consequently revenues were below budget.</p> <p>8) The Personnel Committee of the Executive Board, after an extensive independent executive compensation study, adjusted the Executive team salaries in accordance with prevailing market rates. The Mercer consulting firm has performed similar studies for Church Pension Group. This adjustment is part of a multi-year strategic compensation plan.</p> <p>9) There were some changes in the housing allowance made after the budget was finalized.</p> <p>10) Budgeted staff positions (new and retirement replacements) were vacant during the year.</p> <p>11) Travel expenses for Deacon's service which were not budgeted for in 2016.</p> <p>12) Clergy Conference had fewer expenses and attendees in 2016.</p> <p>13) Diocesan Council expenses were less than anticipated.</p> <p>14) College Missioner position at A & M was vacant between 1-1-16 and 7-1-16.</p> <p>15) Although grant funds were received in 2016 to cover this project, delays in production will mean that the remaining expenses will be incurred in 2017.</p> <p>16) Support for Congregations is over budget for the year due primarily due to payroll and payroll tax assistance provided to San Pablo, Houston.</p> <p>17) Calling & Moving will exceed budget due to the cost of several moves exceeding expectation.</p> <p>18) Business and Travel for the Congregational Vitality department was not budgeted for in the midst of the transition and reorganization of Diocesan departments.</p> <p>19) Certain clergy conferences were not budgeted for in the midst of the transition and reorganization of Diocesan departments, such as the Retired Clergy Retreat, the Clergy Spouse Retreat and the Little Church Club.</p> <p>20) Diocesan staff meetings exceeded budget this year due to the staff reorganization and engagement efforts.</p> <p>21) IT costs are over budget for the year due to the addition of one extra day of support a week provided by Covenant</p>		

	YTD Actual	Annual Budget	Variance
Technologies due to the growing Diocesan staff.			
22) Property and Casualty premiums are higher and the addition of the Tyler office has increased premium expense.			
23) Diocesan Insurance costs are lower than anticipated due to vacant positions on the Diocesan staff and in parish clergy positions.			
24) The Diocese has experienced several instances wherein clergy have not had sufficient resources for health emergencies. Also, clergy evaluations have been more numerous.			
S - Special accounts consist of programs that are outside of the normal Diocesan budgeting process due to their unknown nature. They consist of expenses related to disaster relief efforts, specifically in Houston and Deweyville for the recent floods. Also recorded as an expense in 2016 is the release of prior year's temporarily restricted contribution for Bastrop; \$17,000 was recognized as revenue in 2015.			