
DIOCESE OF SOUTHWEST FLORIDA, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



CLEARWATER, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

To the Diocesan Council
Diocese of Southwest Florida, Inc.
Parrish, FL

We have audited the accompanying consolidated financial statements of the Diocese of Southwest Florida, Inc. (the Diocese), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, and cash flows, for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Diocese as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Consolidated Financial Statements

The consolidated financial statements of the Diocese as of December 31, 2014, were audited by other auditors whose report dated June 16, 2015, expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in the consolidating statement of financial position, consolidating statement of activities, and schedule of DaySpring expenses as of and for the year ended December 31, 2015 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PDR Certified Public Accountants

Clearwater, Florida
May 16, 2016

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash and cash equivalent	\$ 1,389,262	\$ 1,786,748
Investments:		
Held for others	768,955	510,989
Held in endowment	8,041,605	7,668,335
Other	3,516,349	3,541,606
Apportionments and notes receivable, net	52,998	90,558
Accounts receivable, net	10,244	-
Loans receivable, net	2,051,546	2,490,342
Mortgage note receivable	1,413,157	1,449,307
Other assets	73,445	209,143
Land, buildings, and equipment, net	<u>4,600,261</u>	<u>3,659,815</u>
<i>Total Assets</i>	<u>\$21,917,822</u>	<u>\$21,406,843</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<i>Liabilities:</i>		
Accounts payable and accrued expenses	\$ 425,965	\$ 347,966
Deposits	96,034	145,920
Deposits held for others	<u>768,955</u>	<u>510,989</u>
<i>Total liabilities</i>	1,290,954	1,004,875
<i>Net Assets Unrestricted:</i>		
Undesignated	1,996,018	2,585,089
Board-designated endowment	1,700,553	1,804,552
Board-designated other	5,375,256	5,133,997
Land, buildings, and equipment	<u>4,600,261</u>	<u>3,659,815</u>
<i>Total unrestricted net assets</i>	13,672,088	13,183,453
Temporarily restricted	4,276,111	4,604,054
Permanently restricted	<u>2,678,669</u>	<u>2,614,461</u>
<i>Total net assets</i>	<u>20,626,868</u>	<u>20,401,968</u>
<i>Total Liabilities and Net Assets</i>	<u>\$21,917,822</u>	<u>\$21,406,843</u>

See accompanying notes to consolidated financial statements

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>	<u>2014</u>
Support and Revenue					
Diocesan apportionments	\$ 3,351,249	\$ -	\$ -	\$ 3,351,249	\$ 3,178,080
Investment return (loss)	2,555	(107,840)	-	(105,285)	550,914
Contributions and bequests	11,404	8,152	64,208	83,764	131,496
DaySpring operations	1,437,764	-	-	1,437,764	1,290,098
Program revenue	101,084	-	-	101,084	100,781
Capital income - major gifts	89,000	-	-	89,000	-
Interest income from loans to churches	64,884	-	-	64,884	73,911
Recovery of bad debt	140,805	-	-	140,805	156,201
	<u>5,198,745</u>	<u>(99,688)</u>	<u>64,208</u>	<u>5,163,265</u>	<u>5,481,481</u>
Net assets released from restrictions	<u>228,255</u>	<u>(228,255)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	5,427,000	(327,943)	64,208	5,163,265	5,481,481
Expenses					
Program services:					
Congregational	639,244	-	-	639,244	848,283
Ministry	1,177,800	-	-	1,177,800	1,014,984
DaySpring	1,433,562	-	-	1,433,562	1,337,794
Total program services	3,250,606	-	-	3,250,606	3,201,061
Supporting Services:					
Administrative	<u>1,817,280</u>	<u>-</u>	<u>-</u>	<u>1,817,280</u>	<u>1,667,821</u>
Change in Net Assets Before Other Items	359,114	(327,943)	64,208	95,379	612,599
Other Items					
Depreciation	280,748	-	-	280,748	272,952
(Gain) loss on disposal of assets	(410,269)	-	-	(410,269)	28,396
Total other items	<u>(129,521)</u>	<u>-</u>	<u>-</u>	<u>(129,521)</u>	<u>301,348</u>
Total expenses	<u>4,938,365</u>	<u>-</u>	<u>-</u>	<u>4,938,365</u>	<u>5,170,230</u>
Change in Net Assets	488,635	(327,943)	64,208	224,900	311,251
Net Assets at Beginning of Year	<u>13,183,453</u>	<u>4,604,054</u>	<u>2,614,461</u>	<u>20,401,968</u>	<u>20,090,717</u>
Net Assets at End of Year	<u>\$ 13,672,088</u>	<u>\$ 4,276,111</u>	<u>\$ 2,678,669</u>	<u>\$ 20,626,868</u>	<u>\$ 20,401,968</u>

See accompanying notes to consolidated financial statements

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue				
Diocesan apportionments	\$ 3,178,080	\$ -	\$ -	\$ 3,178,080
Investment return	169,606	381,308	-	550,914
Contributions and bequests	53,233	2,058	76,205	131,496
DaySpring operations	1,290,098	-	-	1,290,098
Program revenue	100,781	-	-	100,781
Interest income from loans to churches	73,911	-	-	73,911
Recovery of bad debt	156,201	-	-	156,201
	<u>5,021,910</u>	<u>383,366</u>	<u>76,205</u>	<u>5,481,481</u>
Net assets released from restrictions	<u>196,128</u>	<u>(196,128)</u>	<u>-</u>	<u>-</u>
Total support and revenue	5,218,038	187,238	76,205	5,481,481
Expenses				
Program services:				
Congregational	848,283	-	-	848,283
Ministry	1,014,984	-	-	1,014,984
DaySpring	1,337,794	-	-	1,337,794
Total program services	3,201,061	-	-	3,201,061
Supporting Services:				
Administrative	<u>1,667,821</u>	<u>-</u>	<u>-</u>	<u>1,667,821</u>
Change in Net Assets Before Other Items	349,156	187,238	76,205	612,599
Other Items				
Depreciation	272,952	-	-	272,952
Loss on disposal of assets	28,396	-	-	28,396
Total other items	<u>301,348</u>	<u>-</u>	<u>-</u>	<u>301,348</u>
Total expenses	<u>5,170,230</u>	<u>-</u>	<u>-</u>	<u>5,170,230</u>
Change in Net Assets	47,808	187,238	76,205	311,251
Net Assets at Beginning of Year	<u>13,135,645</u>	<u>4,416,816</u>	<u>2,538,256</u>	<u>20,090,717</u>
Net Assets at End of Year	<u>\$ 13,183,453</u>	<u>\$ 4,604,054</u>	<u>\$ 2,614,461</u>	<u>\$ 20,401,968</u>

See accompanying notes to consolidated financial statements

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<i>Cash Flows from Operating Activities:</i>		
Change in net assets	\$ 224,900	\$ 311,251
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	280,748	272,952
(Gain) loss on disposal of assets	(410,269)	28,396
Realized and unrealized loss (gain) on investments	106,980	(539,945)
Provision of uncollectible loans receivable	83,669	-
Recovery of uncollectible apportionments and notes receivable	(87,029)	(6,566)
(Increase) decrease in apportionments and notes receivable	124,589	224,429
(Increase) decrease in accounts receivable, net	(10,244)	4,609
Decrease (increase) in other assets	135,698	(144,974)
Decrease in accounts payable and accrued expenses	77,999	62,275
Decrease in deposits	(49,886)	(31,575)
Increase in deposits held for others	257,966	455,989
Contributions restricted for endowment	(64,208)	(76,205)
	670,913	560,636
<i>Net cash provided by operating activities</i>	670,913	560,636
<i>Cash Flows from Investing Activities</i>		
Purchases of investments	(2,207,512)	(906,309)
Proceeds from sale of investments	1,494,553	735,441
Payments received on loans receivable	355,126	336,131
Proceeds disbursed for loans receivable	-	(730,678)
Payments received on mortgage notes receivable	36,150	29,572
Purchases of land, buildings, and equipment	(1,237,693)	(119,062)
Proceeds from sale of St. Francis Tampa	412,769	-
Proceeds from sale of land, buildings, and equipment	14,000	-
	(1,132,607)	(654,905)
<i>Net cash used in investing activities</i>	(1,132,607)	(654,905)
<i>Cash Flows from Financing Activities:</i>		
Contributions restricted for endowment	64,208	76,205
	64,208	76,205
<i>Net Decrease in Cash</i>	(397,486)	(18,064)
<i>Cash at Beginning of Year</i>	1,786,748	1,804,812
<i>Cash at End of Year</i>	\$ 1,389,262	\$ 1,786,748

See accompanying notes to consolidated financial statements

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE A - NATURE OF ORGANIZATION

Diocese of Southwest Florida, Inc. (the Episcopal Diocese) is a not-for-profit corporation existing under the laws of the State of Florida. It is one of 109 dioceses of the Protestant Episcopal Church in the U.S.A. (101 domestic and 8 overseas). As such, the Episcopal Diocese is subject to the Constitution and Canons of the National Church, and to the acts of the General Convention, which is held every three years.

The Episcopal Diocese is comprised of twelve counties stretching along the west coast of Florida from Hernando County in the north to Collier County in the south. The Diocese of Southwest Florida, Inc. is divided geographically into seven deaneries: Tampa, Clearwater, St. Petersburg, Manasota, Venice, Fort Myers, and Naples.

The consolidated financial statements (collectively referred to as the Diocese) include the accounts of the administrative offices of the Episcopal Diocese which are fiscally responsible to the Bishop of the Diocese of Southwest Florida, and also include the accounts of the Episcopal Conference Center, Diocese of Southwest Florida, Inc. (DaySpring). All significant inter-organization transactions have been eliminated (see *NOTE N*).

The consolidated financial statements of the Diocese do not include the various churches, missions, and other religious organizations which operate within the Episcopal Diocese, but which are primarily responsible to their own governing boards.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. ***Basis of Presentation***

The consolidated financial statements of the Diocese have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations, including contributions that have been designated by the Diocesan Council;
- Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Diocese and/or the passage of time; and
- Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that the assets be maintained by the Diocese in perpetuity.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. **Basis of Presentation - Continued**

The Diocese follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. This requires the Diocese to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. As contributions with donor-imposed restrictions are expended, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restriction.

Contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. At December 31, 2015 and 2014, the Diocese had no outstanding pledges or bequests.

2. **Use of Estimates**

The preparation of consolidated financial statements in conformity with US GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates. Significant estimates include the allowance for uncollectible receivables, useful lives on related assets, and allocation of expenses by function.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Fair Value Measurement

The consolidated financial statements are prepared in accordance with FASB ASC 820, *Fair Value Measurement*, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the consolidated financial statements or on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

4. Cash

Cash consists of cash on deposit with financial institutions. The Diocese considers all highly liquid assets with a maturity of three months or less when purchased as cash.

Financial instruments which potentially subject the Diocese to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the years ending December 31, 2015 and 2014, the Diocese's cash balance may have exceeded the federally insured limits. However, the Diocese has not experienced and does not expect to incur any losses in such accounts.

5. Investments

Investments are carried at fair value based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market. Realized and unrealized gains and losses are reflected in the consolidated statements of activities.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Bishop Grey Retirement Foundation, Inc.

The Diocese elects four members to the governing board of the Bishop Gray Retirement Foundation, Inc. (the Foundation). The Foundation is a not-for-profit Florida corporation, organized to provide retirement support for the aged under the auspices and control of the Central, Southwest, and Southeast Florida Diocese of the Protestant Episcopal Church currently through a "scholarship program" which is intended to help eligible elderly Episcopalians from the three dioceses obtain quality housing and healthcare. Since the Diocese only acts in an advisory capacity, the foundation's assets and related income are not recorded in the Diocese consolidated financial statements. Total assets of the Foundation at December 31, 2014 were approximately \$11.9 million. Total assets of the Foundation at December 31, 2015 were not available at the time these audited consolidated financial statements were prepared.

7. Property and Equipment

Land, buildings, and equipment are stated at cost if purchased or at estimated fair value at the date of gift if donated. Depreciation on buildings and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 28 years. Expenditures in excess of \$1,000 with an estimated useful life in excess of one year are capitalized.

8. Impairment of Long-Lived Assets

In accordance with FASB ASC Topic 360, *Property, Plant, and Equipment*, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the use and eventual disposition of the asset, excluding interest. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated statements of financial position and reported at the lower of carrying amount or fair value less costs to sell, and are no longer depreciated.

In addition to consideration of impairment upon occurrence of specific events or changes in circumstances described above, management regularly evaluates the remaining useful lives of its long-lived assets. If estimates are revised, the carrying value of affected assets is depreciated or amortized over the remaining useful lives. At December 31, 2015 and 2014, there were no impairments.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. ***Diocesan Apportionments***

The Diocese's principal source of revenue consists of apportionments received from congregations located within the Diocese. The apportionment is generally based upon 10 percent of the congregations' total operating revenue and 10 percent of total capital income for the fiscal year ended two years prior.

On an annual basis, apportionments receivable balances are reviewed for collectability and any allowance for uncollectible accounts is recorded. Management budgets 5% of the annual apportionment for uncollectible amounts. Congregations who are current on their apportionment at year-end may receive a dividend based on the unused budgeted uncollectible amount. The Diocesan Council approved a \$210,000 and \$150,000 Mission/Ministry Dividend for 2015 and 2014, respectively, that was distributed on a pro rata basis. The amount of unused allowance for uncollectible accounts is treated as recovery of bad debt in the consolidated statements of activity. Recovery of bad debt totaled \$140,805 and \$156,201 for the years ended December 31, 2015 and 2014, respectively.

The Episcopal Diocese is a member of the Worldwide Anglican Communion and the Episcopal Church in the United States. The suggested pledge to the National Church is 19% of certain revenues less a \$120,000 exemption during 2015 and 2014. The "asking" expense was approximately \$560,000 and \$525,000 for the years ended December 31, 2015 and 2014, respectively, and is included in ministry expense on the consolidated statements of activities.

10. ***DaySpring Operations***

The DaySpring Episcopal Conference Center, a ministry of the Diocese of Southwest Florida, provides room and board accommodations for various groups and ministries. Advance deposits are recorded as liabilities until the events occur, at which time the amounts are recorded as revenue.

11. ***Deposits Held for Others***

The Diocese holds deposits for parishes for investment purposes in which the Diocese has recorded a "deposit held for others" on the accompanying consolidated statements of financial position.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. **Income Tax Status**

The Diocese is a non-profit agency under the laws of the State of Florida and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Diocese is listed as a subordinate of the group exemption of the Protestant Episcopal Church in the United States of America and therefore is exempt from income tax. Accordingly, the accompanying consolidated financial statements reflect no provision for income taxes.

The Diocese has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to review other matters that may be considered tax positions. No amounts of unrecognized tax benefits have been recorded by the Diocese as of December 31, 2015 or 2014.

13. **Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Certain salaries and other expenses which are associated with a specific program are charged directly to that program.

14. **Related Party Consolidation**

FASB ASC Topic 958-810, *Not-For-Profit Entity Consolidation*, clarifies the application of consolidated financial statements to certain related party entities in which a not-for-profit entity has characteristics of a controlling and economic financial interest. This guidance clarifies how to identify a related party entity in which the not-for-profit entity has a controlling and economic interest and how to determine when a not-for-profit entity should include the assets, liabilities, net assets, and results of activities of the related party entity in its consolidated financial statements.

Management has concluded that DaySpring, a related party under common control, is a related party entity in which Diocese has both controlling and economic interest. Management has elected to include the related assets, liabilities, net assets, and results of activities of DaySpring in these consolidated financial statements, as required by US GAAP.

15. **Reclassifications**

Certain amounts in the 2014 consolidated financial statements have been reclassified to conform to the 2015 presentation. These reclassifications have no impact on net assets for the year ended December 31, 2014.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE C - INVESTMENTS

At December 31, 2015 and 2014, the Diocese held investments as follows:

	<i>2015</i>		<i>2014</i>	
	<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>
ECF - Endowment Fund	\$ 9,699,087	\$10,944,367	\$ 8,428,414	\$10,136,214
ECF - Income Fund	1,355,542	1,382,542	931,191	958,567
Short-term investments	-	-	626,149	626,149
	<u>\$11,054,629</u>	<u>\$12,326,909</u>	<u>\$ 9,985,754</u>	<u>\$11,720,930</u>

Financial instruments included in the consolidated statement of financial position at December 31, 2015 and 2014 are measured at the reporting date using Level 2 inputs.

Investment return was comprised of the following for the years ended December 31, 2015 and 2014:

	<u><i>2015</i></u>	<u><i>2014</i></u>
Dividends and interest	\$ 1,630	\$ 10,969
Net realized and unrealized (depreciation) appreciation	<u>(106,980)</u>	<u>539,945</u>
	<u>\$ (105,350)</u>	<u>\$ 550,914</u>

Investment management fees for the years ended December 31, 2015 and 2014 were \$78,051 and \$78,438, respectively, and are included as a component of administrative expenses in the consolidated statements of activities.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE D - APPORTIONMENTS AND NOTES RECEIVABLE

During the years ended December 31, 2015 and 2014, the Diocese reviewed the individual apportionment receivable balances for collectability. As of December 31, 2015 and 2014, the apportionments and notes receivable included:

	<u>2015</u>	<u>2014</u>
Apportionments converted to notes	\$ 118,507	\$ 208,978
Current apportionments receivable	70,148	104,266
Allowance for uncollectible accounts	<u>(135,657)</u>	<u>(222,686)</u>
Net apportionments and notes receivable	<u>\$ 52,998</u>	<u>\$ 90,558</u>

NOTE E - LOANS RECEIVABLE

At December 31, 2015 and 2014, the Diocese had interest and non-interest bearing loans receivable due from member churches. Repayment terms and scheduled payments are made according to each Church's agreement with the Diocese. As of December 31, 2015 and 2014, the loans outstanding included:

	<u>2015</u>	<u>2014</u>
Iona hope Episcopal Church, Fort Myers	\$ 876,829	\$ 900,920
St. Catherine's Episcopal Church, Temple Terrace	-	140,977
St. Mary's Episcopal Church, Tampa	87,500	87,500
St. Nathaniel's Episcopal Church, North Port	258,276	265,452
Church of the Good Shepherd, Punta Gorda	181,169	184,769
Church of the Holy Spirit, Safety Harbor	10,597	12,790
St. Monica's Episcopal Church, Naples	-	54,348
St. Hilary Episcopal Church, Fort Myers	228,556	283,895
Epiphany Episcopal Church, Cape Coral	65,126	77,386
St. Alfred, Palm Harbor	219,913	229,202
St. Martin, Hudson	78,621	86,804
St. Andrew, Spring Hill	89,311	100,067
St. Wilfred, Sarasota	39,320	66,232
Allowance for uncollectable accounts	<u>(83,672)</u>	<u>-</u>
Net loans receivable	<u>\$ 2,051,546</u>	<u>\$ 2,490,342</u>

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE F - MORTGAGE NOTE RECEIVABLE

At December 31, 2015 and 2014, the Diocese had two mortgage notes receivable totaling \$1,413,157 and \$1,449,307, respectively.

On February 8, 2013, the Diocese executed a mortgage in the amount of \$100,000 by and between Fruit of the Spirit Ministries for property that was formerly St. Cecilia Episcopal Church. The mortgage receivable, which bears interest at 6%, is payable over four years and amortized over a five-year term with a balloon payment of \$55,280 due February 1, 2017. Beginning March 1, 2013 through February 1, 2014 interest only payments of \$500 are due. Beginning March 1, 2014 through February 1, 2015 monthly installments of \$1,000 are due, \$1,500 from March 1, 2015 through February 1, 2016, and \$2,500 from March 1, 2016 through February 1, 2017. The note is secured by real property. As of December 31, 2015 and 2014, the note had an outstanding balance of \$85,440 and \$94,886, respectively. Management is assessing the collectability of the balloon payment due February 1, 2017.

On December 22, 2004, the Diocese executed a mortgage in the amount of \$1,500,000 by and between St. Mark's Episcopal Church for construction of their new facilities. The mortgage receivable, which bears interest at 3% and is payable over 30 years, is due in monthly installments of \$6,324 beginning April 1, 2005. The note is secured by real property. The Diocesan Council approved the deferral of principal payments and required interest only payments for four years. Beginning January 2013, St. Mark's Episcopal Church began making principal payments per Council Resolution 2013-01-d, based on the 2013 agreement, which modified terms for 2013-2015 at 1% interest on 50 year amortization. In January 2016, terms revert back to the original note. As of December 31, 2015 and 2014, the note had an outstanding balance of \$1,327,717 and \$1,354,421, respectively. Management considers the amount to be fully collectible.

NOTE G - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment, consist of the following at December 31, 2015 and 2014:

	<u>2015</u>			<u>2014</u>
	<u>Diocese</u>	<u>DaySpring</u>	<u>Total</u>	<u>Total</u>
Land	\$ 219,328	\$ 1,478,732	\$ 1,698,060	\$ 1,271,869
Buildings	1,738,404	3,588,317	5,326,721	4,979,710
Construction in progress	365,278	-	365,278	-
Furniture and equipment	203,365	735,874	939,239	880,119
Vehicles	88,071	21,905	109,976	115,938
			<u>8,439,274</u>	<u>7,247,636</u>
Less accumulated depreciation			<u>(3,839,013)</u>	<u>(3,587,821)</u>
			<u>\$ 4,600,261</u>	<u>\$ 3,659,815</u>

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE G - LAND, BUILDINGS, AND EQUIPMENT - CONTINUED

Depreciation expense for the years ended December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Diocese	\$ 103,773	\$ 105,576
DaySpring	176,975	167,376
	<u>\$ 280,748</u>	<u>\$ 272,952</u>

The Diocese approved a 3-phase plan to upgrade the facilities at DaySpring Episcopal Center. Phase 1 of this plan includes construction of a new Program Center and a new pool complex. Phase 2 includes a new multi-purpose worship center, and Phase 3 includes new residential rooms. Phases 2 and 3 are as yet unfunded, and initiation is dependent on gifts and fund raising. Phase 1 is estimated to cost approximately \$3.6 million. Currently, the Diocese has \$1.3 million cash on hand to begin, as well as dedicated funds of \$275,000 and a line-of-credit from a bank for the remainder. The Diocese acquired land in 2015 for development of this project totaling \$412,000. Construction in progress of \$365,278 includes architectural and related planning costs for Phase 1.

NOTE H - BOARD-DESIGNATED NET ASSETS

At December 31, 2015 and 2014, the Diocesan Council has designated unrestricted net assets for the following:

	<u>2015</u>	<u>2014</u>
Mission fund	\$ 1,992,809	\$ 1,692,728
Capital revolving loan fund	3,382,447	3,441,269
DaySpring endowment	203,720	231,021
Diocesan endowment	1,496,833	1,573,531
	<u>\$ 7,075,809</u>	<u>\$ 6,938,549</u>

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE I - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of gifts and other unexpended support available for the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Benefit of elderly	\$ 2,040,227	\$ 2,144,541
Congregation loans	113,218	114,279
Ministry development	107,528	127,344
St. Bartholomew	65,560	68,912
SCF chaplaincy	33,862	35,593
Missions	595,338	627,628
Bishop's discretionary	539,342	448,088
Underprivileged	26,539	33,673
Theological education	364,921	547,889
Episcopal charities grants	120,082	151,659
DaySpring	95,820	118,508
Other	173,674	185,940
	<u>\$ 4,276,111</u>	<u>\$ 4,604,054</u>

Permanently restricted net assets consist of contributions and other gifts maintained by the Diocese in perpetuity for the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Bishop's discretionary	\$ 534,689	\$ 534,689
Missions	392,438	392,438
Benefit of elderly	335,889	335,889
Ministry development	280,054	280,054
Education	122,159	122,159
DaySpring endowment	425,344	387,405
Episcopal charities grants	554,985	528,716
Other	33,111	33,111
	<u>\$ 2,678,669</u>	<u>\$ 2,614,461</u>

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE J - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions as follows during the years ended December 31, 2015 and 2014, by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors:

Purpose restrictions accomplished:

	<u>2015</u>	<u>2014</u>
Benefit of elderly	\$ 70,370	\$ 68,472
Ministry development	13,368	13,008
St. Bartholomew	2,261	2,196
College chaplaincy	1,168	1,140
Missions	21,725	10,200
Theological education	5,758	4,128
Bishop's discretionary	58,638	50,820
Underprivileged	4,346	3,360
DaySpring	15,470	14,604
Episcopal charities grants	26,877	20,148
Other	8,274	8,052
	<u>\$ 228,255</u>	<u>\$ 196,128</u>

NOTE K - ENDOWMENT FUNDS

Effective July 1, 2012, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and in accordance with ASC Topic 958-205-45-28, *Classification of Donor Restricted Endowment Funds Subject to UPMIFA*, the Diocese classifies investment earnings on endowments as a component of temporarily restricted net assets if not appropriated for expenditure in the period earned. Once investment earnings are appropriated for expenditure, the Diocese reclassifies the amount appropriated as a component of unrestricted net assets.

The Diocese's endowment consists of several individual funds established for a variety of purposes. Its endowment consists of donor-restricted funds and is subject to donor intent and the terms of its governing documents as well as the provisions of FUPMIFA. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE K - ENDOWMENT FUNDS - CONTINUED

Interpretation of Relevant Law

The Diocese's Diocesan Council has interpreted the wishes of donors and state law 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 of the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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. 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 by the Diocese in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Diocese and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Diocese
- (7) The investment policies of the Diocese

For the years ended December 31, 2015 and 2014, the Diocese has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE K - ENDOWMENT FUNDS - CONTINUED

Investment Return Objectives, Risk Parameters, and Strategies

The Diocese has adopted investment and spending policies, approved by the Diocesan Council, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed-income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to provide a high level of cash distribution, while growing the funds if possible. Therefore, the Diocese expects its endowment assets, over time, to produce an average rate of return of approximately 7-9% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund, investment assets and allocation between asset classes, and strategies and managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Diocese is operating under an endowment spending policy which dictates that the endowment fund transfer to the operating fund an agreed-upon percentage of the fund. The Diocese estimates the distribution to fall in the range of three to five percent. In establishing this policy, the Diocese considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Diocese's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE K - ENDOWMENT FUNDS - CONTINUED

Endowment net asset composition by type of fund as of December 31, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Board-designated endowment funds	\$ 1,700,553	\$ -	\$ -	\$ 1,700,553
Donor-restricted endowment funds	-	3,662,383	2,678,669	6,341,052
	<u>\$ 1,700,553</u>	<u>\$ 3,662,383</u>	<u>\$ 2,678,669</u>	<u>\$ 8,041,605</u>

Changes in endowment net assets for the year ended December 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Balance, beginning of year	\$ 1,804,552	\$ 3,921,100	\$ 2,614,461	\$ 8,340,113
Contributions	-	6,667	64,208	70,875
Interest and dividends, net of investment expenses	(11,616)	(34,742)	-	(46,358)
Net depreciation	(17,189)	(52,164)	-	(69,353)
Amount appropriated for expenditures	(75,194)	(178,478)	-	(253,672)
Balance, end of year	<u>\$ 1,700,553</u>	<u>\$ 3,662,383</u>	<u>\$ 2,678,669</u>	<u>\$ 8,041,605</u>

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE K - ENDOWMENT FUNDS - CONTINUED

Endowment net asset composition by type of fund as of December 31, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Board-designated endowment funds	\$ 1,804,552	\$ -	\$ -	\$ 1,804,552
Donor-restricted endowment funds	-	3,921,100	2,614,461	6,535,561
	<u>\$ 1,804,552</u>	<u>\$ 3,921,100</u>	<u>\$ 2,614,461</u>	<u>\$ 8,340,113</u>

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Balance, beginning of year	\$ 1,782,989	\$ 3,811,856	\$ 2,538,256	\$ 8,133,101
Contributions	-	-	76,205	76,205
Interest and dividends, net of investment expenses	(11,629)	(32,584)	-	(44,213)
Net appreciation	100,183	298,785	-	398,968
Amount appropriated for expenditures	(66,991)	(156,957)	-	(223,948)
Balance, end of year	<u>\$ 1,804,552</u>	<u>\$ 3,921,100</u>	<u>\$ 2,614,461</u>	<u>\$ 8,340,113</u>

NOTE L - PENSION PLAN

The Clergy and the lay employees of the Diocese are participants in separate pension plans. The Clergy and lay employees are covered by the Church Pension Fund. The Clergy are covered by a defined benefit plan and the lay employees are covered by a defined contribution plan. The plan covering lay employees calls for annual contributions by the Diocese, based on a percent of aggregate employee compensation. Total pension expense for the Clergy employees for the years ended December 31, 2015 and 2014 was \$80,987 and \$65,214, respectively. Total pension expense for the lay employees for the years ended December 31, 2015 and 2014 was \$40,979 and \$39,248, respectively. The Church Pension Fund is part of a National Plan and additional information with the respect to the Diocese of Southwest Florida, Inc. is not available as the plan is evaluated on an aggregate basis.

DIOCESE OF SOUTHWEST FLORIDA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE L - PENSION PLAN - CONTINUED

The DaySpring Episcopal Conference Center employees also participate in a separate pension plan through the Church Pension Fund. Total expense for the years ended December 31, 2015 and 2014 was \$46,373 and \$44,733, respectively.

NOTE M - POSTRETIREMENT BENEFITS

Under a plan adopted January 1, 1999, the Diocese provides certain health care benefits for clergy and lay retirees. Eligibility for those benefits occurs upon the attainment of age 65 and a minimum of ten years of service while working for the Diocese. The Diocese has the right to amend or terminate the program at any time; therefore, no future obligations are recorded under generally accepted accounting principles. In 2011, the Diocese adopted a new policy that affected the calculation of the total retiree benefit amount starting in 2012. The new policy provides for the Diocese to designate a total retiree benefit amount each year as part of their annual budgeting process. This amount is based on the income released from the endowment funds restricted for the benefit of the elderly, may include funds from current year Diocesan operating funds and is then divided by the budgeted number of eligible retirees each year. Total postretirement benefit expense for the years ended December 31, 2015 and 2014 was \$88,130 and \$83,879, respectively.

NOTE N - DAYSPRING ELIMINATIONS AND RELATED ACTIVITY

The consolidated financial statements of the Diocese include related DaySpring balances and activities. For this reason, elimination of related party receivables and payables, along with corresponding revenues and expenses are necessary at year-end. Eliminating entries were made to properly account for the \$2,706,128 and \$2,033,440 investment in DaySpring as of December 31, 2015 and 2014, respectively. At December 31, 2015 and 2014, \$100,000 and \$110,000 of DaySpring support was eliminated along with the transfer of \$22,977 and \$21,348, respectively, of interest income included in the endowment fund. DaySpring depreciation is included within the consolidated statements of activities.

NOTE O - SALE OF PROPERTY

The Diocese received proceeds from the sale of the St. Francis Episcopal Mission in Tampa, Florida in August 2015. The total selling price was \$450,000 and net proceeds were \$412,769. This amount is included in the gain on sale disposal of assets on the consolidated statement of activities. The proceeds are included in the Mission fund designated net assets at December 31, 2015.

NOTE P - SUBSEQUENT EVENTS

The Diocese has evaluated events occurring after the consolidated statements of financial position date through May 16, 2016, the date which the consolidated financial statements were available and issued. The Diocese is not aware of any subsequent events which would require recognition or disclosures in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

<i>Assets</i>	<i>Diocese Operating</i>	<i>DaySpring Operating</i>	<i>Eliminating Entries</i>	<i>Total</i>
Cash and cash equivalents	\$ 1,303,360	\$ 85,902	\$ -	\$ 1,389,262
Investments:				
Held for others	768,955	-	-	768,955
Held in endowment	8,041,605	-	-	8,041,605
Other	3,516,349	-	-	3,516,349
Apportionments and notes receivable, net	52,998	-	-	52,998
Accounts receivable, net	-	10,244	-	10,244
Loans receivable, net	2,051,546	-	-	2,051,546
Mortgage note receivable	1,413,157	-	-	1,413,157
Other assets	68,879	4,566	-	73,445
Land, buildings, and equipment, net	2,126,060	2,474,201	-	4,600,261
Investment in DaySpring	2,706,128	-	(2,706,128)	-
Due from affiliate	50,000	(50,000)	-	-
<i>Total assets</i>	<u>\$ 22,099,037</u>	<u>\$ 2,524,913</u>	<u>\$ (2,706,128)</u>	<u>\$ 21,917,822</u>
<i>Liabilities and Net Assets</i>				
Accounts payable and accrued expenses	\$ 352,215	\$ 73,750	\$ -	\$ 425,965
Deposits	28,782	67,252	-	96,034
Deposits held for others	768,955	-	-	768,955
<i>Total liabilities</i>	1,149,952	141,002	-	1,290,954
<i>Net assets unrestricted:</i>				
Undesignated (deficit)	4,810,234	(108,088)	(2,706,128)	1,996,018
Board-designated endowment	1,700,553	-	-	1,700,553
Board-designated other	5,375,256	-	-	5,375,256
Land, buildings, and equipment	2,126,060	2,474,201	-	4,600,261
<i>Total unrestricted net assets</i>	14,012,103	2,366,113	(2,706,128)	13,672,088
Temporarily restricted	4,258,313	17,798	-	4,276,111
Permanently restricted	2,678,669	-	-	2,678,669
<i>Total net assets</i>	<u>20,949,085</u>	<u>2,383,911</u>	<u>(2,706,128)</u>	<u>20,626,868</u>
<i>Total liabilities and net assets</i>	<u>\$ 22,099,037</u>	<u>\$ 2,524,913</u>	<u>\$ (2,706,128)</u>	<u>\$ 21,917,822</u>

See independent auditor's report

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	<u>Diocese</u> <u>Operating</u>	<u>DaySpring</u> <u>Operating</u>	<u>Eliminating</u> <u>Entries</u>	<u>Total</u>
Support and Revenue				
Diocesan apportionments	\$ 3,351,249	\$ -	\$ -	\$ 3,351,249
Investment return	(105,350)	23,042	(22,977)	(105,285)
Contributions and bequests	75,873	7,891	-	83,764
DaySpring operations	-	1,537,764	(100,000)	1,437,764
Program revenue	101,084	-	-	101,084
Capital income - major gifts	89,000	-	-	89,000
Interest income from loans to churches	64,884	-	-	64,884
Recovery of bad debt	140,805	-	-	140,805
	<hr/>	<hr/>	<hr/>	<hr/>
Total support and revenue	3,717,545	1,568,697	(122,977)	5,163,265
Expenses:				
Program services:				
Congregational	662,221	-	(22,977)	639,244
Ministry	1,177,800	-	-	1,177,800
DaySpring	-	1,433,562	-	1,433,562
	<hr/>	<hr/>	<hr/>	<hr/>
Total program services	1,840,021	1,433,562	(22,977)	3,250,606
Supporting services:				
Administrative	1,917,280	-	(100,000)	1,817,280
	<hr/>	<hr/>	<hr/>	<hr/>
Change in Net Assets Before Other Items	(39,756)	135,135	-	95,379
Other Items				
Depreciation	103,773	176,975	-	280,748
(Gain) loss on disposal of assets	(410,269)	-	-	(410,269)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other items	(306,496)	176,975	-	(129,521)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	3,450,805	1,610,537	(122,977)	4,938,365
	<hr/>	<hr/>	<hr/>	<hr/>
Change in Net Assets	266,740	(41,840)	-	224,900
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets at Beginning of Year	20,682,345	(280,377)	-	20,401,968
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets at End of Year	<u>\$ 20,949,085</u>	<u>\$ (322,217)</u>	<u>\$ -</u>	<u>\$ 20,626,868</u>

See independent auditor's report

DIOCESE OF SOUTHWEST FLORIDA, INC.
SCHEDULES OF DAYSPRING EXPENSES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Food services	\$ 426,857	\$ 387,159
Guest services	201,242	184,573
Grounds and building maintenance	315,831	303,303
Depreciation	176,975	167,376
Administration	489,537	459,542
Miscellaneous	95	28,817
Interest	-	2,796
	<hr/>	<hr/>
Total DaySpring expenses	<u>\$ 1,610,537</u>	<u>\$ 1,533,566</u>

See independent auditor's report