

Memorandum

To: Diocesan Assembly, Diocese of the West
CC: Right Rev. Bishop Benjamin, Archpriest David Brum, Diocesan Council
From: Diocesan Auditing Committee
Date: 6/28/08
Re: Diocesan Audit

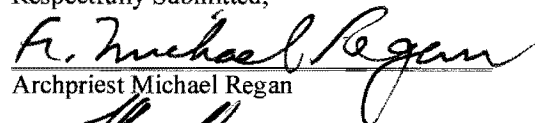
The Auditing Committee met on Saturday, June 28, 2008, at Holy Trinity Cathedral in San Francisco, California, to audit the accounting records of the Diocese of the West for calendar year 2007.

The Committee found the records to be in order and the attached reports for calendar year 2007 to fairly present the financial position of the Diocese as of December 31, 2007.

The Committee recommends:

1. That financial reports be simplified to provide a more easily understood report (understanding that the software in use does not readily lend itself to clarity);
2. That the Diocese institute a separation of income and expense functions [this is a recommendation from the 2007 audit, which should soon be implemented];
3. That there be a review of insurance coverage and exposures for the Diocese, and that this review also include the various diocesan institutions;
4. That there be a written professional review of Diocesan finances for 2007 by an external CPA firm [this was also an unaccomplished recommendation from the 2007 audit].

Respectfully Submitted,


Archpriest Michael Regan


Hennok Soot


Daniel Laney

Attached reports:

Restricted Funds P&L 2007

Unrestricted Funds P&L 2007

Consolidated Balance Sheet 2007

Cash Flow 2007

	<u>Jan - Dec 07</u>
Ordinary Income/Expense	
Income	
Lights-on Income	
DPA	299,297.95
Fair Share from Parishes	268,073.88
Assembly Income	18,525.00
LCBA Annuity Interest	
Contingency Annuity Interest	751.93
Fair Share Buffer Interest Inc	507.89
Total LCBA Annuity Interest	<u>1,259.82</u>
American Saints Sales	728.00
Interest on Operating Funds	
ING Business Savings Interest	321.30
Other Interest	16.83
Checking Interest	3.21
Total Interest on Operating Funds	<u>341.34</u>
Shipping Charges - S of A	107.00
Total Lights-on Income	<u>588,332.99</u>
Outreach (Stewards of the West)	
Nativity Donations	19,830.11
General Stewardship Donations	9,408.67
Total Outreach (Stewards of the West)	<u>29,238.78</u>
Pass Through Income	
Pass Through Misc.	764.55
Total Pass Through Income	<u>764.55</u>
Total Income	<u>618,336.32</u>
Cost of Goods Sold	
Cost of SofA Booklets Sold	221.52
Total COGS	<u>221.52</u>
Gross Profit	<u>618,114.80</u>
Expense	
Lights-on Expenses	
Fair Share Paid to OCA	264,495.60
Payroll Expenses	
Gross Wages	
Diocesan Salaries	
Diocesan Hierarch Salary	52,667.38
Treasurer Stipend	15,000.00
Diocesan Hierarch Housing	11,000.00
Chancellor Stipend	6,000.00
Kellenik Stipend	3,499.92
Total Diocesan Salaries	<u>88,167.30</u>
Total Gross Wages	<u>88,167.30</u>

	<u>Jan - Dec 07</u>
Employee Benefits	
Diocesan Hierarch Benefits	
Health Insurance	7,763.00
OCA Pension	3,819.99
OCA Life Insurance	261.75
Total Diocesan Hierarch Benefits	<u>11,844.74</u>
Workmans Comp	-525.79
Total Employee Benefits	<u>11,318.95</u>
Direct Deposit Fees	23.94
Payroll Expenses - Other	19.95
Payroll Taxes	
Social Security Tax	278.17
Medicare Taxes	65.06
Payroll Taxes - Other	-343.23
Total Payroll Taxes	<u>0.00</u>
Total Payroll Expenses	99,530.14
Travel	
Diocesan Hierarch Travel	14,763.47
Council Meeting Travel	11,741.30
Dean's Travel	6,251.09
Metropolitan Council	4,920.58
Seminary Visit	2,763.17
Misc.Travel	601.79
Chancellor's Travel	599.33
Chancellor's Advisory Committee	393.72
Total Travel	<u>42,034.45</u>
Dean's Stipends	24,000.00
Diocesan Assembly	
Banquet	7,622.47
Misc	4,386.85
Hotel Rooms	3,214.80
Transportation	1,250.70
Food	899.29
Honorarium	500.00
Postage	334.55
Security	169.43
Total Diocesan Assembly	<u>18,378.09</u>
Office Expenses	
Property & Liability Insurance	4,825.83
Legal Fees	4,677.00
Telephone	
Diocesan Hierarch Cell Phone	1,931.98
Total Telephone	<u>1,931.98</u>
Office Supplies & Expenses	1,880.08
Audit Charges	1,500.00
Postage	966.52

The Diocese of the West
2007 Unrestricted Funds Profit & Loss
 January through December 2007

	<u>Jan - Dec 07</u>
Church Tax & Law Subscriptions	257.95
Bank Charges	
Bank Charges - Other	51.90
QuickBooks Online Banking	36.00
Returned Checks	3.00
Total Bank Charges	90.90
Fort Ross Registration	50.00
Books & Publications	36.20
CA Non-Profit Filing Fee	20.00
Total Office Expenses	16,236.46
Property Expenses	
LGS Mortgage Support	6,480.00
Property Taxes	778.84
Total Property Expenses	7,258.84
Department of Communications	
Publishing & Mailing	3,819.40
Web Site Designer Stipend	2,003.00
Publication Editor Stipend	600.00
Web Site Service Provider	310.80
Total Department of Communications	6,733.20
Unbudgeted Expenses	0.00
Total Lights-on Expenses	478,666.78
Outreach Expenses	
Department of Missions	
Missions Director Stipend	
Mission Dir Housing Allowance	17,666.67
OCA Pension - Mission Dir	1,060.00
Total Missions Director Stipend	18,726.67
Stipends for Mission Priests	17,500.00
Supplement to Director's Parish	6,000.00
Mission Dept Travel	4,895.30
Total Department of Missions	47,121.97
Seminarian Financial Aid	6,000.00
Department of Charities	
Martha-Mary House	1,200.00
Raphael House (Portland)	1,000.00
Discretionary Fund	1,000.00
Eritrean Home for Elderly	500.00
Raphael House (SF)	500.00
Total Department of Charities	4,200.00
Youth	
Pacific Central Deanery	1,500.00
Rocky Mountain Deanery	1,066.11
Mission Deanery	600.00

The Diocese of the West
2007 Unrestricted Funds Profit & Loss
January through December 2007

	<u>Jan - Dec 07</u>
Total Youth	3,166.11
Department of Stewardship	
Postage for Appeals & Thankyous	1,582.68
Paper & Copying	1,057.88
Total Department of Stewardship	<u>2,640.56</u>
Total Outreach Expenses	63,128.64
Pass Through Expenses	
Pass Through Expense Misc	764.55
Total Pass Through Expenses	<u>764.55</u>
Total Expense	<u>542,559.97</u>
Net Ordinary Income	<u>75,554.83</u>
Net Income	<u><u>75,554.83</u></u>

	<u>Jan - Dec 07</u>
Ordinary Income/Expense	
Income	
Restricted Income	
Direct Charity	21,816.58
Mission Board Income	
Retreat	5,870.00
Mission Board Funds Annuity Int	2,826.59
St. Andrew Distributrion	2,292.56
Donations for Missions	<u>2,208.99</u>
Total Mission Board Income	13,198.14
Liturgical Fund Income	2,735.25
Hermitage Income	
Construction Fund Interest	1,312.12
Hermitage CD Interest	<u>941.70</u>
Total Hermitage Income	<u>2,253.82</u>
Total Restricted Income	<u>40,003.79</u>
Total Income	<u>40,003.79</u>
Gross Profit	40,003.79
Expense	
Restricted Expenses	
Designated Direct Charities	
SD Fire	16,534.00
Gobezie Goshu Home	2,651.58
Children's Hospice	105.00
Martha Mary House	<u>50.00</u>
Total Designated Direct Charities	19,340.58
Liturgical Items Fund Expense	8,650.00
Mission Board Expenses	
Deanery Retreat Expenses	5,232.15
Board Meetings	<u>1,260.92</u>
Total Mission Board Expenses	6,493.07
Hermitage Expenses	
Legal Expenses	<u>5,488.00</u>
Total Hermitage Expenses	5,488.00
Hispanic Mission	1,000.00
Monastic Medical	<u>993.08</u>
Total Restricted Expenses	<u>41,964.73</u>
Total Expense	<u>41,964.73</u>
Net Ordinary Income	<u>-1,960.94</u>
Net Income	<u><u>-1,960.94</u></u>

	Dec 31, 07	Dec 31, 06
ASSETS		
Current Assets		
Checking/Savings		
Checking at UBOC		
Operating Funds - UBOC	0.00	26,109.70
Total Checking at UBOC	0.00	26,109.70
Checking at WAMU Business Onli		
Legal Set Aside Fund	3,925.30	3,602.30
Matushka Activities Set Aside	2,500.00	2,500.00
Operating Funds-WAMU	156,008.29	80,417.69
R-2 Mission Dept Funds	3,348.29	3,753.90
R-3 Monastic Medical	125.39	1,118.47
R-4 Liturgical Items Fund	385.25	6,300.00
R-5 St. Eugene's Operating Fund	2,362.64	2,362.64
R-6 Music Fund	401.10	401.10
Total Checking at WAMU Business Onli	169,056.26	100,456.10
Operating Savings at ING	57,166.12	0.00
Restricted Funds Bank Accounts		
CD at WAMU St. Eugene Hermitage	21,382.64	20,440.94
Savings at WAMU	40,597.63	44,773.51
Total Restricted Funds Bank Accounts	61,980.27	65,214.45
Total Checking/Savings	288,202.65	191,780.25
Accounts Receivable		
Assessment Receivables		
Assembly Assessments	801.15	516.90
Diocesan Percentage Assessment	23,526.37	21,373.74
Fair Share Assessments	13,519.40	13,995.28
Prior 2003 DPA	7,937.24	7,937.24
Assessment Receivables - Other	-982.66	-982.66
Total Assessment Receivables	44,801.50	42,840.50
Life Giving Spring Loan	3,360.00	3,360.00
Stewardship Pledges	2,145.00	695.00
Total Accounts Receivable	50,306.50	46,895.50
Other Current Assets		
"Saints of America" Inventory	1,897.83	2,119.35
Restricted Funds - LCBA Account		
Contingency Reserve	0.00	18,267.45
Fair Share Buffer Account	0.00	12,367.96
Mission Board Savings	64,821.64	61,944.82
Total Restricted Funds - LCBA Account	64,821.64	92,580.23
Undeposited Funds	0.00	1,393.63
Total Other Current Assets	66,719.47	96,093.21
Total Current Assets	405,228.62	334,768.96
Fixed Assets		

	<u>Dec 31, 07</u>	<u>Dec 31, 06</u>
Land - Operating - St. Eugene's		
St. Eugene's Hermitage		
Appreciation of Assessed Val.	4,127.00	4,127.00
Donated Value	217,130.00	217,130.00
Total St. Eugene's Hermitage	<u>221,257.00</u>	<u>221,257.00</u>
 Total Land - Operating - St. Eugene's	 <u>221,257.00</u>	 <u>221,257.00</u>
 Total Fixed Assets	 <u>221,257.00</u>	 <u>221,257.00</u>
 TOTAL ASSETS	 <u><u>626,485.62</u></u>	 <u><u>556,025.96</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	389.42	612.97
Total Accounts Payable	<u>389.42</u>	<u>612.97</u>
Credit Cards		
American Express	2,154.59	2,424.58
Total Credit Cards	<u>2,154.59</u>	<u>2,424.58</u>
Other Current Liabilities		
Direct Deposit Liabilities	-3,696.16	-2,497.50
Payroll Liabilities		
Federal Withholding	-501.98	0.00
Medicare		
Company	-178.18	0.00
Total Medicare	<u>-178.18</u>	<u>0.00</u>
Social Security		
Company	-761.87	0.00
Total Social Security	<u>-761.87</u>	<u>0.00</u>
Total Payroll Liabilities	<u>-1,442.03</u>	<u>0.00</u>
Total Other Current Liabilities	<u>-5,138.19</u>	<u>-2,497.50</u>
Total Current Liabilities	<u>-2,594.18</u>	<u>540.05</u>
Total Liabilities	<u>-2,594.18</u>	<u>540.05</u>
Equity		
Opening Bal Equity	313,536.26	313,536.26
Retained Operating Earnings	241,949.65	193,356.63
Net Income	73,593.89	48,593.02
Total Equity	<u>629,079.80</u>	<u>555,485.91</u>
TOTAL LIABILITIES & EQUITY	 <u><u>626,485.62</u></u>	 <u><u>556,025.96</u></u>

The Diocese of the West
Statement 2007 Cash Flows
January through December 2007

	<u>Jan - Dec ...</u>
OPERATING ACTIVITIES	
Net Income	73,593.89
Adjustments to reconcile Net Income to net cash provided by operations:	
Assessment Receivables:Assembly Assessments	-284.25
Assessment Receivables:Diocesan Percentage Assessment	-2,152.63
Assessment Receivables:Fair Share Assessments	475.88
Stewardship Pledges	-1,450.00
"Saints of America" Inventory	221.52
Accounts Payable	-223.55
American Express	-269.99
Direct Deposit Liabilities	-1,198.66
Payroll Liabilities:Federal Withholding	-501.98
Payroll Liabilities:Medicare:Company	-178.18
Payroll Liabilities:Social Security:Company	-761.87
Net cash provided by Operating Activities	<u>67,270.18</u>
INVESTING ACTIVITIES	
Restricted Funds - LCBA Account:Fair Share Buffer Account	12,367.96
Restricted Funds - LCBA Account:Contingency Reserve	18,267.45
Restricted Funds - LCBA Account:Mission Board Savings	-2,876.82
Net cash provided by Investing Activities	<u>27,758.59</u>
Net cash increase for period	95,028.77
Cash at beginning of period	<u>193,173.88</u>
Cash at end of period	<u><u>288,202.65</u></u>