Standing Committee of the Diocese of Pennsylvania
Meeting with Bishop Clay Matthews
Tuesday, February 21, 2006 11:30 AM

How we arrived at this point and what options we considered – The Rev. William Wood, President of Standing Committee

There are several themes that have arisen as the Standing Committee has worked with the Bishop:

A breakdown in trust

The trust issue affects the finances of the diocese. The Bishop used his own interpretation of accounting/legal definitions to re-classify certain endowments which were designated as unrestricted net assets and spent them in spite of internal designations. He appointed his chief financial officer to direct the Church Foundation. This action removed a second and independent voice from the decision making process. He interpreted canonical emphasis on Finance and Property committee to remove standing committee as a third independent voice in fiduciary matters. Then, he overspent trust funds and, through his chancellor, suggested that one legal course of action would be to forget that mistake and to move forward. This has resulted in overstaffing which will have to be corrected with tragic results, a diminished endowment base to produce income and emergency grants for our churches, and a cash flow problem that has yet to be addressed. (William Powell)

The Bishop failed to share a memo he had received from the Chancellor concerning alternatives relating to an important action requested of the Standing Committee by the Bishop. The Bishop also failed to share the letter he had received from the Presiding Bishop on the important subject being considered by the Standing Committee. While this letter was not addressed to the Standing Committee, its theme and intent was germane to our decision making, especially since the sender is our Presiding Bishop. (Bill Wood)

There was a move from a summer camp for the Diocese to a world class conference center for corporate clients without sufficient discussion of the financial impact. (Bill Wood)

Withholding of financial information:

I attended Standing Committee and Diocesan Council meetings in November, December and January, 2006 and noticed the same problem which had existed before, namely, that the Standing Committee was not receiving information which it needed to discharge it's fiduciary responsibilities to the Diocese such as information concerning endowment balances, the classification of assets, etc. In looking at the financial statements presented by the CFO to the Finance and Property Committee in February, 2006 for the year just ended, ***the financial impact of the Wapiti development is excluded completely.*** Additionally, I was astounded to learn that the Standing Committee was refused access to the **Management Letter** prepared by our independent auditors for the last few years. The Management Letter is typically presented to the board of directors (or Standing Committee) of an organization so they may fulfill their duties and correct financial problems within an organization. The Bishop apparently supports or directs this action as he refused to over-rule the Treasurers refusal to provide this information at the February, 2006 Diocesan Council meeting. (Joe Suprenuk)

Failed efforts:

The recent request for resignation or retirement by the Standing Committee came after many efforts for improved communication failed to produce results, including:

- Pat Carroll (Alban Institute 1999)
- Joint meetings initiated by the Standing Committee with the Executive Committee of Diocesan Council to keep an open dialogue
- Several instances of the leadership of Standing Committee meeting with the Bishop about issues of trust and communication, most recently Bill Powell and Mary Laney meeting with the Bishop to tell him that there is no money remaining to cover expenses
- The Diocesan Convention in November, 2005, which was a clarion for Diocesan fiscal reform by voting down the bishop's budget, defeating the bishop's resolution for increased assessments, passing a resolution to elect Finance and Property Committee and long lines of clergy and lay speakers challenging the bishop's trustworthiness.
- A January 4th (2006) meeting called by the Standing Committee with fiscal leaders of the diocese in which the bishop was asked to assume the leadership role to steer the diocese back to fiscal sanity along with concurrence from his former CFO and current chair of the Church Foundation board. He refused to accept the leadership position and continues to speak of staying the course and a very idealistic capital campaign which has produced a fraction of what he promised four years ago. (Joe Suprenuk)

A set agenda in spite of input:

The timing of the development of the "Our Holy Experiment" video raised questions about how much the development of the Diocesan priorities were "of the people". The same is true with the Mann theatre event which was poorly attended (although Diocesan reports were that at least twice the number of people counted were in attendance).

The Mission Strategy Commission (begun by Bishop Bartlett) was disbanded although it was an opportunity for the leadership bodies to get together and coordinate.

We spent two days at Rehoboth Beach, Delaware in May of 2004 for a retreat/conference for lay and clergy diocesan leaders. Katherine Tyler Scott was our leader for the retreat/conference. She was also our leader in May of 2003. At the end of the conference, she gave her recommendations to Bishop Bennison. As I remember, the two major recommendations were that Bishop Bennison needed to slow down with his goals and listen more. After Katherine

Taylor Scott gave these and other recommendations, she asked the bishop to respond. To the best of my recollection, I remember him saying *Thank you for your recommendations, but we are going to proceed with my plans as is.* I was sitting next to my dean, Phyllis Taylor, when the bishop made that statement. I turned to her and said *Why did we spend two days here if he is going to proceed with his plans as is?* (Glenn Matis)

In his convention address, the Bishop commented that if the Diocese did not feel that he was leading effectively, they should tell him and he would consider resignation if it is God's will. *Convention sent a clear message about the state of the Diocese when it rejected the proposed budget and overwhelmingly rejected the proposed mandatory assessment to fund the program budget.*

Convention passed a resolution showing support of the stipends of the DCMM clergy as a priority but the sense of our obligations to ministry in very distressed areas of our Diocese has come under serious threat due to the priorities of the Bishop in relation to expenditures. The Diocese had been defined in the tradition of the Disciples and the Church to take care of the least among us has come under serious attack.

- DCMM, which used to meet as a group on a regular basis with a Church House staff member, stopped meeting when the Bishop took over responsibility for working with them.

- As recently as January, selected aided congregations have not received their grants and the Bishop has announced the closing of one DCMM mission and the involuntary retirement of one of the clergy whose stipend the Convention resolution was intended to protect. It appears that those who have not received their grants are those who are viewed as not in support of the Bishop.

The Standing Committee asked the bishop to read a letter to Diocesan Council about financial concerns but it was not read at the December (2005) or January (2006) meetings when the Program Budget was being considered.

The immediate future:

- As of March 1, 2006, the Diocese will be without a Chancellor because the Standing Committee did not consent to the Bishop's appointment of William Bullitt as Chancellor, and the Bishop has not presented us with another candidate. We wish to make the National Church aware of this situation.
- We also seek advice from the National Church regarding its role/responsibility in supplying the Standing Committee with legal counsel in the matters surrounding our request for the Bishop to retire/resign by March 31; this includes our desire for representation and counsel in the matter of a proposed special purpose financial audit. We believe our need for separate counsel is obvious and is also imperative in order for us to carry out our canonical responsibilities in the fullest possible manner. We appreciate any advice you can give.

Summary of key points related to financial matters – Standing Committee meetings 2002-2005:

February 26, 2002

Financial Report (Chandler Joyner)

- There are no financial statements today because of continuing accounting system problems. Mr. Joyner and those associated with the financial system are angry about the problems and are working to correct them. There is a need to reengineer the system that has so many sub-accounts, so we will be taking accounting for endowments out of our accounting system and moving them to State Street; thus taking pressure off our accounting system. State Street is very well respected as a custodian and is responsible for the endowments under the Church Foundation.
  - In response to Ike Miller's question about whether we are in the dark about our financial situation, Chandler reassured the Standing Committee that financial controls are in place.

The 4 C's update (Bishop Bennison and Chandler Joyner):

- Camp Conference Center: The Conservation Fund needs a project and this property, subject to negotiation, might permit them to buy the land that we are considering, with us buying it from them. There are many issues to consider including the problem that we might need to make a big upfront payment and get our return back over time. Nothing is definite at this point.
  - A question was raised whether or not we would have to sign anything. We expect to have to sign something, but we prefer an option to buy.
  - When we bought 3717, we did because it is a good deal and we can sell the property. If the land has environmental encumbrances, will we have trouble flipping the property?
    - We would not get as much as we would if could sell to a developer for high-density development. We must be able to get our money back, but are confident that it has value due to the location; there is no other property like this. We must have our own exit strategy. There is no sense to buy the land until we are convinced that we can operate the camp & conference center without bankrupting the Diocese. (Joyner)
  - What's the chronology for our actions? There seems to be a sense of urgency to get the answers that are needed.
    - The staff will need to work to get answers such as reviewing of business plans to make sure we do not have a real estate disaster as they had in Hawaii. (Joyner)

- Note that the soonest commitment to build the camp is the Diocesan Convention.
  - We are trying to string out the negotiations. (Joyner)
- How much has been spent?
  - $16,000 for Horvath; $10,000- $15,000 for architects from Our Holy Experiment seed money; lots of work as been done in-house. (Joyner)

March 19, 2002

Financial report status (provided by Bill Powell):

- Amanda Smoot commented that members of Standing Committee are anxious and confused about our duty to award grants through the Mission Endowments and Trusts Committee when we do not have accurate financial information. Can we receive updated info on the Sayers and other funds?

The Proposed Camp & Conference Center

- The Bishop reported that Diocesan Council authorized spending of some of Denbigh funds
- Q: Are you comfortable with us going forth with the deposit before convention votes?
  - A: Yes. We have several exit strategies, which are outlined in the presentation.
- Q: For future expenses, such as construction, has that strategy been developed?
  - A: That will be a part of the subcommittee Camp & Conference Center report

MAY 21, 2002

Denbigh Funds

- Pam Darling reported that Chandler Joyner had reviewed ancient documents concerning the use of these funds and it seems consistent that use of the fund is always to be with approval of the Standing Committee. If this is the case, we need to determine how we want to proceed vis a vis the Diocesan Council's recommendation to use the funds for the camp property. This needs to be determined if we concur with the decision.
- Glenn Matis indicated that we need to have a ruling from Bill Bullitt concerning this matter. We need to make a decision and let the Bishop and Executive Committee of Diocesan Council

know the status. Until there is a ruling, nothing should be done with the funds.

- Ike Miller noted that Diocesan Council's Executive Committee needs to have a "heads up" concerning this matter.
- Pam Darling noted we do not know if there are any subsequent legal documents that changed this provision. We are not saying we will not give approval of the use of the funds, but we are saying we need further clarification.
- Bill Wood is to notify Penny Cutler, Vice Chair of the Diocesan Council.
- Use of the Denbigh funds will be an agenda item at June 10, 2002 joint meeting with the Executive Committee of the Diocesan Council.

Consultation with the Bishop:
Financial matters and capital campaign concept:

- Schedule for the Capital Campaign process:
  - The Draft Case Statement to be used as a part of a financial feasibility study (note that is will be a draft throughout process)
  - There will be a Resolution from Council that Convention receives the draft:
    - RESOLVED, that the 219th Convention acknowledge receipt of the draft case statement entitled, "How We'll Look in 2010: Congregational Ministry, Campus Ministry, Camp and Cathedral Ministry," for the financial feasibility of a successful capital campaign to support the programs identified therein as priorities for the Diocese of Pennsylvania, and direct the bishop and Diocesan Council to report the results of the study to the 220th Diocesan Convention.

      EXPLANATION
      In adopting the diocesan plan, entitled, "Our Holy Experiment," on November 4, 2001, the Diocesan Convention made the commitment that "based on information gathered from the Council of Deans, Campus Ministry Study Committee, Cathedral Chapter and Camp and Retreat Committee, a feasibility study on the success of a capital development campaign will be prepared. As funding becomes available, all or part of the above four objectives will be brought to Diocesan Convention for approval of implementation."

In order to carry out the financial feasibility study in 2003:

- Diocesan Council has taken information prepared for it by the four designated bodies and created a draft case statement listing the programs it believes the diocese is called to carry out if sufficient funding is available.
- The bishop will use a portion of the Holy Experiment Fund, established under his purview for this purpose by St. Paul's Church, Elkins Park, in order to hire a professional fundraising firm to conduct the necessary financial feasibility study.
- Using the results of the financial feasibility study, the Diocesan Council will revise the draft case statement for consideration by the 220th Diocesan Convention in November 2003, as a basis for a possible capital campaign in or after 2004.

- Barnes & Roche will be hired to approach those on list of potential lead gift donors from January – March 2003. Expect to have the results of feasibility study in April 2003.
- Next Spring, hold another retreat of the leadership to review the results of the feasibility study and to revamp the case statement in terms of priorities. This document will be taken as a draft to Convention 2003. If adopted, this becomes the Case Statement for campaign in/after 2004.

June 18, 2002

Consultation with the Bishop:

- Question from Mary Lou Bulmer – will the feasibility study include study of how the camp could be used full-time since it is unlikely that the Diocese would need to use the camp full-time?
- Response from the Bishop: Chandler is hiring a consultant to do a more detailed study of the operational budget of the camp. This is separate from the fund-raising feasibility study concerned with raising operating and endowment funds. We have received two conflicting pieces of advice: build a camp that is affordable and wait for the conference center; others have said that we should build a high-end conference facility in order to be able to afford the camp. The input we received from Rehoboth participants is that we are not in the business of building a center where the main use is by others. We do not see ourselves developing a major conference

facility where our own people would have trouble being able to get reservations. It seems that we want to build a camp in a staged process and that meets the near term and long-term needs of the Diocese. In addition, our commitments to the environmentalists (The Conservation Fund) precludes high impact use on the land.

July 23, 2002

Financial Reporting: Chandler Joyner

- It is a challenge to indicate the difference between the assessment and the pledge as the funds come in, but we seem to be a little better than last year. We are under budget in receiving funding, but there is nothing particularly alarming.
  - Arlene McGurk voiced a sense of frustration with the accuracy of the numbers in the reports. Several other members of the Standing Committee agreed.
  - Chandler has the financial staff developing a CD with information on funds handled by Church Foundation. This searchable database is due by the upcoming Convention (November 9, 2002), with Standing Committee receiving the information as soon as it is available.
  - The Diocese needs to find funds to hire a consultant to do an independent financial model and projections for the camp. The estimated cost is $10,000 - $20,000.
  - An exit strategy at each step is being developed. This is essential since the land does not throw off any income until the camp is up and running.
  - Pam Darling requested projections which can be provided once the appraisal is completed.
  - Chandler noted that the Bishop is no longer considering a high end conference center.
  - Question raised by Arlene McGurk about the availability of funds for budget relief. The Standing Committee cannot respond to a request from Ken Werner (Finance & Property) until Standing Committee receives complete financial reports and knows the financial status of the Diocese.
  - Observation by Pam Darling: she understands the cost and the need for up front funds, but it seems that from the incomplete financial records we have seen, there is the need to take care of the budget issues.
    - Chandler responded that there is a need for in-depth review and an audit of endowments and a need for strategic analysis and projection of what funds are needed based on what the needs are.

- Several members of Standing Committee commented on needing to know the Diocese's financial situation before committing funds (see minutes for details)

November 26, 2002

Wapiti Farm status:

- Summary: the Bishop signed an agreement with the Conservation Fund with a $50,000 deposit (which is at risk); the funds came from the Bishop's discretionary fund.
- Amanda Smoot noted that last month's minutes indicated that Pat Pregmon would provide memo to the Standing Committee about the transaction:
  - Chandler Joyner indicated that he has begun a memo from a different cut; which he needs to get that to the Standing Committee. The reason the deal is complex is due to the number of options giving us the needed exit strategy and the financial upside.
- Mary Lou Bulmer expressed concern that we are putting funds in without any endowment built up and that we are unsure what it will take to make the camp work. Without money to build or to operate, it is not worth it.
- Jim Taylor asked what sort of study, if any, on profit making camps do we have?

January 28, 2003

- Diocesan Council voted unanimously at their January 18, 2003 meeting to authorize the Executive Committee to proceed with the purchase depending on the final details. The Executive Committee approved use of the funds for the purchase at their meeting January 27, 2003.

February 26, 2003

- Fiscal Year 2003, there are $1.794 million in program pledges; no source of funds has been identified for development needs.
- Fiscal Year 2004 will be a tough budget due to reduced endowment income, not because of the market but because of the use of accumulations of income over the past two years.

The discussion about the funding of the development position continued:

- Amanda Smoot raised the question about using half of the lower budget
  - Chandler Joyner responded that no specific other place for funding had been identified, but he would try to get funds elsewhere.
  - Glenn Matis stressed the need for an audit of all the endowment funds.

- Chandler Joyner indicated that this can be done, but he needs the data first.

March 25, 2003

- Glenn Matis and Pam Darling asked about where the funds will come from to pay for the legal bills in order to avoid having a $212,000 impact on the Episcopate Budget, which would affect the assessment. Hard numbers are required in order for the Standing Committee to be able to vote on the Episcopate budget for next year. The information from Chandler Joyner is needed in advance of the April Standing Committee meeting. Glenn Matis asked that this information be provided at least one week before the next Standing Committee meeting. Mr. Joyner agreed.
- Additional funding for the development office.
  - Chandler Joyner raised the issue with the executive committee of the Church Foundation. He believes that Church Foundation support can be counted on to supplement what is being provided by the standing committee. A report will be available for our April meeting.

April 22, 2003

Amanda Smoot asked for an easy to understand format for the Endowment Funds that includes: restriction, uses, and the amount available (corpus) separate from interest for those funds that are jointly administered by the Bishop and Standing Committee.

May 20, 2003

In light of the potential deficits, Amanda Smoot asked for clarification if it is custom rather than legal restrictions on use of endowment funds (interest and principal). There are some canonical restrictions for some funds that require approval of the Bishop and Standing Committee.

June 24, 2003

Christopher Hart commented that the Mission Endowment committee is hesitant to approve any more grants before the Standing Committee receives an updated report of the accumulated income on the funds.

- Chandler Joyner noted that the response to this question should come from the audit process.
- It was noted by several members of the Standing Committee that the large allocation in the Spring 2003 for the program and episcopate budgets from the accumulated income and the grant to Kearsley and

the commitments at tonight's meeting require that we receive this information.

July 22, 2003

Diocesan Deficit – the Auditors noted an accumulated deficit of approximately $1.9 million over the years. Accumulated earnings have covered this amount. The Auditors believe we should post this amount against the endowment funds.

- Pam Darling asked if we are confident that this is not a house of cards?
- Chandler Joyner said that he is confident. The fund balances have been accurate. We never borrowed any principal and we never liquidated any units of the endowment. He proposes giving a tabulation of exactly which funds the money was borrowed from to cover the accumulated deficit.
  - Christopher Hart asked if we spent funds that had not yet come in.
  - Chandler Joyner noted that the fund report in terms of the principal balances was accurate. The negative opening balances in the schedules provided by Bill Powell were an indication that we accumulated income we were not spending of at least $2 million. Our cash needs required that we borrow from these funds, which is not out of the ordinary as long as we have enough unrestricted funds. The cash was used to cover deficits
  - MaryLou Bulmer shared written thoughts about her concern related to the finances of the Diocese.

August 26, 2003

Wapiti Steering Committee is planning to have camp at the Wapiti location next year to accommodate approximately 70 children each week plus staff for three weeks.

- James Taylor noted that the Steering Committee should remember the Camp Susquehanna experience two years ago, which was not a good experience for the campers or the camp due to the use of portable potties and lean-tos for camping.

September 23, 2003

- Ike Miller asked when the feasibility study for the Camp & Retreat Center would be undertaken.
  - The Bishop responded that it is hoped that the Diocesan Convention delegates will vote to proceed with the initiatives, as funds are available. It is also hoped that the tentative summary case statement that would be given to major donors in early 2004 would be presented

at Hershey. We expect to know where we are for the capital campaign at the Rehoboth retreat May 16-18, 2004.

- Jim Taylor asked where the $17million in funds came from to increase the amount of unrestricted funds now available?
  - Chandler Joyner responded that the classification of temporarily restricted assets of the former auditors was incorrect. The new auditors are excellent and have done the proper classifications after extensive review of the documents. The unrestricted funds now correctly total approximately $27 million. The temporarily restricted funds are approximately $10 million. The permanently restricted funds total approximately $26.6 million.
- Pam Darling asked if we were to liquidate endowment funds, could we project the amount of lost income?
  - Chandler Joyner indicated that this could be done.
  - Mary Laney noted that this is not found money, but rather re-designated funds.
  - Chandler Joyner noted that the Diocese has managed to operate by being very conservative, which was prudent. The Standing Committee has been making decisions about funding grant requests prudently since complete information was not provided.
- Amanda Smoot reiterated that the Standing Committee needs the endowment information for Mission Endowments.
  - Chandler Joyner indicated that he understands the urgency for receiving that report.

November 25, 2003

- Chandler Joyner reported on behalf of Beattie Friday that the fund-raising study shows that there is sufficient capacity in the diocese to participate in and support the capital campaign.

- (report from WRT had been distributed).The retreat center, using the existing buildings, will be phase I of Wapiti due to the raw state of the land, which is unsafe for children's immediate use. There is no change in focus away from the children's camp, which will take capital funding and is on a longer timeframe.

December 16, 2003

- Arlene McGurk asked how the funds used from endowment to cover the deficits will be posted.
  - Chandler Joyner responded that although this was not done in the past, the postings will be done in the future.
- Christopher Hart asked how any future surplus funds would be handled.

    - Chandler Joyner responded that the Diocese will set up a separate account.
- Wapiti related discussion about funding of phase I of effort (Capital improvements of current properties):
    - The funds to be used can come from assets that are unrestricted ($27.2 million) and are legally spendable by the Diocese. We do need clarity on where the authority lies to spend these unrestricted funds. As funds are raised in the capital campaign, they should replenish these unrestricted funds.
- The concern was voiced that if the Diocese is using funds for Wapiti from the unrestricted funds that had a revenue stream, there is an impact on the amount of the revenue that is available to the budget. All were in agreement that this is the case.

February 17, 2004

Conversation with Rob Rogers- Diocesan Treasurer:
The Diocese is financially dysfunctional and the Diocesan leadership has not received good financial information in the past due to the complexity of the accounting system. With the Blackbaud system, the Diocesan leadership will be able to make informed decisions. Rob Rogers voiced concern about being able to straighten out where the financial authority is held (clarifying the role of Finance & Property; Standing Committee).

March 23, 2004

Conversation with Rob Rogers
- The members of the Standing Committee expressed the need for accurate information on the balances of the endowment funds.
    - Rob Rogers informed the Standing Committee that the Church Foundation will furnish the information on endowment fund balances.
- It was reported that there is no money currently in the Capital Campaign. All expenses of the Capital Campaign will be fully paid by the fund raising efforts of the Campaign.
- There was also a conversation with Harry Barbin about the fiduciary responsibilities of the Standing Committee.

April 20, 2004

Conversation with Rob Rogers:
- Christopher Hart commented that he is mostly concerned about being able to see the balances for the endowment funds over which the Standing Committee has authority. He is uncomfortable acting on Endowment requests until this information is available

- Bishop Bennison commented on the problem of approximately 25% of the parishes in the Diocese are at risk. They fall into two groups – those where intervention would be helpful, others where they are on life support. The real financial issue and deficit relate to the parishes that have supported the Diocese in the past, but are not doing so now or are at a reduced rate for a number of reasons. This underlines the importance of the Fair Assessment committee.
    - Jim Taylor asked if tough financial conversations like those taking place at local parishes are taking place within Church House.
    - Bishop Bennison responded that there is not a hiring freeze, but some staff are doing two jobs to help with the financial problem. The Diocese is spending some of the nest egg in order to advance the initiatives that were approved by Convention.
  - Amanda Smoot commented that the approval at Convention indicated support for the initiatives as money became available.
  - Mary Laney noted the difference between raising money for the initiatives and spending funds from unrestricted endowment has led to misunderstanding.

June 15, 2004

- Pam Darling raised questions about the priorities for the use of the investment assets available from Calvary/St. Paul's with the majority of the funds going to "bricks and mortar" rather than ministries
- Pam Darling asked for clarification on what is needed when the Diocese refers to "redevelopment" of the congregation at St. John's (3rd and Reed). Bishop Bennison responded that the term refers to both physical requirements and ministries.
- Sam Andoh commented on the appearance of the Diocese taking a piecemeal approach which could result in running out of funds when there are needs for ministry development.
- Part of discussion about which funds are controlled by Standing Committee: There was considerable concern about the use of principal and not just investment income. If these funds are used for the upcoming fiscal year, what happens in future years when the needs are the same or greater? The use of principal also erodes the investment income that is available for the program budget in future years

July 20, 2004

Reported by Arlene McGurk from Finance & Property:

- The Chancellor has said that neither principle nor income can be used for a fund until it is designated appropriately.
- Arlene McGurk walked the members of the Standing Committee through an overview of the impact of liquidating endowment funds (principle) on investment income available for Diocesan Program Budget when the funds are used to cover the deficit and Wapiti expenses.

September 28, 2004

- Report from Finance & Property meeting: Arlene McGurk reported that she had asked Chandler Joyner if it is possible for the Standing Committee to meet with Pat Lynch, the new Controller due to the questions that remain unresolved. He did not agree to this request.
- Jim Taylor asked how we should respond if we receive questions about where the funds are coming from for the Wapiti project.
  - Ken Werner responded that the funds, estimated at $22 million, will come from fund-raising. Approximately $5 million has been spent towards the purchase of the land and the development of phase I of Wapiti. The current funding source is unrestricted endowment funds (principal and interest). Nothing has been approved for Phase II. Funds that are raised through the fund-raising effort will replenish the unrestricted endowment funds spent during Phase I. It needs to be clear that Standing Committee is not making these decisions about the expenditures for Wapiti. Ken Werner offered to answer any questions about Wapiti funding.
- Arlene McGurk reported on the ad hoc committee statement on the use of the endowment funds.
- Arlene McGurk noted that use of the funds that were reserved for use by Pennypack Deanery is a concern because Chandler Joyner has said that these funds are really unrestricted and can be used to cover expenses.
- Christopher Hart commented, as Chair of Mission Endowment subcommittee, that the committee needs to know what funds are reserved for the grant process and are available without getting into who has authority over the funds.

January 25, 2005

- Arlene McGurk asked how much in cash reserves (unrestricted net assets) were currently on hand.
  - Chandler Joyner made the point that while use of the endowment funds for Wapiti, Honeybrook and other expenditures has been strategic, they have reduced the funds available to earn income for distribution. The amount of cash in hand is not the issue; the issue is spending funds and reducing the funds available to earn income.

April 26, 2005

- At the most recent Finance & Property meeting, Chandler Joyner reported that the corrections to the list of Unrestricted Net Asset list as identified by Bill Powell will occur and expenditures from these funds will be restored.

July 19, 2005

There was a discussion about the spending of undesignated and unrestricted funds in the Episcopate, especially for expenses related to Wapiti. The review of the trusts and the original intent of these trusts is being completed now by an outside law firm, Heckscher, Teillon, Terrill & Sager. The costs are being paid by the Church Foundation

November 22, 2005

The Episcopate budget income has not yet been restored although the principal has been in the amount of $1.7 million. The reimbursement is to come from other unrestricted net asset funds. Bill Powell will contact the Church Foundation and ask that documented assurance be given to the Standing Committee that the $1.7 million of the episcopate endowment has been restored to that endowment