

DIOCESE OF PENNSYLVANIA FINANCE COMMITTEE  
MONDAY, MAY 19, 2014, 6:30 p.m., CHURCH OF THE REDEEMER, BRYN MAWR

Committee members present: Eric Rabe, Chair, Nora Adelman, Ann Booth-Barbarin, The Rev. Kirk Berlenbach, Elise Bowers, The Rev. Carolyn Huff, The Rev. Adam Kradel, John Loftus, The Rev. George Master

Ex officio members present: Norman McClave, Treasurer; James Pope, Church Foundation; Rob Rogers, Canon for Finance; Margaret Ullman, Commission on Clergy Compensation and Employee Benefits

Committee members not present: The Rev. Dr. Charles Flood, Paul Yaros

Ex officio not present: Rt. Rev. Clifton Daniel, Bishop

Guest: Andrew Kellner, Canon for Family and Youth Ministries

Next gathering: Re-membering Community Workshop, Monday, June 16, 5-9 pm including dinner, Shortridge Room, Church of the Redeemer, Bryn Mawr

1. Opening Prayer – The Rev. Carolyn Huff
2. Special report: Andrew Kellner, Canon for Family and Young Adult Ministries – Andrew highlighted the written report, which was distributed, noting the significant areas of ministry:
  - a. Servant Year (Episcopal vocational discernment, now in three houses with 12 participants, hope to expand to 21 next year, working in parishes and neighborhoods to help build capacity – non-affiliated organizations pay \$22,000/year for the person)
  - b. Youth Ministry ( help youth encounter God and connect with the Gospel, trying to engage as many parishes as possible, creating events and programs, beta testing full year free online curriculum resource covering the Bible in 38 weeks; also doing Nightwatch diocese wide and for individual parishes ,
  - c. City Camp (partnering with nine locations this summer serving 350 young people in urban day camps, locations assume the majority of the financial liability for the camp)
  - d. Episcopal Mission Center (urban retreat facility used by 150 people so far in 2014, including college break groups, and 125 coming this summer for week-long service program, expanding to include a second Servant Year participant, hoping to hire an executive director in the future so it can be more of a resource beyond our Diocese).
  - e. In 2014, EYE is coming (1200 participants, including young people and their chaperones) to Villanova – and they will spent time with parishes in the Diocese, focusing on how we “are church.” EYE is not budgeted in 2014, though it is a great exposure for our Diocese. There may be approximately \$60,000 of the \$100,000 total expense (there will be some fundraising). The 2014 budget had some additional expenses and some savings that could help to offset the cost to the Diocese. Andrew noted that campus ministry is being reconfigured, with increased accountability for use of funds, as well as encouraging churches in proximity to colleges to do more with campus ministry.
3. For Action:
  - a. Consent Agenda (these items will be approved in one action, unless any committee member wishes to have discussion of any of the items, in which case the item will be moved from the consent agenda)

- Minutes of April 2014 – One correction, page 2 d, “for 2013, auditors questioned the book value of the Maryland property” instead of “in 2013” – motion by George, seconded by Kirk, all in favor, none opposed or abstaining
- b. Resolution: The Finance Committee recommends permitting the proposed rental of a boat slip at the Maryland property at a mutually agreeable fee provided that the agreement may be terminated by either the Diocese or the renter upon 30 days written notice, and that the renter provides necessary insurance and a waiver of any future claims against the Diocese related to use of the property, board facilities, or waterways adjacent to the Maryland property (Eric Rabe) – 10 minutes – terms: \$50/month, \$350 for the summer, like to be able to use electricity and bathroom, Property Committee discussed getting whatever revenue we could – little downside - he has insurance on the board and will add a named insured of Wapiti name, indemnify Diocese, Diocesan general liability would cover us, - kirk moved, George seconded the resolution, which has been reviewed by Mary Kohart – all in favor, none opposed or abstaining
- c. Budget for 2015 – The Revs. Kirk Berlenbach and Adam Kradel – 45 minutes – Finance has the authority over the budget approval and distributes the budget to Council and Standing Committee for review and questions. The 2015 unified budget follows the format of 2014, with the biggest changes being: additions of diocesan staff (2 canons and an assistant in line 34), Advocate (line 49 shows campus ministry moving to Youth and Family Ministry – expenses for vicar and half time lay assistant), line 77-84 consolidates youth and family programs (and these programs generate income), bringing online (making visible) monies that were spent from special funds (Nunn’s Fund, the income from which is the Bishop’s Discretionary Fund), line 67 – 2015 is the third year of a three year grant by bishops to Church of the Advocate (from Nunn’s Fund previously), line 71 – Support for Congregations is for Thomas Gordon’s consultation work with black clergy and historically black congregations (from Nunn’s Fund previously), lines 93 and 94 – Diocesan History Commission was promised money from sale of books, currently obtaining oral histories from long-standing Diocesan leaders (3,400 previously funded by various sources), ecumenical council expenses and dues (previously funded by various sources 9,000), line 124 is pledge to The Episcopal Church, a 33% increase over 2014 but still below the asking and we want to move toward the asking to model the behavior we encourage parishes to do, communication included publishing a print publication so the department categories were consolidated, presumes 2015 move of diocesan offices to the new building at the Cathedral.

Questions and discussion:

- Nunn’s Fund income is not budgeted since it is the Bishop’s Discretionary Fund (designated by donor of fund) – fund not spent by Standing Committee while that group was the Ecclesiastical Authority – included in monthly financial statements, every month shows expenses (usually grants) - \$275,000 per year total -
- What else is the Nunn’s Fund used for? There are some things that are operational expenses for the Diocese, and they were moved into the budget since they are funded year after year. One of the things the Bishop may do, as a rector does with his discretionary fund, is make one-time grants to individuals who make requests. The

Bishop is correctly trying to preserve some of the funds for the next Bishop so it is not all committed. This makes some things Diocesan commitment and models good accountability.

- Other uses: ordination of women celebration in 2014 – no more holdovers for the new bishop, \$300,000 expended for Ki Thoughtbridge work with Diocesan Transition Team
  - Line 22 – grant from DHWBT – will not reoccur
  - Revenues increasing by 17% and expenses increasing by 18% on a bigger base, so there is a big hole to fill in future years
  - Between the mission church amount and the 3 year grants to Advocate, the total is \$200,000, which is a lot – much more than for other mission congregations – will this go on forever, and is it enough to help Advocate thrive or merely survive? When the grant came up about a year ago, there was a request for a plan. The building has huge historic significance to the Diocese and the Episcopal Church. Its future should be determined by the Diocese. The pledges are higher than budgeted for 2014 by \$100,000. The net increase is \$49,000 for the parishes as a whole – question was whether increase in assessments was offset by decrease in pledges. Actually, the economy was 80% and the offset was around 20% of the reason for pledge differences. There is a likely transition with upcoming retirements of Diocesan staff, and the new bishop will determine the staff composition. The increased numbers of staff represent a closer parity with dioceses of our size. Church of the Crucifixion has been asking for larger numbers than were granted over a period of time. 2015 will be the last year of a grant for Crucifixion – the needs outweigh what the grant program is designed to do. They are falling short by large amounts. Recommendation that they seek a shift in how the church is configured and structured, for example becoming a DCMM parish, or sharing the clergy with other parishes.
  - Norman moved, George seconded accepting the budget – all in favor, none opposed – thanks to kirk, adam, rob, ann, pat smith, barry Norris, peggy hatch, bishop Daniel for their work on the budget – elise abstained since her parish receives a grant
4. For Discussion: (7:45 p.m.)
- a. Follow up on work with challenged churches
    - i. Diocesan Consultation Team Trial Balloon re: vitality and viability (Nora Adelman) – comments: we have work to do, and here’s what we need to think about looking like, this is good stuff – need an operational checklist that will point us to churches that are challenged, such as the metrics being developed by Parochial Relations
    - ii. Parochial Relations Subcommittee work underway (The Rev. Carolyn Huff) – met with Rob in the process of compiling data we have, work in process – parochial reports and financial reviews – 56 parishes that have not yet submitted 2013 parochial reports as of March 1 deadline – financial reviews 73 had not submitted – finance committee has responsibility/authority to ensure that those things are being submitted – if churches don’t do it, we have the authority to suggest to Council that those churches be declared aided parishes, and we aren’t about the big stick – motivations and disincentives – things are improving, which is hopeful – clergy people are responsible for this, is there

something cultural to helping get these bare minimum – send due date listing to all parishes – looking at early warning red flags – canons list 3 things: pension delinquency, clergy comp below std, and unable to adequately maintain facilities that lead to Diocesan Council declaring a church to be a mission-issues: delinquent payments, and diocese ends up holding the bag – the longer it goes on, the worse it gets – fair to say we are at a crisis, and the ability to bandaid is shrinking – at least one problem is that we don't confront issues – when do we say, enough is enough – until gentle but hard pressure comes down, no one will acknowledge difficulty – John Midwood and DCMM what is a healthy church? 265 ASA – establishing metrics and processes that are clear, applied across the board – important: the health and vitality of a parish is not only the numbers, need to look beyond ASA and budget to assess a church's ministries (feeding program, nursing home involvement, etc.) – some churches are sinking under the weight of their properties and need to relocate to a different site (or different kind of site that is rented) – question: canonically, finance committee is supposed to provide a list of CPAs for parishes who need help with financial reviews -

- b. Request from Church of the Crucifixion for financial assistance – Eric Rabe - 15 minutes (see email from The Rev. Peter Grandell) – asking for \$10,000 to fund an examination of the roof of the parish house, which is leaking (seeking money from Property Fund since a church that was sold is in the same deanery) – Sean McCauley did not recommend this – 25 ASA, almost breakeven budget, - recommend not funding it – SC and Bishop decide, but Finance should make a recommendation – moved George, seconded by Norman to deny the request – all in favor, none opposed or abstaining - crucifixion is hoping to recover some money from their insurance company – neighborhood has transitioned – unlikely to recover from insurance company – go with Sean's recommendation to have someone look at the roof – kirk moved, elise seconded – Fin Cttee recommends that church of crucifixion, in light of finances and property expenses, begin to work with any and all appropriate bodies (including but not limited to the DCT, bishop, new canon for congregations) to determine viable options for its future with a recommended deadline of year-end 2014 – all in favor, none opposed or abstaining
- c. St. James Aston/Calvary Rockdale – email from Chancellor Mary Kohart – loan from Diocese to pay severance to former employee at Calvary – churches in process of exploring merger – would like to borrow the funds and pay back with sale of St. James money once merger goes through (SC and Bishop need to okay), or if it doesn't, St. James has become the guarantor of the loan and the diocese can ask for repayment – St. Martin's in Radnor owned property 5-6 years ago, sell and put into endowment, borrowed money from diocese and repaid when property was sold; also similar to St. Jude and the Nativity with a short-term loan; is there a consideration issue with two separate legal entities? Mary says okay. Recommend to SC and bishop (restrictions on endowment) and to Council (revolving loan fund) that the loan be approved adam moved, george seconded – 9 in favor, one opposed. Need to encourage this group since they are trying to do it right.

5. Discussion of Written Reports/Updates: (8:15 pm)
  - a. Treasurer – Norman McClave, Treasurer – diocese okay – written report to follow in a day or two
  - b. Financial Statements – Rob Rogers, Canon for Finance – insurance master due June 15, working with a group on this
  - c. Standing Committee – The Rev. Kirk Berlenbach – no meeting since last finance committee – sherry deets resigned because she has been employed as chaplain and asst to the treasurer at the widows' corporation
  - d. Diocesan Council - Elise Bowers/The Rev. Carolyn Huff – St. Paul's Doylestown requested a loan for \$50,000 for heat/ac which was approved with a payback period of 5 years – ECS presented, and they have resources for helping parishes – had a presentation on human trafficking
  - e. Church Foundation- James Pope – has not met since last meeting
  - f. Subcommittees and Other Diocesan Groups:
    - a. Diocesan Audit – Rob Rogers – the contract has been signed for the actuarial report on the Diocesan Health and Welfare Benefits Trust, which is the last part of the audit, and the audit is expected to be completed in about a month.
    - b. Investment – Elise Bowers – no update
    - c. Property cttee – farm owner in eastern shore has expressed unclear general interest in Maryland property

Please note: Parochial Relations and Budget Subcommittees and Diocesan Consultation Team were covered earlier in meeting; no meeting in May for Gathering of Diocesan Leaders

6. Other business: (8:25 pm) – Matt Holcombe identified facilitators – 5-9 pm June 16 -
7. Closing Prayer (8:30 pm) -kirk