

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
And Episcopal Housing Corporation

Combined Financial Statements
and
Supplementary Information

Years Ended December 31, 2012 and 2011

**Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky,
 Trustees of the Bishop Dudley Memorial
 And Episcopal Housing Corporation
 Notes to Combined Financial Statements
 December 31, 2012 and 2011**

Table of Contents

	<u>Page No.</u>
Independent Auditor's Report.....	4-5
Financial Statements	
Combined Statements of Financial Position.....	6
Combined Statements of Activities and Changes in Net Assets.....	7-8
Combined Statements of Cash Flows.....	9
Notes to Combined Financial Statements.....	10-19
Supplementary Information	
Combining Statement of Financial Position December 31, 2012.....	20
Combining Statement of Financial Position December 31, 2011.....	21
Combining Statement of Activities Year Ended December 31, 2012.....	22-23
Combining Statement of Activities Year Ended December 31, 2011.....	24-25
Combining Statement of Changes in Net Assets Year Ended December 31, 2012.....	26
Combining Statement of Changes in Net Assets Year Ended December 31, 2011.....	27

**Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky,
 Trustees of the Bishop Dudley Memorial
 And Episcopal Housing Corporation
 Notes to Combined Financial Statements
 December 31, 2012 and 2011**

Statement of Financial Position - Foundation December 31, 2012.....	28
Statement of Financial Position - Foundation December 31, 2011.....	29
Statement of Activities - Foundation Year Ended December 31, 2012.....	30
Statement of Activities - Foundation Year Ended December 31, 2011.....	31
Statement of Changes in Net Assets - Foundation Year Ended December 31, 2012.....	32
Statement of Changes in Net Assets - Foundation Year Ended December 31, 2011.....	33

William A. Talley
Jon D. Chesser
Bob E. Wientjes

Kentucky Offices:
Louisville
Brandenburg
Bardstown

Independent Auditor's Report

The Bishop, Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation

We have audited the accompanying combined statements of financial position of the Trustees and Council of the Protestant Episcopal Diocese of Kentucky, Trustees of the Bishop Dudley Memorial and Episcopal Housing Corporation (collectively "the Diocese"), as of December 31, 2012 and 2011, and the related combined statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Basis for Qualified Opinion

As more fully described in Note B to the combined financial statements, land and church buildings of \$4,187,886 are recorded based upon insured values at January 1, 1989. In addition, church buildings are not being depreciated and any gains or losses on sales of church buildings are not reflected as net of accumulated depreciation. In our opinion, accounting principles generally accepted in the United States of America require property to be stated at an amount not in excess of cost and reduced by depreciation, as applicable, on such amount. The effects of that departure on the financial statements have not been determined.

Qualified Opinion

In our opinion, except for the effects of not recording certain property at cost and depreciating the cost over the estimated useful lives of the assets, and any gains or losses on sales of church buildings are not reflected net of accumulated depreciation, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of financial position and combining statements of activities of the Diocese (which collectively include the operating fund, plant fund and capital funds, the last referred to as the Foundation), the Bishop Dudley Trust and Housing Corp. and the statement of financial position - Foundation and statement of activities - Foundation (which follow and detail the capital funds of the Diocese which comprise them) are presented for purposes of additional analysis and are not a required part of the basic 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 of America. In our opinion, except for the effects of not recording certain property at cost and depreciating the cost over the estimated useful life of the asset, and any gains or losses on sales of church buildings are not reflected net of accumulated depreciation, as explained in the sixth paragraph of this report, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Richardson, Pennington & Skinner, PSC.

Louisville, Kentucky
August 16, 2013

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Combined Statements of Financial Position
 December 31, 2012 and 2011

Assets	2012	2011
Cash and cash equivalents	\$ 980,169	\$ 337,558
Accounts receivable	130,618	90,977
Investments (Note C)	8,262,152	7,964,937
Notes receivable (Note D)	380,428	425,752
Prepaid and other assets	100	2,606
Pledges receivable, net (Note E)	7,031	7,431
Funds held in trust by others (Note F)	3,720,394	3,447,155
Cash restricted for designated purposes	454,495	453,486
Property and equipment, net (Note G)	7,487,506	7,712,349
Total Assets	<u>\$ 21,422,893</u>	<u>\$ 20,442,251</u>
 Liabilities and Net Assets		
 Liabilities		
Accounts payable and accrued liabilities	\$ 97,188	\$ 45,875
Deferred revenue	2,220	1,489
Funds held for others (Note L)	1,372,187	1,184,339
Other liabilities	2,665	2,827
Total Liabilities	<u>1,474,260</u>	<u>1,234,530</u>
 Net Assets		
Unrestricted		
Undesignated	204,292	144,258
Designated	1,293,538	884,368
Funds functioning as endowments	577,852	484,012
Total Unrestricted Net Assets	<u>2,075,682</u>	<u>1,512,638</u>
Temporarily restricted (Note M)	11,498,305	11,593,676
Permanently restricted (Note N)	6,374,646	6,101,407
Total Net Assets	<u>19,948,633</u>	<u>19,207,721</u>
Total Liabilities and Net Assets	<u>\$ 21,422,893</u>	<u>\$ 20,442,251</u>

The accompanying notes are an integral part of these combined financial statements.

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Combined Statements of Activities and Changes in Net Assets
 Years Ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily	Permanently	Unrestricted	Temporarily	Permanently
		Restricted	Restricted		Restricted	Restricted
	Total	Total	Total	Total	Total	
Revenues and Support						
Pledges	\$ 952,062	\$ -	\$ -	\$ 919,332	\$ -	
Contributions	4,804	198,061	-	9,785	208,876	
Interest and dividends	40,633	245,578	-	43,032	178,210	
Transfers from other funds	-	51,063	-	-	-	
St. Martins income	-	-	-	-	-	
Realized gain (loss) on sale of investments	34,418	78,121	-	54,358	257,669	
Unrealized investment gains (losses)	43,319	157,093	-	(40,401)	5,953	
Rental income	33,896	-	-	43,422	-	
All Saints' Center	122,750	-	-	112,141	-	
Adult events	22,776	-	-	34,912	-	
Youth events	38,480	-	-	38,542	-	
Other income	461,079	(149,594)	-	2,325	4,912	
Increase (decrease) in value of perpetual trusts	-	-	273,239	-	-	
Net assets released from program restrictions	675,693	(675,693)	-	593,396	(593,396)	
Withdrawal of restrictions by donor	-	-	-	5,000	(5,000)	
Total Revenues and Support	2,429,910	(95,371)	273,239	1,815,844	62,224	
			2,607,778		(125,044)	
					1,753,024	

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation
Combined Statements of Activities and Changes in Net Assets (Continued)
Years Ended December 31, 2012 and 2011

	2012			2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Total Revenues and Support	\$ 2,429,910	\$ (95,371)	\$ 273,239	\$ 2,607,778	\$ 1,815,844	\$ 62,224	\$ (125,044)	\$ 1,753,024
Expenses								
All Saints' Center	262,801	-	-	262,801	256,374	-	-	256,374
Episcopate	233,293	-	-	233,293	244,918	-	-	244,918
Diocesan staff	240,884	-	-	240,884	362,689	-	-	362,689
Office expense	110,538	-	-	110,538	105,385	-	-	105,385
Evangelism/congregational development	5,068	-	-	5,068	2,068	-	-	2,068
Adult events	70,505	-	-	70,505	46,584	-	-	46,584
Youth and young adults	182,515	-	-	182,515	202,668	-	-	202,668
Communications	10,394	-	-	10,394	7,393	-	-	7,393
Other Diocesan expenses	4,884	-	-	4,884	6,867	-	-	6,867
Other Diocesan programs	29,309	-	-	29,309	28,237	-	-	28,237
Wider Episcopal Church	130,771	-	-	130,771	136,222	-	-	136,222
Investment fees	26,531	-	-	26,531	40,675	-	-	40,675
Distributions to Bishop's discretionary fund	15,831	-	-	15,831	12,501	-	-	12,501
Distributions to benefit others	12,790	-	-	12,790	32,425	-	-	32,425
Diocesan mission funding	182,750	-	-	182,750	186,247	-	-	186,247
Depreciation	57,875	-	-	57,875	57,868	-	-	57,868
Operating expenses:								
Operating fund expenses	135,271	-	-	135,271	51,619	-	-	51,619
Brennan Theological expenses	111,913	-	-	111,913	82,766	-	-	82,766
Capital campaign expenses	-	-	-	-	-	-	-	-
Episcopal Housing expenses	42,122	-	-	42,122	39,484	-	-	39,484
Miscellaneous expenses	821	-	-	821	8,476	-	-	8,476
Total Expenses	1,866,866	-	-	1,866,866	1,911,466	-	-	1,911,466
Changes in Net Assets	563,044	(95,371)	273,239	740,912	(95,622)	62,224	(125,044)	(158,442)
Net Assets at Beginning of Year	1,512,638	11,593,676	6,101,407	19,207,721	1,608,260	11,531,452	6,226,451	19,366,163
Net Assets at End of Year	\$ 2,075,682	\$ 11,498,305	\$ 6,374,646	\$ 19,948,633	\$ 1,512,638	\$ 11,593,676	\$ 6,101,407	\$ 19,207,721

The accompanying notes are an integral part of these combined financial statements.

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Combined Statements of Cash Flows
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 740,912	\$ (158,442)
Adjustments to reconcile changes in net assets to cash used by operating activities		
Depreciation	57,875	57,868
(Gain) loss on sale of property and equipment	149,594	-
Loss (gain) on sale of investments	(112,539)	(312,027)
Unrealized investment (gains)/losses	(200,412)	34,448
Decrease (increase) in value of perpetual trusts	(273,239)	120,044
Changes in:		
Accounts receivable	(39,641)	70,334
Prepaid and other assets	2,506	6,607
Pledges receivable, net	400	10,833
Accounts payable and accrued liabilities	51,313	(4,105)
Deferred revenue	731	1,489
Other liabilities	(162)	(2,232)
Funds held for others	187,848	15,390
Net Cash Provided (Used) by Operating Activities	<u>565,186</u>	<u>(159,793)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	1,457,672	3,719,574
Purchases of investments	(1,453,854)	(3,645,650)
Payments received on notes receivable	65,325	86,485
Issuance of notes receivable	(20,000)	(14,667)
(Increase) decrease in cash restricted for designated purposes	(1,009)	(58,066)
Interest and dividends reinvested	11,916	11,560
Proceeds from sale of property and equipment	70,306	-
Purchase of property and equipment	(52,931)	(18,457)
Net Cash Provided by Investing Activities	<u>77,425</u>	<u>80,779</u>
Net Increase (Decrease) in Cash and Cash Equivalents	642,611	(79,014)
Cash and Cash Equivalents at Beginning of Year	<u>337,558</u>	<u>416,572</u>
Cash and Cash Equivalents at End of Year	<u>\$ 980,169</u>	<u>\$ 337,558</u>

The accompanying notes are an integral part of these combined financial statements.

**Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
And Episcopal Housing Corporation
Notes to Combined Financial Statements
December 31, 2012 and 2011**

Note A – Nature of Organization

The Trustees and Council of the Protestant Diocese of Kentucky, established in 1829, is the administrative office for the Episcopal churches in North Central and Western Kentucky. Along with administrative duties, the Diocese offers many Christian programs, including youth and adult camps, mission development and other services.

The Trustees of the Bishop Dudley Memorial is a separately incorporated fund, with its own board of trustees elected by the Convention. Earnings in investments held in this fund are used to support the Episcopate.

The Episcopal Housing Corporation is a non-profit, non-stock corporation providing elderly, handicapped and disadvantaged persons with housing facilities and services specially designed to meet physical, social and psychological needs.

Note B – Significant Accounting Policies

1. Basis of Presentation: The accompanying combined financial statements reflect the financial position and activities of the Trustees and Council of the Protestant Episcopal Diocese of Kentucky and its wholly owned subsidiary Episcopal Church Foundation of the Diocese of Kentucky (“the Foundation”), Trustees of the Bishop Dudley Memorial and Episcopal Housing Corporation (collectively “the Diocese”) and are presented on the accrual basis of accounting.

All inter and intra organization transactions have been eliminated in the accompanying combined financial statements.

2. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
3. Donor-Imposed Restrictions: The Diocese records and reports its assets, liabilities, net assets, revenues, expenses, gains and losses, and other support based on the existence or absence of donor-imposed restrictions.

The Diocese reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Diocese reports the support as unrestricted. For the years ended December 31, 2012 and 2011, net assets released from temporary program restriction due to satisfaction of donor restrictions was \$633,476 and \$593,396, respectively. Net assets released from permanent restriction due to withdrawal of restrictions by the donor was \$-0- and \$5,000, respectively.

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
And Episcopal Housing Corporation
Notes to Combined Financial Statements (Continued)
December 31, 2012 and 2011

Note B – Significant Accounting Policies (Continued)

3. Donor-Imposed Restrictions (Continued): The Diocese reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Designated net assets are unrestricted but have been designated by the appropriate governing authority for a particular purpose. Funds functioning as endowments are net assets that have been designated by the appropriate governing authority as a Board-designated endowment to be invested to provide income for a long-term, but unspecified purpose.

Permanently restricted net assets include those contributions and other inflows of assets whose use by the Diocese is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Diocese.

4. Contributions: All unconditional promises to give (contributions) are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable fair value, which is unconditional promises to give that are expected to be collected in future years, and are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

5. Cash and Cash Equivalents: The Diocese considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less, not restricted for a designated purpose, to be cash equivalents. The Diocese typically maintains cash on deposit at banks in excess of federally insured limits. Accordingly, at various times during the years ended December 31, 2012 and 2011, balances were unsecured and uncollateralized.
6. Investments: Investments consist of debt securities and marketable equity securities and are stated at fair value. Realized and unrealized holding gains and losses, determined using the average cost method, are reflected in the accompanying statement of activities and changes in net assets. Donated securities are recorded as contributions at their estimated fair value at the date of the contribution. All investment securities are subject to the risks common to financial markets, including interest rate risk, credit risk, and overall market risk. Due to the level of risk associated with all investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
7. Cash restricted for Designated Purposes: Cash restricted for designated purposes represents cash and short term securities restricted by the donor for future investment in property and equipment and for loans to parishes, missions and clergy.

**Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
And Episcopal Housing Corporation**
Notes to Combined Financial Statements (Continued)
December 31, 2012 and 2011

Note B – Significant Accounting Policies (Continued)

8. Property and Equipment: The Diocese capitalizes all expenditures for property and equipment in excess of \$500. At January 1, 1989, land and buildings were recorded based on insured values at January 1, 1989, where original cost amounts were not determinable. All other land and buildings are recorded at cost. It is the policy of the Diocese not to recognize depreciation on church buildings. In addition, sales of church buildings are not reflected net of accumulated depreciation as a result of not recording depreciation of church buildings.

Furniture, equipment and vehicles are stated at cost. Donated assets are recorded at estimated fair value on the date of the gift. Depreciation of furniture, equipment and vehicles is provided using principally the straight-line method over the expected useful lives of the assets ranging from 5 to 25 years. Depreciation expense was \$57,875 and \$57,868 for the years ended December 31, 2012 and 2011, respectively.

9. Income Taxes: The Diocese is exempt from income taxes pursuant to Section 501(c) (3) of the Internal Revenue Service Code under a group exemption for Episcopal Churches and Diocese in the United States.

Note C – Investments

Cost and fair values of investment securities at December 31, 2012 and 2011 consist of the following:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 167,426	\$ 167,426	\$ 185,911	\$ 185,911
Mutual fund equities	1,157,702	1,227,348	1,112,440	1,061,898
Common stock	3,637,182	5,108,288	3,815,604	5,225,333
Fixed income mutual funds	460,502	469,822	299,185	296,013
Fixed income bonds	1,154,011	1,289,268	1,070,401	1,195,782
	<u>\$ 6,576,823</u>	<u>\$ 8,262,152</u>	<u>\$ 6,483,541</u>	<u>\$ 7,964,937</u>

Note D – Notes Receivable

Notes receivable represent loans to parishes, missions and clergy at interest rates calculated based on a formula in the year the loan was made. Maturity dates of the notes range from May 2013 through December 2017.

**Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
And Episcopal Housing Corporation
Notes to Combined Financial Statements (Continued)
December 31, 2012 and 2011**

Note E – Pledges Receivable

During 2002, the Diocese began a capital campaign to be used to build facilities at All Saints’ Center. As of December 31, 2012, the Diocese has raised \$2.1 million in contributed and pledged cash and property toward this goal.

The present value of pledges receivable at December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Gross pledges receivable	\$ 10,990	\$ 10,390
Less allowance for uncollectible pledges	<u>(3,959)</u>	<u>(2,959)</u>
	<u>\$ 7,031</u>	<u>\$ 7,431</u>

Gross pledges receivable at December 31, 2012 are expected to be collected according to the following schedule:

Less than one year	<u>\$ 10,990</u>
	<u>\$ 10,990</u>

The Diocese receives contributions primarily from individuals in the community. The Diocese uses an allowance for uncollectible pledges based on a reasonable estimate of possible uncollectible pledges.

Note F – Funds Held in Trust by Others

The Diocese is a beneficiary of the Robert E. Brennan Irrevocable Trust (“the Brennan Trust”). The Brennan Trust is neither in the possession nor under the control of the Diocese, but is held and administered by an independent trustee. The Diocese receives a portion of the income from the Brennan Trust. The Diocese has recorded its beneficial interest in the Brennan Trust at the fair value of its proportionate share of the Brennan Trust assets. During the years ended December 31, 2012 and 2011, the Diocese received \$113,277 and \$113,967, respectively, from this Brennan Trust.

The Diocese is a beneficiary of the John L. Terry Charitable Remainder Trust (“the Terry Trust”). The Terry Trust is neither in the possession nor under the control of the Diocese, but is held and administered by an independent trustee. The Diocese will receive a portion of the Terry Trust in fee simple upon the death of the last named beneficiary. The Diocese has recorded its beneficial interest in the Terry Trust at the fair value of its proportionate share of the Terry Trust assets less payments to be made to the remaining beneficiary.

The Brennan Trust and Terry Trust are held and administered by independent trustees. The investment and distribution policies for these trusts are determined by the independent trustees, not the Diocese.

**Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
And Episcopal Housing Corporation
Notes to Combined Financial Statements (Continued)
December 31, 2012 and 2011**

Note G – Property and Equipment

Property and equipment at December 31, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 414,271	\$ 414,271
Buildings	6,879,959	7,099,859
Capital improvements	550,494	517,202
Office furniture and equipment	361,258	341,619
Vehicles	<u>23,321</u>	<u>23,320</u>
Total Property and equipment	8,229,303	8,396,271
Accumulated depreciation	<u>(741,797)</u>	<u>(683,922)</u>
Total Property and equipment, net	<u>\$ 7,487,506</u>	<u>\$ 7,712,349</u>

Note H – Pension Plan

The Diocese participates in a multi-employer defined benefit and contribution plan sponsored by the National Church Pension Fund. The plan covers clergy and lay people on the payroll of the Diocese. Contributions made by the Diocese are based on the participants' salaries at 18% for clergy and 9% for lay persons. Total contributions during 2012 and 2011 amounted to \$49,074 and \$59,034 respectively.

Governmental regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. At March 31, 2012, the audited financial statements of the National Church Pension Fund report no unfunded vested benefits. The Diocese has not received information from the plans' administrators to determine its share of unfunded vested benefits, if any, at December 31, 2012. The Diocese does not anticipate withdrawal from the plan, and the Diocese is not aware of any expected plan terminations.

Note I – Donated Materials, Facilities and Services

Donated materials and equipment are reflected as contributions in the accompanying combined statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of time in the Diocese's program services.

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky,
 Trustees of the Bishop Dudley Memorial
 And Episcopal Housing Corporation
 Notes to Combined Financial Statements (Continued)
 December 31, 2012 and 2011

Note J – Fair Value Measurement

The ASC established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest to lowest priority are described below.

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Diocese’s own assumptions.

The methods described above may produce a fair value calculation that may be indicative of net realizable value or reflective of future fair values. Furthermore, while the Diocese believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value. There have been no changes in the methodologies used to determine fair value at December 31, 2012 and 2011.

- *Mutual Fund Equities*: Valued at the net asset value of the shares held at year-end.
- *Common Stock*: Valued at the quoted market price of the shares held at year-end.
- *Fixed Income Mutual Funds and Bonds*: Valued at quoted prices for similar assets in active markets.

The following tables sets forth by level, within the fair value hierarchy, the Diocese’s assets at fair value as of December 31, 2012:

	Investments at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 167,426	\$ -	\$ -	\$ 167,426
Mutual Fund Equities	1,227,349	-	-	1,227,349
Common Stock	5,108,287	-	-	5,108,287
Fixed Income Mutual Funds	469,822	-	-	469,822
Fixed Income Bonds	1,289,268	-	-	1,289,268
	<u>\$ 8,262,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,262,152</u>

	Funds Held in Trust by Others at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trusts	\$ -	\$ 3,720,394	\$ -	\$ 3,720,394
	<u>\$ -</u>	<u>\$ 3,720,394</u>	<u>\$ -</u>	<u>\$ 3,720,394</u>

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky,
 Trustees of the Bishop Dudley Memorial
 And Episcopal Housing Corporation
 Notes to Combined Financial Statements (Continued)
 December 31, 2012 and 2011

Note J – Fair Value Measurement (Continued)

	Investments at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Cash Equivalents	\$ 185,911	\$ -	\$ -	\$ 185,911
Mutual Fund Equities	1,061,898			1,061,898
Common Stock	5,225,333	-	-	5,225,333
Fixed Income Mutual Funds	296,013	-	-	296,013
Fixed Income Bonds	1,195,782	-	-	1,195,782
	<u>\$ 7,964,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,964,937</u>

Funds Held in Trust by Others at Fair Value as of December 31, 2011

	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trusts	\$ -	\$ 3,447,155	\$ -	\$ 3,447,155
	<u>\$ -</u>	<u>\$ 3,447,155</u>	<u>\$ -</u>	<u>\$ 3,447,155</u>

Note K – Endowments

The Diocese's endowment consists of 8 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In August 2008, the FASB issued ASC 958-205-45-28, *Classification of Donor-Restricted Endowment Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act*. This pronouncement provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The pronouncement also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Diocese has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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

**Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
And Episcopal Housing Corporation
Notes to Combined Financial Statements (Continued)
December 31, 2012 and 2011**

Note K – Endowments (Continued)

assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Diocese's investment policies.

The Diocese has 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. Under this policy, as approved by the Board, the equity portion of 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 Diocese expects its endowment funds, over time, to provide an annual rate of return of approximately 5% - 6%. Actual results in any given year may vary from this amount.

To satisfy its long-term rate-of-return objective, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Diocese targets diversified assets allocations that place a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints.

The Diocese has a policy of distribution each year a percentage of its endowment funds' average fair value over the prior twelve quarters in which the distribution is planned. The percentage distributed is: 6.0% in 2009, 5.5% in 2010, 4.5% in 2011 and moving down ½% each year until 2011, when the maximum percentage shall be 5%. In establishing this policy, the Diocese considered the long-term expected return on its endowment and its objective to maintain the purchasing power of the endowment assets held in perpetuity as well as additional growth through new gifts and investment return. The value of net assets for this fund that are board designated unrestricted funds functioning as endowments as of December 31, 2012 and 2011 is \$162,959 and \$147,704, respectively.

Note L – Funds Held for Others

The Diocese maintains a Commingled Fund that invests funds received by the Diocese by gift that have specific designations for use of the income and principal. Certain congregations have also deposited assets in this fund to gain the benefit of professional money management. The receipt and distribution of investment earnings on other congregations' investments are excluded from the Diocese's statement of activities. The fair value of funds held for others as of December 31, 2012 and 2011 is \$1,372,187 and \$1,184,339, respectively.

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky,
 Trustees of the Bishop Dudley Memorial
 And Episcopal Housing Corporation
 Notes to Combined Financial Statements (Continued)
 December 31, 2012 and 2011

Note M – Temporarily Restricted Net Assets

Temporarily restricted net assets are reported in the accompanying combined financial statements as required by the donor. The net assets are available for use by the Diocese as outlined in the donor’s restrictions. Restrictions range from meeting the needs of operating expenses to religious training to capital improvements.

	<u>2012</u>	<u>2011</u>
Advance Fund	\$ 13,083	\$ 13,083
Brennan Lecture Fund	56,973	54,884
Brennan Theological Fund	57,386	56,022
Capital Campaign Fund	-	16
Commingled Fund	965,687	923,924
Forward Fund	267,525	214,487
Kohler Family Fund	63,612	48,893
Edith Parker Fund	220,919	247,059
Marmion Revolving Fund	1,671,785	1,644,112
Operating Fund	72,509	81,041
Plant Fund	6,679,076	6,978,264
Trustees of Bishop Dudley Memorial	1,429,750	1,329,379
Episcopal Housing Corporation	-	2,512
	<u>\$ 11,498,305</u>	<u>\$ 11,593,676</u>

Note N – Permanently Restricted Net Assets

Permanently restricted net assets are investments in perpetuity, the income from which is expendable to support the programs of the Diocese. Except with regard to the Diocese’s beneficial interest in the Brennan Theological Fund and the Terry Trust (see Note F), permanently restricted net assets stated at their statutorily determined historic dollar value at December 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Trustees of the Bishop Dudley Memorial	\$ 2,000,000	\$ 2,000,000
Terry Trust (Advance Fund)	709,019	683,705
Brennan Theological Fund	3,011,375	2,763,450
Commingled Fund	280,909	280,909
Forward Fund	206,823	206,823
Kohler Family Fund	166,520	166,520
	<u>\$ 6,374,646</u>	<u>\$ 6,101,407</u>

**Trustees and Council of the Protestant
Episcopal Diocese of Kentucky,
Trustees of the Bishop Dudley Memorial
And Episcopal Housing Corporation**
Notes to Combined Financial Statements (Continued)
December 31, 2012 and 2011

Note O – Functional Expense Classification

The Diocese’s expenses by functional classification for the years ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Program service	\$ 1,248,851	\$ 1,227,426
Management and general	618,015	684,040
	<u>\$ 1,866,866</u>	<u>\$ 1,911,466</u>

Note P – Lease Commitment

On February 12, 1998, the Diocese entered into a lease agreement with the Bishop, Dean and Chapter of Christ Church Cathedral for certain office facilities located within the property at 425 South Second Street. On November 1, 2008, the Diocese extended the lease until November 1, 2013. Rent expense for the years ended December 31, 2012 and 2011 was \$45,146 and \$45,146, respectively.

At December 31, 2012, aggregate future minimum rental payments required under the non-cancelable operating lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	\$ 37,620
	<u>\$ 37,620</u>

Note Q – Subsequent Events

The Diocese has evaluated subsequent events through August 16, 2013, the date which the financial statements were available to be issued.

Note R – Accounting for Uncertain Tax Positions

The Diocese adopted the accounting standard regarding the “Accounting for Uncertain Tax Positions.” This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Diocese’s financial statements. It requires an entity to recognize the financial statement benefit of tax position when it is more likely than not that the position will be sustained upon examination. With few exceptions, the Diocese is no longer subject to U.S. federal, state or local tax examinations by tax authorities for years before 2008. The adoption of this standard had no material effect on the Diocese’s financial position, results of operations, or cash flow.

Supplementary Information

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation
Combining Statements of Financial Position
December 31, 2012

	Trustees and Council of the Protestant Episcopal Diocese of Kentucky					Total
	Operating Fund	Foundation (See page 28)	Plant Fund	Trustees of the Bishop Dudley Memorial	Episcopal Housing Corporation	
Assets						
Cash and cash equivalents	\$ 692,934	\$ 92,355	\$ -	\$ 187,931	\$ 6,949	\$ 980,169
Accounts receivable	105,844	25,175	-	-	-	130,618
Investments (Note C)	-	5,019,932	-	3,242,220	-	8,262,152
Due from other funds	358,538	278,956	-	-	-	-
Notes receivable (Note D)	-	991,024	-	-	-	380,428
Prepaid and other assets	-	-	-	-	100	100
Pledges receivables, net (Note E)	-	7,031	-	-	-	7,031
Funds held in trust by others (Note F)	-	3,720,394	-	-	-	3,720,394
Cash retired for designated purposes	-	454,495	-	-	-	454,495
Property and equipment, net (Note G)	-	-	7,133,286	-	354,220	7,487,506
Total Assets	\$ 1,157,316	\$ 10,589,362	\$ 7,133,286	\$ 3,430,151	\$ 361,269	\$ 21,422,893
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued liabilities	\$ 62,411	\$ 7,796	\$ -	\$ -	\$ 26,981	\$ 97,188
Deferred revenue	1,886	334	-	-	-	2,220
Due to other funds	278,956	358,537	-	401	-	(637,894)
Funds held by others (Note K)	-	1,372,187	-	-	-	1,372,187
Other liabilities	2,665	-	-	-	-	2,665
Notes payables	-	-	405,151	-	205,446	(610,597)
Total Liabilities	345,918	1,738,854	405,151	401	232,427	(1,248,491)
Commitments and Contingencies						1,474,260
Net Assets						
Unrestricted						
Undesignated	155,233	-	49,059	-	-	204,292
Designated	583,656	581,040	-	-	128,842	1,293,538
Funds functioning as endowments	-	577,852	-	-	-	577,852
Total Unrestricted Net Assets	738,889	1,158,892	49,059	-	128,842	2,075,682
Temporarily Restricted (Note L)	72,509	3,316,970	6,679,076	1,429,750	-	11,498,305
Permanently Restricted (Note M)	-	4,374,646	-	2,000,000	-	6,374,646
Total Net Assets	811,398	8,850,508	6,728,135	3,429,750	128,842	19,948,633
Total Liabilities and Net Assets	\$ 1,157,316	\$ 10,589,362	\$ 7,133,286	\$ 3,430,151	\$ 361,269	\$ 21,422,893

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation
Combining Statements of Financial Position
December 31, 2011

	Trustees and Council of the Protestant Episcopal Diocese of Kentucky				Trustees of the Bishop Dudley Memorial	Episcopal Housing Corporation	Eliminations	Total
	Operating Fund	Foundation (See page 29)	Plant Fund					
Assets								
Cash and cash equivalents	\$ 180,782	\$ 115,214	\$ -	\$ -	\$ 33,357	\$ 8,205	\$ -	\$ 337,558
Accounts receivable	53,278	15,026	-	-	-	22,673	-	90,977
Investments (Note C)	-	4,668,915	-	-	3,296,022	-	-	7,964,937
Due from other funds	362,642	254,455	-	-	-	-	(617,097)	-
Notes receivable (Note D)	-	997,120	-	-	-	-	(571,368)	425,752
Prepaid and other assets	2,506	-	-	-	-	100	-	2,606
Pledges receivables, net (Note E)	-	7,431	-	-	-	-	-	7,431
Funds held in trust by others (Note F)	-	3,447,155	-	-	-	-	-	3,447,155
Cash restricted for designated purposes	-	453,486	-	-	-	-	-	453,486
Property and equipment, net (Note G)	-	-	7,379,715	-	-	332,634	-	7,712,349
Total Assets	\$ 599,208	\$ 9,958,802	\$ 7,379,715	\$ -	\$ 3,329,379	\$ 363,612	\$ (1,188,465)	\$ 20,442,251
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued liabilities	\$ 28,134	\$ 4,459	\$ -	\$ -	\$ -	\$ 13,282	\$ -	\$ 45,875
Deferred revenue	590	899	-	-	-	-	-	1,489
Due to other funds	254,455	362,642	-	-	-	-	(617,097)	-
Funds held by others (Note K)	-	1,184,339	-	-	-	-	-	1,184,339
Other liabilities	2,827	-	-	-	-	-	-	2,827
Notes payables	-	-	365,922	-	-	205,446	(571,368)	-
Total Liabilities	286,006	1,552,339	365,922	-	-	218,728	(1,188,465)	1,234,530
Commitments and Contingencies								
Net Assets								
Unrestricted	92,492	16,237	35,529	-	-	-	-	144,258
Undesignated	139,669	602,327	-	-	-	142,372	-	884,368
Designated	-	484,012	-	-	-	-	-	484,012
Funds functioning as endowments	-	-	-	-	-	-	-	-
Total Unrestricted Net Assets	232,161	1,102,576	35,529	-	-	142,372	-	1,512,638
Temporarily Restricted (Note L)	81,041	3,202,480	6,978,264	-	1,329,379	2,512	-	11,593,676
Permanently Restricted (Note M)	-	4,101,407	-	-	2,000,000	-	-	6,101,407
Total Net Assets	313,202	8,406,463	7,013,793	-	3,329,379	144,884	-	19,207,721
Total Liabilities and Net Assets	\$ 599,208	\$ 9,958,802	\$ 7,379,715	\$ -	\$ 3,329,379	\$ 363,612	\$ (1,188,465)	\$ 20,442,251

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Combining Statements of Activities
 Year Ended December 31, 2012

	Trustees and Council of the Protestant Episcopal Diocese of Kentucky				Trustees of the Bishop Dudley Memorial	Episcopal Housing Corporation	Eliminations	Total
	Operating Fund	Foundation (See page 30)	Plant Fund					
Changes in Unrestricted Net Assets								
Revenues and Support								
Pledges	\$ 952,062	\$ -	\$ -	\$ -	-	\$ -	-	\$ 952,062
Contributions	4,804	-	-	-	-	-	-	4,804
Interest and dividends	233	40,400	-	-	-	-	-	40,633
Income from Foundation	1,833	-	-	-	-	(1,833)	-	-
St. Martins income	1,313	-	-	-	-	(1,313)	-	-
Transfers	202,799	-	-	-	-	(202,799)	-	-
Gain on sale of investment	-	34,418	-	-	-	-	-	34,418
Unrealized investment losses	-	43,319	-	-	-	-	-	43,319
Rental income	-	-	-	-	33,896	-	-	33,896
All Saints' Center	122,750	-	-	-	-	-	-	122,750
Adult events	22,776	-	-	-	-	-	-	22,776
Youth events	38,480	-	-	-	-	-	-	38,480
Other income	458,287	-	-	-	2,792	-	-	461,079
Net assets released from restrictions	-	-	-	-	-	-	-	-
due to satisfaction of donor restrictions	352,021	227,699	137,892	152,799	2,512	(197,230)	-	675,693
Withdrawal of restrictions by donor	-	-	-	-	-	-	-	-
Total Revenues and Support	2,157,358	345,836	137,892	152,799	39,200	(403,175)	-	2,429,910
Expenses								
All Saints' Center	262,801	-	-	-	-	-	-	262,801
Episcopate	233,293	-	-	-	-	-	-	233,293
Diocesan staff	240,884	-	-	-	-	-	-	240,884
Office expense	110,538	-	-	-	-	-	-	110,538
Evangelism/congregational development	5,068	-	-	-	-	-	-	5,068
Adult events	70,505	-	-	-	-	-	-	70,505
Youth and young adults	182,515	-	-	-	-	-	-	182,515
Communications	10,394	-	-	-	-	-	-	10,394
Other Diocesan entities	4,884	-	-	-	-	-	-	4,884
Other Diocesan expenses	29,309	-	-	-	-	-	-	29,309
Wider Episcopal Church	130,771	-	-	-	-	-	-	130,771
Investment fees	-	13,028	-	13,503	-	-	-	26,531
Distributions to other funds	59,605	80,709	-	-	-	(140,314)	-	-
Distributions to Diocese of Kentucky	-	54,951	70,306	137,604	-	(262,861)	-	-
Distributions to Bishop's discretionary fund	-	15,831	-	-	-	-	-	15,831
Distributions to benefit others	523	12,267	-	-	-	-	-	12,790
Diocesan mission funding	182,750	-	-	-	-	-	-	182,750
Depreciation	-	-	47,267	-	10,608	-	-	57,875
Operating expenses	126,790	112,734	6,789	1,692	42,122	-	-	290,127
Total Expenses	1,650,630	289,520	124,362	152,799	52,730	(403,175)	-	1,866,866
Changes in Unrestricted Net Assets	506,728	56,316	13,530	-	(13,530)	-	-	563,044

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Combining Statements of Activities (Continued)
 Year Ended December 31, 2012

	Trustees and Council of the Protestant Episcopal Diocese of Kentucky					Trustees of the Bishop Dudley Memorial	Episcopal Housing Corporation	Eliminations	Total
	Operating Fund	Foundation (See page 30)	Plant Fund						
Changes in Temporarily Restricted Net Assets									
Contributions	\$ 77,154	\$ 113,922	\$ 6,340	\$ 645	\$ -	\$ -	\$ -	\$ 198,061	
Interest and dividends	-	96,380	-	149,198	-	-	-	245,578	
Transfers from other funds	266,335	-	18,592	-	-	-	(233,864)	51,063	
Distributions to other funds	-	-	(36,634)	-	-	-	36,634	-	
Loss on sale of investment	-	44,397	-	33,724	-	-	-	78,121	
Unrealized investment gains (losses)	-	87,490	-	69,603	-	-	-	157,093	
Loss on sale of asset	-	-	(149,594)	-	-	-	-	(149,594)	
Net assets released from restrictions due to satisfaction of donor restrictions	(352,021)	(227,699)	(137,892)	(152,799)	(2,512)	197,230	-	(675,693)	
Changes in Temporarily Restricted Net Assets	(8,532)	114,490	(299,188)	100,371	(2,512)	-	-	(95,371)	
Change in Permanently Restricted Net Assets									
Contributions	-	-	-	-	-	-	-	-	
Withdrawal of restrictions by donor	-	-	-	-	-	-	-	-	
Increase in value of perpetual trusts	-	273,239	-	-	-	-	-	273,239	
Changes in Permanently Restricted Net Assets	-	273,239	-	-	-	-	-	273,239	
Changes in Net Assets	\$ 498,196	\$ 444,045	\$ (285,658)	\$ 100,371	\$ (16,042)	\$ -	\$ -	\$ 740,912	

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation
Combining Statements of Activities
Year Ended December 31, 2011

	Trustees and Council of the Protestant Episcopal Diocese of Kentucky					Total
	Operating Fund	Foundation (See page 31)	Plant Fund	Trustees of the Bishop Dudley Memorial	Episcopal Housing Corporation	
Changes in Unrestricted Net Assets						
Revenues and Support						
Pledges	\$ 919,332	\$ -	\$ -	\$ -	\$ -	\$ 919,332
Contributions	9,785	-	-	-	-	9,785
Interest and dividends	11	43,021	-	-	-	43,032
Income from Foundation	3,206	-	-	-	(3,206)	-
Transfers	108,886	-	-	-	(108,886)	-
Gain on sale of investment	-	54,358	-	-	-	54,358
Unrealized investment gains (losses)	-	(40,401)	-	-	-	(40,401)
Rental income	-	-	-	43,422	-	43,422
All Saints' Center	112,141	-	-	-	-	112,141
Adult events	34,912	-	-	-	-	34,912
Youth events	38,542	-	-	-	-	38,542
Other income	2,300	-	-	25	-	2,325
Net assets released from restrictions due to satisfaction of donor restrictions	365,758	236,058	119,217	152,220	(282,257)	593,396
Withdrawal of restrictions by donor	-	5,000	-	-	-	5,000
Total Revenues and Support	1,594,873	298,036	119,217	152,220	(394,349)	1,815,844
Expenses						
All Saints' Center	256,374	-	-	-	-	256,374
Episcopate	244,918	-	-	-	-	244,918
Diocesan staff	362,689	-	-	-	-	362,689
Office expense	105,385	-	-	-	-	105,385
Evangelism/congregational development	2,068	-	-	-	-	2,068
Adult events	46,584	-	-	-	-	46,584
Youth and young adults	202,668	-	-	-	-	202,668
Communications	7,393	-	-	-	-	7,393
Other Diocesan entities	6,867	-	-	-	-	6,867
Other Diocesan expenses	28,237	-	-	-	-	28,237
Wider Episcopal Church	136,222	-	-	-	-	136,222
Investment fees	8,251	19,394	-	13,030	-	40,675
Distributions to other funds	34,333	133,277	-	-	-	(167,610)
Distributions to Diocese of Kentucky	-	87,620	-	138,600	-	(226,220)
Distributions to Bishop's discretionary fund	-	12,501	-	-	-	12,501
Distributions to benefit others	-	32,425	-	-	-	32,425
Diocesan mission funding	186,247	-	-	-	-	186,247
Depreciation	-	-	49,493	-	8,375	57,868
Operating expenses	40,744	91,242	10,804	590	39,484	182,345
Total Expenses	1,668,980	376,459	60,297	152,220	(394,349)	1,911,466
Changes in Unrestricted Net Assets	(74,107)	(78,423)	58,920	-	(2,012)	(95,622)

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Combining Statements of Activities (Continued)
 Year Ended December 31, 2011

	Trustees and Council of the Protestant Episcopal Diocese of Kentucky					Eliminations	Total
	Operating Fund	Foundation (See page 31)	Plant Fund	Trustees of the Bishop Dudley Memorial	Episcopal Housing Corporation		
Changes in Temporarily Restricted Net Assets							
Contributions	\$ 83,331	\$ 114,211	\$ 11,334	\$ -	\$ -	\$ -	\$ 208,876
Interest and dividends	-	93,749	-	84,461	-	-	178,210
Transfers from other funds	307,348	-	(25,091)	-	-	(282,257)	-
Distributions to other funds	-	-	-	-	-	-	-
Gain (loss) on sale of investment	-	51,408	-	206,261	-	-	257,669
Income from investments	-	-	-	-	4,912	-	4,912
Unrealized investment gains (losses)	-	32,301	-	(26,348)	-	-	5,953
Gain (loss) on sale of assets	-	-	-	-	-	-	-
Net assets released from restrictions due to satisfaction of donor restrictions	(365,758)	(236,058)	(119,217)	(152,220)	(2,400)	282,257	(593,396)
Changes in Temporarily Restricted Net Assets	24,921	55,611	(132,974)	112,154	2,512	-	62,224
Change in Permanently Restricted Net Assets							
Contributions	-	-	-	-	-	-	-
Withdrawal of restrictions by donor	-	(5,000)	-	-	-	-	(5,000)
Increase in value of perpetual trusts	-	(120,044)	-	-	-	-	(120,044)
Changes in Permanently Restricted Net Assets	-	(125,044)	-	-	-	-	(125,044)
Changes in Net Assets	\$ (49,186)	\$ (147,856)	\$ (74,054)	\$ 112,154	\$ 500	\$ -	\$ (158,442)

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation
Combining Statement of Changes in Net Assets
Year Ended December 31, 2012

	Trustees and Council of the Protestant Episcopal Diocese of Kentucky				Trustees of the Bishop Dudley Memorial	Episcopal Housing Corporation	Total
	Operating Fund	Foundation (See page 32)	Plant Fund				
Unrestricted Net Assets							
Unrestricted net assets at beginning of year	\$ 232,161	\$ 1,102,576	\$ 35,529	\$ -	\$ 142,372	\$ 1,512,638	
Changes in unrestricted net assets	506,728	56,316	13,530	-	(13,530)	563,044	
Unrestricted Net Assets at End of Year	738,889	1,158,892	49,059	-	128,842	2,075,682	
Temporarily Restricted Net Assets							
Temporarily restricted net assets at beginning of year	81,041	3,202,480	6,978,264	1,329,379	2,512	11,593,676	
Changes in temporarily restricted net assets	(8,532)	114,490	(299,188)	100,371	(2,512)	(95,371)	
Temporarily Restricted Net Assets at End of Year	72,509	3,316,970	6,679,076	1,429,750	-	11,498,305	
Permanently Restricted Net Assets							
Permanently restricted net assets at beginning of year	-	4,101,407	-	2,000,000	-	6,101,407	
Changes in permanently restricted net assets	-	273,239	-	-	-	273,239	
Permanently Restricted Net Assets at End of Year	-	4,374,646	-	2,000,000	-	6,374,646	
Net Assets at End of Year	\$ 811,398	\$ 8,850,508	\$ 6,728,135	\$ 3,429,750	\$ 128,842	\$ 19,948,633	

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Combining Statement of Changes in Net Assets
 Year Ended December 31, 2011

	Trustees and Council of the Protestant Episcopal Diocese of Kentucky				Trustees of the Bishop Dudley Memorial	Episcopal Housing Corporation	Total
	Operating Fund	Foundation (See page 33)	Plant Fund				
Unrestricted Net Assets							
Unrestricted net assets at beginning of year	\$ 306,268	\$ 1,180,999	\$ (23,391)	\$ -	\$ 144,384	\$ 1,608,260	
Changes in unrestricted net assets	(74,107)	(78,423)	58,920	-	(2,012)	(95,622)	
Unrestricted Net Assets at End of Year	232,161	1,102,576	35,529	-	142,372	1,512,638	
Temporarily Restricted Net Assets							
Temporarily restricted net assets at beginning of year	56,120	3,146,869	7,111,238	1,217,225	-	11,531,452	
Changes in temporarily restricted net assets	24,921	55,611	(132,974)	112,154	2,512	62,224	
Temporarily Restricted Net Assets at End of Year	81,041	3,202,480	6,978,264	1,329,379	2,512	11,593,676	
Permanently Restricted Net Assets							
Permanently restricted net assets at beginning of year	-	4,226,451	-	2,000,000	-	6,226,451	
Changes in permanently restricted net assets	-	(125,044)	-	-	-	(125,044)	
Permanently Restricted Net Assets at End of Year	-	4,101,407	-	2,000,000	-	6,101,407	
Net Assets at End of Year	\$ 313,202	\$ 8,406,463	\$ 7,013,793	\$ 3,329,379	\$ 144,884	\$ 19,207,721	

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation
Statement of Financial Position - Foundation
December 31, 2012

	Advance Fund	Brennan Lecture Fund	Brennan Theological Fund	Capital Campaign Fund	Commingled Fund	Endowment Fund	Forward Fund	Kohler Family Fund	Edith Parker Fund	Pauline Wain Fund	Marrion Revolving Fund	Eliminations	Total Funds
Cash and cash equivalents	\$ 10,158	\$ 6,424	\$ -	\$ -	\$ -	\$ 4,597	\$ 18,104	\$ 29,426	\$ 12,352	\$ 11,294	\$ -	\$ -	\$ 92,355
Accounts receivable	-	-	-	-	-	-	-	-	-	-	25,175	-	25,175
Investments (Note C)	264,498	52,432	-	-	3,411,894	158,362	456,244	207,502	371,432	97,568	-	-	5,019,932
Due from other funds	12,585	-	58,386	2,833	-	-	-	-	-	-	217,498	(12,346)	278,956
Notes receivable (Note D)	-	-	-	-	-	-	-	-	-	-	991,024	-	991,024
Pledges receivable, net (Note E)	-	-	-	7,031	-	-	-	-	-	-	-	-	7,031
Funds held in trust by others (Note F)	709,019	-	3,011,375	-	-	-	-	-	-	-	-	-	3,720,394
Cash restricted for designated purposes	-	-	-	16,073	-	-	-	-	-	-	438,422	-	454,495
Total Assets	\$ 996,260	\$ 58,856	\$ 3,069,761	\$ 25,937	\$ 3,411,894	\$ 162,959	\$ 474,348	\$ 236,928	\$ 383,784	\$ 108,862	\$ 1,672,119	\$ (12,346)	\$10,589,362

Liabilities and Net Assets

Liabilities													
Accounts payable	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 6,796	\$ -	\$ -	\$ -	\$ -	\$ 7,796
Deferred revenue	-	-	-	-	-	-	-	-	-	-	334	-	334
Due to other funds	-	1,883	-	12,346	158,812	-	-	-	162,865	34,977	-	(12,346)	358,537
Funds held for others (Note K)	-	-	-	-	1,372,187	-	-	-	-	-	-	-	1,372,187
Total Liabilities	-	1,883	1,000	12,346	1,530,999	-	-	6,796	162,865	34,977	334	(12,346)	1,738,854

Net Assets

Unrestricted													
Undesignated	274,158	-	-	-	219,406	-	-	-	-	73,885	-	-	581,040
Designated	-	-	-	13,591	414,893	162,959	-	-	-	-	-	-	577,852
Funds Functioning as Endowments	-	-	-	-	634,299	162,959	-	-	-	73,885	-	-	1,158,892
Total Unrestricted Net Assets	274,158	-	-	13,591	1,880,895	162,959	-	-	-	73,885	-	-	3,316,970
Temporarily restricted (Note L)	13,083	56,973	57,386	-	965,687	-	267,525	63,612	220,919	-	1,671,785	-	4,374,646
Permanently restricted (Note M)	709,019	-	3,011,375	-	280,909	-	206,823	166,520	-	-	-	-	8,850,508
Total Net Assets	996,260	56,973	3,068,761	13,591	1,880,895	162,959	474,348	230,132	220,919	73,885	1,671,785	-	\$10,589,362
Total Liabilities and Net Assets	\$ 996,260	\$ 58,856	\$ 3,069,761	\$ 25,937	\$ 3,411,894	\$ 162,959	\$ 474,348	\$ 236,928	\$ 383,784	\$ 108,862	\$ 1,672,119	\$ (12,346)	\$10,589,362

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Statement of Financial Position - Foundation
 December 31, 2011

Assets	Advance	Bremen	Brennan	Capital	Commingled	Endowment	Forward	Kohler	Edith	Pauline	Marion	Total
	Fund	Lecture	Theological	Campaign	Fund	Fund	Fund	Family	Parker	Watt	Revolving	Funds
Cash and cash equivalents	\$ 14,384	\$ 4,670	\$ -	\$ -	\$ -	\$ 6,293	\$ 6,571	\$ 13,534	\$ 51,749	\$ 17,993	\$ -	\$ 115,214
Accounts receivable	-	-	-	-	-	-	-	-	-	-	15,026	15,026
Investments (Note C)	232,041	50,214	-	-	3,160,465	141,411	417,256	208,376	363,224	95,928	-	4,668,915
Due from other funds	12,918	-	56,022	2,833	-	-	-	-	-	-	195,028	254,455
Notes receivable (Note D)	-	-	-	-	-	-	-	-	-	-	997,120	997,120
Pledges receivable, net (Note E)	-	-	-	7,431	-	-	-	-	-	-	-	7,431
Funds held in trust by others (Note F)	683,705	-	2,763,450	-	-	-	-	-	-	-	-	3,447,155
Cash restricted for designated purposes	-	-	-	15,652	-	-	-	-	-	-	437,834	453,486
Total Assets	\$ 943,048	\$ 54,884	\$ 2,819,472	\$ 25,916	\$ 3,160,465	\$ 147,704	\$ 423,827	\$ 221,930	\$ 414,973	\$ 113,921	\$ 1,645,008	\$ 9,958,802

Liabilities and Net Assets

Liabilities												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,462	\$ -	\$ -	\$ (3)	\$ 4,459
Deferred revenue	-	-	-	-	-	-	-	-	-	-	899	899
Due to other funds	-	-	-	-	155,306	-	2,517	2,085	167,914	34,850	-	362,642
Funds held for others (Note K)	-	-	-	-	1,184,339	-	-	-	-	-	-	1,184,339
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,339,645	\$ -	\$ 2,517	\$ 6,517	\$ 167,914	\$ 34,850	\$ 896	\$ 1,552,339

Net Assets

Unrestricted												
Undesignated	246,260	-	-	-	16,237	-	-	-	-	-	-	16,237
Designated	-	-	-	13,554	263,442	-	-	-	-	79,071	-	602,327
Funds Functioning as Endowments	-	-	-	-	336,308	147,704	-	-	-	-	-	484,012
Total Unrestricted Net Assets	246,260	-	-	13,554	615,987	147,704	-	-	-	79,071	-	1,102,576
Temporarily restricted (Note L)	13,083	54,884	56,022	16	923,924	-	214,487	48,893	247,059	-	1,644,112	3,202,480
Permanently restricted (Note M)	683,705	-	2,763,450	-	280,909	-	206,823	166,520	-	-	-	4,101,407
Total Net Assets	943,048	54,884	2,819,472	13,570	1,820,820	147,704	421,310	215,413	247,059	79,071	1,644,112	8,406,463
Total Liabilities and Net Assets	\$ 943,048	\$ 54,884	\$ 2,819,472	\$ 25,916	\$ 3,160,465	\$ 147,704	\$ 423,827	\$ 221,930	\$ 414,973	\$ 113,921	\$ 1,645,008	\$ 9,958,802

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation
Statement of Activities - Foundation
December 31, 2012

Changes in Unrestricted Net Assets

	Advance Fund	Brennan Lecture Fund	Brennan Theological Fund	Capital Campaign Fund	Committed Fund	Endowment Fund	Forward Fund	Kohler Family Fund	Edith Parker Fund	Fauline Watt Fund	Marrion Revolving Fund	Total Funds
Revenues and Support												
Contributions												
Interest and dividends	4,097	-	-	-	30,670	2,459	-	-	-	3,174	-	40,400
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of investments	5,882	-	-	-	24,949	3,587	-	-	-	-	-	34,418
Unrealized investment gains (losses)	19,298	-	-	-	10,714	11,667	-	-	-	1,640	-	43,319
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restriction due to satisfaction of donor restrictions	-	1,883	111,913	37	58,930	-	-	9,862	44,951	-	123	227,699
Withdrawal of restrictions by donor	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues and Support	29,277	1,883	111,913	37	125,263	17,713	-	9,862	44,951	4,814	123	345,836
Expenses												
Investment fees	1,045	-	-	-	11,018	625	-	340	-	-	-	13,028
Distributions to other funds	-	-	-	-	78,876	1,833	-	-	-	-	-	80,709
Distributions designated for grants	-	1,883	-	-	-	-	-	9,477	-	-	-	11,360
Distributions to Diocese of Kentucky	-	-	-	-	-	-	-	-	44,951	10,000	-	54,951
Distributions to Bishop's discretionary fund	-	-	-	-	15,831	-	-	-	-	-	-	15,831
Distributions to benefit others	-	-	-	-	907	-	-	-	-	-	-	907
Operating expenses	334	-	111,913	-	319	-	-	45	-	-	123	112,734
Total Expenses	1,379	1,883	111,913	-	106,951	2,458	-	9,862	44,951	10,000	123	289,520
Changes in Unrestricted Net Assets	27,898	-	-	37	18,312	15,255	-	-	-	(5,186)	-	56,316

Changes in Temporarily Restricted Net Assets

Contributions	-	-	113,277	-	-	-	-	-	-	-	645	113,922
Interest and dividends	-	1,754	-	21	35,951	-	14,050	6,850	10,603	-	27,151	96,380
Distributions from other funds	-	-	-	-	-	-	-	-	-	-	-	-
(Loss) Gain on sale of investments	-	-	-	-	45,792	-	-	(1,395)	-	-	-	44,397
Unrealized investment gains (losses)	-	2,218	-	-	18,950	-	38,988	19,126	8,208	-	-	87,490
Net assets released from restriction due to satisfaction of donor restrictions	-	(1,883)	(111,913)	(37)	(58,930)	-	-	(9,862)	(44,951)	-	(123)	(227,699)
Changes in Temporarily Restricted Net Assets	-	2,089	1,364	(16)	41,763	-	53,038	14,719	(26,140)	-	27,673	114,490

Changes in Permanently Restricted Net Assets

Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawal of restrictions by donor	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in value of perpetual trust	25,314	-	247,925	-	-	-	-	-	-	-	-	273,239
Changes in Permanently Restricted Net Assets	25,314	-	247,925	-	-	-	-	-	-	-	-	273,239
Changes in Net Assets	\$ 53,212	\$ 2,089	\$ 249,289	\$ 21	\$ 60,075	\$ 15,255	\$ 53,038	\$ 14,719	\$ (26,140)	\$ (5,186)	\$ 27,673	\$ 444,045

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
Episcopal Diocese of Kentucky
Trustees of the Bishop Dudley Memorial
and Episcopal Housing Corporation
Statement of Activities - Foundation
December 31, 2011

Changes in Unrestricted Net Assets

	Advance Fund	Brennan Lecture Fund	Brennan Theological Fund	Capital Campaign Fund	Commingled Fund	Endowment Fund	Forward Fund	Kohler Family Fund	Edith Parker Fund	Pauline Watt Fund	Mariam Revolving Fund	Total Funds
Revenues and Support												
Contributions												
Interest and dividends	3,838	-	-	\$ -	33,653	2,347	-	-	-	3,183	-	43,021
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of investment	26,650	-	-	-	20,143	16,538	-	-	-	(8,973)	-	54,358
Unrealized investment gains (losses)	(35,692)	-	-	-	282	(22,044)	-	-	-	17,043	-	(40,401)
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restriction due to satisfaction of donor restrictions	-	-	82,766	-	64,630	-	2,734	5,858	72,162	-	7,908	236,058
Withdrawal of restrictions by donor	-	-	-	-	5,009	-	-	-	-	-	-	5,009
Total Revenues and Support	(5,204)	-	82,766	-	123,718	(3,159)	2,734	5,858	72,162	11,243	7,908	298,036
Expenses												
Investment fees	1,019	-	-	-	16,311	622	317	945	-	143	37	19,394
Distributions to other funds	-	-	-	-	128,112	3,206	-	-	1,959	-	-	133,277
Distributions designated for grants	-	-	-	-	26,865	-	-	4,877	-	-	-	31,742
Distributions to Diocese of Kentucky	-	-	-	-	-	-	2,417	-	70,203	15,000	-	87,620
Distributions to Bishop's discretionary fund	-	-	-	-	12,501	-	-	-	-	-	-	12,501
Distributions to benefit others	-	-	-	-	683	-	-	-	-	-	-	683
Operating expenses	-	-	82,766	-	569	-	-	36	-	-	7,871	91,242
Total Expenses	1,019	-	82,766	-	183,041	3,828	2,734	5,858	72,162	15,143	7,908	376,459
Changes in Unrestricted Net Assets	(6,223)	-	-	-	(61,323)	(6,987)	-	-	-	(3,890)	-	(78,423)
Changes in Temporarily Restricted Net Assets												
Contributions	-	-	113,966	-	-	-	-	-	-	-	245	114,211
Interest and dividends	-	1,621	-	16	27,967	-	12,767	3,575	8,949	-	38,454	93,749
Distributions to other funds	-	-	-	-	-	-	-	-	-	-	-	-
(Loss) Gain on sale of investments	-	-	-	-	33,438	-	31,335	(13,365)	-	-	-	51,408
Unrealized investment gains (losses)	-	3,483	-	-	(2,324)	-	(8,707)	22,329	17,520	-	-	32,301
Net assets released from restriction due to satisfaction of donor restrictions	-	-	(82,766)	-	(64,630)	-	(2,734)	(5,858)	(72,162)	-	(7,908)	(236,058)
Changes in Temporarily Restricted Net Assets	-	5,104	31,200	16	(5,549)	-	32,661	6,681	(45,693)	-	31,191	55,611
Changes in Permanently Restricted Net Assets												
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawal of restrictions by donor	-	-	-	-	(5,000)	-	-	-	-	-	-	(5,000)
Increase in value of perpetual trust	25,044	-	(145,088)	-	-	-	-	-	-	-	-	(120,044)
Changes in Permanently Restricted Net Assets	25,044	-	(145,088)	-	(5,000)	-	-	-	-	-	-	(120,044)
Changes in Net Assets	18,821	5,104	(113,888)	16	(71,872)	(6,987)	32,661	6,681	(45,693)	(3,890)	31,191	\$(147,856)

See independent auditors' report on supplementary information

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Statement of Changes in Net Assets - Foundation
 December 31, 2012

	Advance Fund	Brennan Lecture Fund	Brennan Theological Fund	Capital Campaign Fund	Commingled Fund	Endowment Fund	Forward Fund	Kohler Family Fund	Edith Parker Fund	Pauline Watt Fund	Mammon Revolving Fund	Total Funds
Unrestricted Net Assets												
Unrestricted net assets at beginning of year	\$ 246,260	\$ -	\$ -	\$ 13,554	\$ 615,987	\$ 147,704	\$ -	\$ -	\$ -	\$ 79,071	\$ -	\$ 1,102,576
Changes in unrestricted net assets	27,898	-	-	37	18,312	15,255	-	-	-	(5,186)	-	56,316
Unrestricted Net Assets at End of Year	274,158	-	-	13,591	634,299	162,959	-	-	-	73,885	-	1,158,892
Temporarily Restricted Net Assets												
Temporarily restricted net assets at beginning of year	13,083	54,884	56,022	16	923,924	-	214,487	48,893	247,059	-	1,644,112	3,202,480
Changes in temporarily restricted net assets	-	2,089	1,364	(16)	41,763	-	(53,038)	14,719	(26,140)	-	27,673	114,490
Temporarily Restricted Net Assets at End of Year	13,083	56,973	57,386	-	965,687	-	267,525	63,612	220,919	-	1,671,785	3,316,970
Permanently Restricted Net Assets												
Permanently restricted net assets at beginning of year	683,705	-	2,763,450	-	280,909	-	206,823	166,520	-	-	-	4,101,407
Changes in permanently restricted net assets	25,314	-	247,925	-	-	-	-	-	-	-	-	273,239
Permanently Restricted Net Assets at End of Year	709,019	-	3,011,375	-	280,909	-	206,823	166,520	-	-	-	4,374,646
Net Assets at End of Year	\$ 996,260	\$ 56,973	\$ 3,068,761	\$ 13,591	\$ 1,880,895	\$ 162,959	\$ 474,348	\$ 230,132	\$ 220,919	\$ 73,885	\$ 1,671,785	\$ 8,850,508

See independent auditors' report on supplementary information.

Trustees and Council of the Protestant
 Episcopal Diocese of Kentucky
 Trustees of the Bishop Dudley Memorial
 and Episcopal Housing Corporation
 Statement of Changes in Net Assets - Foundation
 December 31, 2011

	Advance Fund	Brennan Lecture Fund	Brennan Theological Fund	Capital Campaign Fund	Commingled Fund	Endowment Fund	Forward Fund	Kohler Family Fund	Edith Parker Fund	Pauline Watt Fund	Marion Revolving Fund	Total Funds
Unrestricted Net Assets												
Unrestricted net assets at beginning of year	\$ 252,483	\$ -	\$ -	\$ 13,554	\$ 677,310	\$ 154,691	\$ -	\$ -	\$ -	\$ 82,961	\$ -	\$ 1,180,999
Changes in restricted net assets	(6,223)	-	-	-	(61,323)	(6,287)	-	-	-	(3,890)	-	(78,423)
Unrestricted Net Assets at End of Year	246,260	-	-	13,554	615,987	147,704	-	-	-	79,071	-	1,102,576
Temporarily Restricted Net Assets												
Temporarily restricted net assets at beginning of year	13,083	49,780	24,822	-	929,473	-	181,826	42,212	292,752	-	1,612,921	3,146,869
Changes in temporarily restricted net assets	-	5,104	31,200	16	(5,549)	-	32,661	6,681	(45,693)	-	31,191	55,611
Temporarily Restricted Net Assets at End of Year	13,083	54,884	56,022	16	923,924	-	214,487	48,893	247,059	-	1,644,112	3,202,480
Permanently Restricted Net Assets												
Permanently restricted net assets at beginning of year	658,661	-	2,908,538	-	285,909	-	206,823	166,520	-	-	-	4,226,451
Changes in permanently restricted net assets	25,044	-	(145,088)	-	(5,000)	-	-	-	-	-	-	(125,044)
Permanently Restricted Net Assets at End of Year	683,705	-	2,763,450	-	280,909	-	206,823	166,520	-	-	-	4,101,407
Net Assets at End of Year	\$ 943,048	\$ 54,884	\$ 2,819,472	\$ 13,570	\$ 1,820,820	\$ 147,704	\$ 421,310	\$ 215,413	\$ 247,059	\$ 79,071	\$ 1,644,112	\$ 8,406,463

See independent auditors' report on supplementary information.