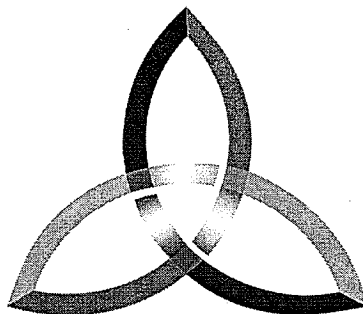


# BISHOP AND DIOCESE OF COLORADO

## Summary of Financial Statements

December 31, 2008



proclamation  
discipleship  
servanthood

**\*\* For your information the enclosed is a summary of the 2008 financial statements. A full version (with the "notes") will be made available at the diocesan convention.**

August 24, 2009

Dear Friends,

Attached is the audited Statement of Financial Position at December 31, 2008 of the Diocese of Colorado and the Statement of Activity for the year ended December 31, 2008. The complete audit report is available by request to the Finance Department of the Diocese. Comments on some of the highlights from these statements follow:

- Net Assets – Net assets declined significantly from \$14.2 million in 2007 to \$11.2 million in 2008. This was caused almost entirely by the decline in investments from \$8.8 million to \$5.8 million. We experienced a decline in market value of approximately \$2.0 million and withdrawals of about \$1.0 million principally for the Grace Church litigation.
- Operations – Pledge income from parishes increased from \$1.7 million to \$1.8 million for an increase of approximately 8%. Investment income declined by approximately \$100,000 due to the reduction in investments. Total operating expenses increased by about \$400,000.
- Litigation – Litigation expense for 2008 was \$754,000. Additional expense of \$1,030,000 was incurred in 2009 bringing the total Grace Church property litigation expense to \$2.9 million. This has caused a significant decrease in our unrestricted reserves (investments.)

During 2008 the diocesan staff, officers and Standing Committee increased efforts to control expenses. We are grateful that the litigation has finally ended with a favorable result. With your help we look forward to being able to increase revenue in 2010 and to rebuilding our reserves.

Sincerely,

*Robert L. Poley*

Robert L Poley  
Treasurer

BISHOP AND DIOCESE OF COLORADO  
STATEMENT OF FINANCIAL POSITION  
December 31, 2008  
(With Summarized Comparative Totals for December 31, 2007)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note 2)	\$ 587,215	\$ 884,387
Accounts Receivable	17,594	13,309
Pledges Receivable	181,384	221,402
Accrued Interest and Other Income Receivable	323,682	104,459
Notes Receivable - Current Portion (Note 4)	57,934	67,648
Deposits and Prepaid Expense	25,213	14,621
Total Current Assets	1,193,022	1,305,826
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	205,478	223,896
<b>OTHER ASSETS</b>		
Investments (Note 3)	5,810,800	8,882,093
Notes Receivable, Net of Current Portion (Note 4)	31,816	35,066
Congregational Assets (Note 5)	6,641,989	6,339,817
Property Improvement Notes Receivable (Note 6)	53,757	56,554
Total Other Assets	12,538,362	15,313,530
<b>TOTAL ASSETS</b>	\$ 13,936,862	\$ 16,843,252
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expense	\$ 295,210	\$ 333,911
Notes Payable - Current Portion (Note 7)	431,885	431,157
Deferred Revenue	105,315	33,706
Total Current Liabilities	832,410	798,774
<b>LONG-TERM LIABILITIES</b>		
Notes Payable (Note 7)	1,528,085	1,537,892
Property Improvement Notes Payable (Note 6)	53,757	56,554
Unfunded Liability to Retirees	240,141	258,035
Total Long-Term Liabilities	1,821,983	1,852,481
<b>TOTAL LIABILITIES</b>	2,654,393	2,651,255
<b>NET ASSETS</b>		
Unrestricted	2,680,745	2,296,751
Unrestricted Designated (Note 8)	4,559,741	6,427,436
Temporarily Restricted (Note 9)	212,649	214,722
Permanently Restricted (Note 9)	3,829,334	5,253,088
Total Net Assets	11,282,469	14,191,997
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 13,936,862	\$ 16,843,252

The accompanying notes are an integral part of the financial statements.

BISHOP AND DIOCESE OF COLORADO

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

(With Summarized Comparative Totals for the Year Ended December 31, 2007)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Memo Only	
				2008 Total	2007 Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Operating Revenue:					
Pledge Income	\$ 1,843,692	\$	\$	\$ 1,843,692	\$ 1,709,441
Interest and Investment Income (Note 3)	68,167	654	145,743	214,564	344,111
Other Income	140,980			140,980	88,716
Total Operating Revenue	2,052,839	654	145,743	2,199,236	2,142,268
Other Revenue:					
Convention/Conference Fees, Program and Misc. Income	665,686	32,523		698,209	291,647
Contributions from Colorado Episcopal Foundation	83,439			83,439	636,342
Other Contributions and Bequests	55,331	177,129		232,460	354,339
Distributions from Endowments and Trusts	822,573	197,838	(197,838)	822,573	919,509
Net Unrealized and Realized Gains (Note 3)	(699,216)	(7,776)	(1,344,906)	(2,051,898)	373,597
Capital Contribution	487,500			487,500	2,055,435
Gain/Loss on Sale of Property and Equipment					(110,001)
Pass Through Grants	31,899			31,899	22,410
Net Assets Released (Note 10)	451,082	(424,329)	(26,753)		
Total Other Revenue	1,898,294	(24,615)	(1,569,497)	304,182	4,543,278
Total Revenue, Gains and Other Support	3,951,133	(23,961)	(1,423,754)	2,503,418	6,685,546
<b>EXPENSES AND LOSSES</b>					
Operating Expense:					
National Church	139,560			139,560	139,560
Bishop's Office	380,797			380,797	363,288
Administration	330,739			330,739	317,483
Finance and Accounting	297,456			297,456	335,448
Mission and Congregational Development	358,019			358,019	236,132
Retired Health and Pension Benefits (Note 12)	17,765			17,765	28,187
Communications	207,605			207,605	204,731
Diocesan Convention	100,350			100,350	52,670
Commission on Ministry/Clergy Support & Development	23,466			23,466	22,994
Faith Formation	510,709			510,709	436,960
Regional Congregational Aid and Development	289,648			289,648	258,776
Other Diocesan and Regional Programs	373,284			373,284	262,478
Total Operating Expense	3,029,398			3,029,398	2,658,707
Other Expenses:					
Net Assets Released From Restrictions (Notes 10)	451,082			451,082	306,828
Pass Through Grants	31,899			31,899	22,410
Board Designated Distributions (Note 11)	927,552			927,552	991,644
Litigation (Note 13)	754,269			754,269	1,611,842
Depreciation	218,746			218,746	60,862
Total Other Expenses	2,383,548			2,383,548	2,993,586
Total Expenses and Losses	5,412,946			5,412,946	5,652,293
CHANGE IN NET ASSETS	(1,461,813)	(23,961)	(1,423,754)	(2,909,528)	1,033,253
NET ASSETS, Beginning of Year	8,724,187	214,722	5,253,088	14,191,997	13,158,744
Reclassification of Funds (Note 16)	(21,888)	21,888			
NET ASSETS, End of Year	\$ 7,240,486	\$ 212,649	\$ 3,829,334	\$ 11,282,469	\$ 14,191,997

The accompanying notes are an integral part of the financial statements.