

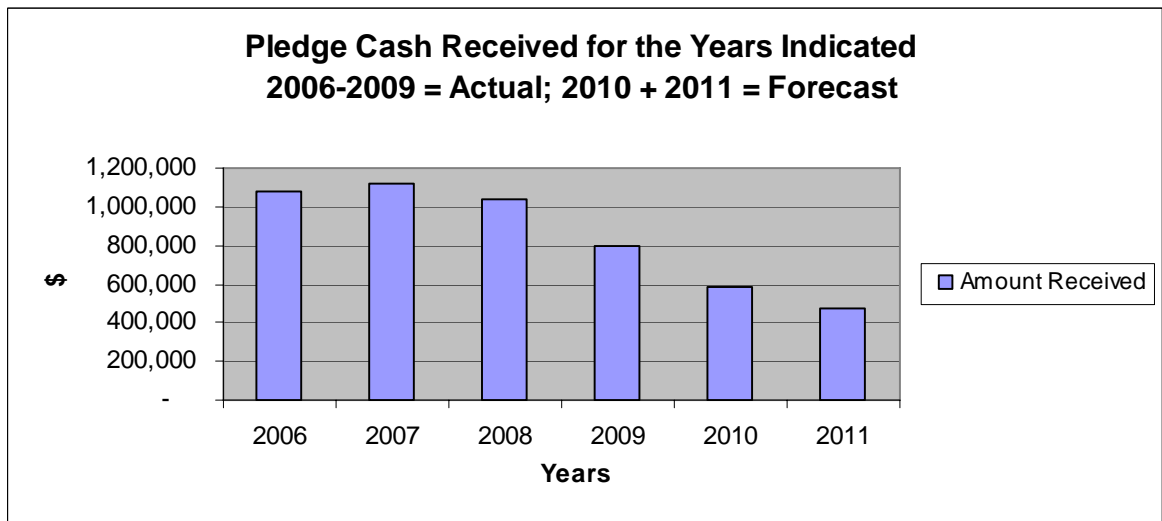
**Diocese of Pennsylvania
Treasurer's Report
For the Period Ended 9/30/2010**

I Cash Collections/Pledges

Year to date cash collections for assessments came in slightly unfavorable compared to September year to date 2009. Pledges are unfavorable to both last year and an annualized budget; however the comparison to 2009 is the more pertinent metric where we are behind by \$109K and this unfavorable variance will grow by year end. The \$109K variance to YTD 2009 did not change from last month. In 2010, parishes pledged \$811K and to date we collected about 1/3rd of that amount. The amount budgeted in the program budget is \$892K and it appears based mainly on economic events we will only collect approximately \$590K. (Approximately \$60K will be collected in 2011, roughly the same amount which was carried over from 2009 to 2010). Purely based on trend and comparative analysis it appears that pledge collections will be less than \$500K in 2011 (factoring in prospects for another poor economic year and other events) against a 2011 budget of \$702K. I am pessimistic about our pledge collections. Please see the graph below.

Source of Cash Collections	YTD Sep 2009 Actual	YTD Sep 2010 Budget 9/12 Ann	YTD Sep 2010 Actual	Var from 2009
Episcopate Assessment	701	625	708	7
Retired Clergy Medical Assistance	493	442	484	(9)
Clergy Financial Assistance	96	74	95	(1)
Sub-Total Assessments	1,290	1,140	1,287	(3)
Pledges	479	669	370	(109)
Total Cash Collected	1,769	1,809	1,657	(112)

Note: the budgeted amounts for 2010 = 9/12th of the annual budget.



II. Cash Balances- (\$ x 1000)

Operating cash is approximately \$313K at 9/30/10 but this is somewhat overstated as some invoices normally paid in September were not paid until October. Taking into account the aforementioned items the adjusted operating cash account is closer to \$260K; close to our June projection. With the disappointing pledge receipts and future projections we believe now that there is an even chance that the Diocese will have to dip into the emergency fund committed to by the Standing Committee.

The above data portends bad news for 2011: (1) a potential deficit in program (pledge) collections perhaps \$250K unfavorable to 2011 budget, (2) a \$3 million + note due December 11, 2011, and (3) a Diocese in need of repair.

III. Budget Performance-The Episcopate Budget

The Episcopate Budget will be unfavorable to budget by \$171K in 2010, however, cash from the legal reserve fund (\$129K) as well as funding from the Property Fund for GS Rosemont legal fees and Diocesan Property Maintenance (\$54K) there will be a minimal favorable impact on the cash operating account. . See Paragraph VIII a.

Episcopate Results-Full Year	2009 Actual	2010 Budget	2010 Fcst	Var to Bud ()=Unfav	
Revenues	1,171	1,274	1,151	(123)	Legal reserve not booked
Spending	1,233	1,274	1,322	(48)	Mostly Rosemont Legal Expense
Surplus (Deficit)	(62)	0	(171)	(171)	
Transfers from Legal Reserve			129	129	Legal reserve
Transfers from Property Fund			54	54	Rosemont Legal Expense
Net Surplus to Operating Cash			12	12	

IV. The Program Budget

The Program Budget will be unfavorable to budget by \$307K in 2010 before transfers. See Paragraph VIII a.

Program Budget Results -Full Year	2009 Actual	2010 Budget	2010 Fcst	Variance () = UNFAV	
Revenues	2,144	2,183	1,775	(408)	Pledges, Inv Income Unfav; \$260K & \$119K
Spending	2,087	2,183	2,082	101	Various line items
Surplus (Deficit)	57	0	(307)	(307)	
Transfers from the Property Fund			161	161	Wapiti Operating Costs
Net Deficit to Operating Cash			(146)	(146)	

V. **The Consolidated Fund**

In the period 8/31/2010 to 9/30/2010 the consolidated fund unit share basis increased from \$103.945/share value to \$111.243 for a 7% gain in the period.

VI. **Property and Nunns' Fund Balances @ 9/30/2010**

**Episcopal Diocese of PA
Property and Nunns' Fund Balances @ 9/30/2010**

Value of Property Fund @ 9/30/2010

Consolidated Fund Principal	\$ 1,855,824
Consolidated Fund Income	5,781
Money Market Principal	118,992
Money Market Income	13
Total Property Fund	\$ 1,980,610

Closed Churches Cash Balance @ 9/30/2010 \$ 29,671

Value of Nunns Mem. Fund @ 9/30/2010

Consolidated Fund Principal	\$ 4,726,182
Consolidated Fund income	54,933
Total Nunns Mem. Fund	\$ 4,781,115

Accumulated Net Nunns Fund Distribution @ 9/30/2010 \$ 496,115

VII. Reporting Requests/Concerns:

- a. ~~Financial Statements and Treasurer's Report~~ ~~sb distributed several days before meeting: Father Ledlie Laughlin, SC, 1/19/10).~~ Closed
- b. ~~All cash balances s/b reported on treasurer's report. F&P~~ Closed
- c. Better reporting on 3719 to reflect revenues and expenses. Bob Schwartz/Fr. George Masters, DC 1/23,
- d. Inclusion of In/Out revenue items on the financial statements (e.g to reflect SC \$32K funding of convention short fall? Cash transfer/Memo item?) See reporting below.
- e. Policy on what date to cut off expenses and revenue for the prior year? DC See reporting below
- f. Policy on approval of budget line item overruns.
- g. Budgets must be calendarized (budgeted on a monthly basis) See reporting below.
- h. Jo Anne Jones requested greater budget detail. Still required?
- i. Barry Norris requested detail PB statements. Barry to confirm w/Joe.

VIII. Comments: (New Business)

a. Reporting Issue:

Cash transfers from various funds, since they are not true revenue items, cannot appear on the BlackBaud system generated financial statements either as a budgeted item or an actual amount. This affects items such as funding for the Wapiti operating expenses, Rosemont legal expense, and transfers from accrual accounts such as the legal reserve fund. Going forward in 2011 we plan to allow the monthly statements to show a deficit for these amounts and a separate notation for the transfers in. Please let me know if there is a problem with this.

b. Senior Accountant:

Last year the SC, acting as EA, approved the hiring of a senior accountant to be funded from the Property fund. In the last several months we have not acted on this approval but believe we need to resurrect this action now. Our greatest concern is that if our controller is incapacitated we will not be able to produce monthly financial statements, produce financial information or produce timely audited external statements as we have no redundancy in the finance department.

I plan on posting the position requirements on the DIOPA website.

. **Respectfully submitted,**

**Joseph A. Suprenuk, CPA
Treasurer
October 14, 2010**