

DIOCESE OF PENNSYLVANIA FINANCE COMMITTEE

MONDAY, APRIL 28, 2014, 6:30 p.m., CHURCH OF THE REDEEMER, BRYN MAWR

Committee members present: Eric Rabe, Chair, Nora Adelman, The Rev. Kirk Berlenbach, Elise Bowers, The Rev. Dr. Charles Flood, 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: Ann Booth-Barbarin, Paul Yaros

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

1. Opening Prayer (6:30 pm) – The Rev. George Master
2. For Action: (6:35 pm) – **The Rev. George Master made a motion, seconded by The Rev. Kirk Berlenbach, to approve the consent agenda (all in favor, none opposed or abstaining)**
  - 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)
    - o Minutes of February 2014
3. For Discussion: (6:40 p.m.)
  - a. Coordinating efforts in working with challenged churches (Nora Adelman, The Rev. George Master) – Questions include what/how much should the Diocese do to keep a church going and how to help churches manage through challenging times. At Convention in 2013, Bishop Daniel asked the Diocesan Consultation Team to develop a process for working with churches that are experiencing challenges, and asked that the DCT collaborate with Diocesan Council. DCT is currently in the process of preparing a first draft, combining materials from the Dioceses of Massachusetts and Western Massachusetts with results of a gathering of representatives of various Diocese of Pennsylvania groups in January 2014. The concept would be a shared agreement, consistent with the Bishop's focus on responsibilities of parishes that are currently in DioPA Canons. The new Canon for Congregations will work with parishes to help them do what is required. Current Canons give the Finance Committee 60 days before Convention to make exceptions or recommend that some parishes not be seated if assessments have not been paid. Committee members noted there are two perspectives to this issue: pastoral (how to help) and how to protect the Diocese from potential financial obligation that is predictable and could be avoided. If there were a plan to help a church that is struggling earlier, new models of ministry might be considered and implemented based on needs in neighborhoods. **The Parochial Relations Subcommittee will meet with Rob Rogers to look at data that predict challenges to allow for intervention and assistance sooner. Some quantification of how many parishes are in what degree of difficulty will be helpful for the new Diocesan staff person.**

- b. Concern about Church Foundation fee increase (Elise Bower, Norman McClave) – Norman reported that information presented last meeting was not accurate. The current fee is 5.5% of distributed income which more or less equates to 2.5% of assets. Going to an asset based fee is going from .25% to .35% of assets. While this will result in additional fees for 2014, Church Foundation will still show a loss in net assets for 2014. This has been the case for the last seven-eight years, which is not a sustainable pattern/trend. Church Foundation postponed the new fee basis until June/July 2014. Committee members expressed appreciation for receiving electronically the First Quarter Review of Investments prepared by T. Rowe Price.
- c. Non-Parish Organization Funding and 2015 Budget status (The Revs. Kirk Berlenbach and Adam Kradel) – The grant process is well-publicized and transparent, and for the second year, the committee received a request from a non parish asking for funding (a ministry identified with the Diocese in our Canons). The Grant Subcommittee of the Budget Subcommittee noted that it could be a challenge to open up the grant process to non parishes. For next year (2016 budget year), perhaps the budget subcommittee could consider a separate allocation in addition to the \$119,000 granted to parishes – a separate category for non-parish ministries. This would be like the Parker Bulmer Fund for services to the aging granted to ECS and Dolphins and a ministry out of Trinity Memorial in Philadelphia. This could help to pave the way as parishes create different models and approaches to ministry within the Diocese of PA. **Elise Bowers made a motion, seconded by The Rev. Charles Flood, to ask the Budget Subcommittee to consider a separate allocation for the 2016 budget for non-parish ministries that are formally affiliated with the Diocese (all in favor, none opposed or abstaining).** The approach is to encourage wider definitions of ministry, looking at impact of funds and facilitating emerging churches and new approaches.
- d. Discussion of Written Reports/Updates: (7: 50 pm)

-Treasurer – Norman McClave, Treasurer – Assessment payments are being paid a bit slower than last year. Retired Clergy Medical Assessment is \$50,000 below budget. Church House legal expenses are higher than budgeted due to the appeal of a case that was thought to be settled. Cash position is strong due to the April distribution from Church Foundation. **For 2013, the auditors questioned the book value of the Maryland property, which was listed as \$6 million last year. The Property Subcommittee recommends writing it down to \$4.5 million, which is closer to current value (The Rev. Kirk Berlenbach made a motion, seconded by the Rev. Adam Kradel – all in favor, none opposed or abstaining).** The property is still listed for sale at \$7.5 million. A balance sheet adjustment will be done to make the value change.

-Financial Statements – Rob Rogers, Canon for Finance – The designated cash account value is \$1.3 million – included in the fund are assessment payments since they are earned over the entire year, funds for aid to theological students and United Thank Offering funds. Church House operations are over budget due to new licenses for computer software. Computer and software updates have been capitalized. The new financial statements format was created by

Controller Earl Irby. Canon Andrew Kellner will be invited to the May Finance Committee meeting to share information about Servant Year and the Episcopal Youth Event.

-Standing Committee – The Rev. Kirk Berlenbach – Paul Yaros is the lay delegate to Finance Committee from Standing Committee, succeeding JoAnn Jones, who resigned to enter the ordination process. In the past six weeks, Standing Committee had a retreat with Bishop Daniel, the Re-Membering Community Workshop facilitated by the Diocesan Transition Team, and a meeting with Bishop Clay Matthews to discuss next steps and potential timetable for election of the next Diocesan Bishop. The Diocesan Bishop calls for the election of a new Bishop, and Standing Committee sets up the search committee and a transition committee. The time frame is approximately 12-18 months from the time the bishop makes the call until the new bishop is consecrated/installed. Bishop Matthews recommends a smaller search committee of 10-12 (14-15 might allow for some people needing to leave the process). Standing Committee could appoint a search committee, or could ask Deaneries to recommend members – nothing is determined at this point.

-Diocesan Council - Elise Bowers/The Rev. Carolyn Huff – Diocesan Council participated in the Re-Membering Community workshop and has had discussions about human rights/trafficking issues and socially responsible investments. Joe Madison is chair of the Loans Committee, with Beverly Loftus and George Vosburgh.

-Church Foundation- James Pope – report distributed electronically – The Church Foundation Board meets on May 14.

-Subcommittees and Other Diocesan Groups:

- a. Budget – The Revs. Adam Kradel and Kirk Berlenbach – a preliminary draft was distributed. The budget must be approved by the Finance Committee in May before being presented to Standing Committee in May and Council in June for feedback before being released to pre-convention hearings. A significant agenda item for the May Finance Committee meeting is the budget and narrative. The entire budget must be approved by Convention. Assessments will increase over last year, partly mitigated by savings of \$70,000 in Retired Clergy Medical Insurance. The increase of 7% is due to the addition of new a Canon and assistant to support congregations, and movement of another finance person's salary to the essentials of operating the diocese now in the Episcopate assessment. Finance Committee members applauded the Budget Subcommittee's efforts to clarify the budget and make it more transparent. Standing Committee has approved the assessment increase for 2015.
- b. Diocesan Audit – Rob Rogers – The DIOPA audit is nearly complete, and the Health and Welfare Trust audit is progressing. Margaret Ullman volunteered to check on the status of the actuarial study for the Health and Welfare Trust. The Church Foundation audit is nearly completed.
- c. Investment – Elise Bowers – The report distributed in advance of the meeting noted the focus on education, transparency, and communication.

- d. Parochial Relations – The Rev. Carolyn Huff – will report at May meeting
- e. Property – The Rev. George Master and Eric Rabe – no update beyond written report
- f. Gathering of Diocesan Leaders – The Rev. Charles Flood – The ECS Executive Director gave a presentation at the meeting in March.
- g. Diocesan Consultation Team – Nora Adelman – no update
- h. Diocesan Transition Team/Re-membering Community Workshops – Nora Adelman, Eric Rabe – In order to do the workshop as a Finance Committee, the session is likely to be scheduled the date of the June meeting. Eric will coordinate with the Diocesan Transition Team.

4. Other business: (8:20 pm)

- Although the discussion of how what we are doing impacts those who are living in poverty took place at all meetings in 2013, Finance Committee members commented on awareness of various types of poverty, and seeing individual situations.
- The Commission on Clergy Compensation and Employee Benefits is working with the Church Pension Fund to sponsor wellness programs, the first of which is scheduled for May 13.

5. Closing Prayer (8:30 pm) – The Rev. Adam Kradel

Eric Rabe, Chair

Nora Adelman, Secretary