

**Diocese of Pennsylvania Finance Committee Inaugural Meeting**  
**Tuesday, December 11, 2012, 6:30 p.m., Church of the Redeemer, Bryn Mawr, PA**  
**Approved as amended by the Finance Committee on January 22, 2013**

Committee members present: Nora Adelman, The Rev. Frank Allen, The Rev. Kirk Berlenbach, Ann Booth-Barbarin, The Rev. Dr. Charles Flood, Bruce Givnish, JoAnn Jones, The Rev. Adam Kradel, The Rev. George Master, Eric Rabe, George Vosburgh

Ex officio present: Norman McClave, Treasurer; James Pope, Representative of Church Foundation; Robert Rogers, Canon for Finance

Ex officio not present: The Rt. Rev. Charles Bennison, Bishop

1. Opening prayer – The Rev. Adam Kradel
2. Welcome – Norman McClave, Diocesan Treasurer, convened the meeting and outlined the agenda. He noted that the Financial Review Committee’s work over the past two years has led to a change in the financial oversight for the Diocese. He welcomed all to membership in the group.
3. Introductions – all introduced themselves, commenting on current activities and financial experiences.
4. Background/purpose/hopes – how we got here, and what we are to do
  - The Financial Review Committee (FRC) was chartered by Convention in 2010 and spent two years conducting a review of the Diocesan finances and property management and presented a resolution that was approved by Convention in 2012. FRC brought together members of the governing bodies of the Diocese. There was extensive discussion and substantial agreement among the FRC members. The new approach does not change current sources of income, though there will be a unified budgeting process (not a unified budget). The fragmented budget process will be no more. While in the past the Commission on Clergy Compensation and Employee Benefits (CCCEB), Church Foundation, Standing Committee, and the Program Budget Subcommittee of Diocesan Council each worked on parts of the budget, it was not prepared collaboratively. There was no ability to change the budget that had been prepared in June of one year for operations in the subsequent year to reflect changes in income or expenses.
  - The Finance Committee was formed to have an overall view of the Diocese’s finances and property. Those appointed by Standing Committee and Diocesan Council will function as liaisons to those groups for communication and questions back and forth.
  - What is the Finance Committee’s role? It is charged with making decisions on financial affairs of the Diocese and centralizing decision-making so there is an overall view. The Finance Committee will monitor budgets and make adjustments as needed during the year. Another role is advising the governing bodies of the Diocese of the feasibility of plans, or tradeoffs that might result from particular decisions or actions. This committee is empowered to make mid-year changes to the budget and to have authority to carry out its work, or to make recommendations to the appropriate body for decision.

- The Finance Committee does not determine Diocesan mission or strategy. Its role is to see that the Diocese can financially support its desired mission and ministries, to advise other bodies on the costs of various programs compared to the resources available, and to advise on the trade-offs among programs. [note: in the January 22, 2013 meeting in which these minutes were reviewed and approved, comments were made about the Committee making decisions in the context of moving the Diocese forward, recognizing big picture and broad issues, and that Committee members committed to holding each other accountable for this approach, as was the intention of the Financial Review Committee recommendations.]
  - One difference between the former Finance and Property Committee and this one is the unified budget process. One major activity is accountability and tighter coordination, and exchanging more information with the various bodies that have to do with things financial: the Diocesan Health and Welfare Benefits Trust and Church Foundation among them.
  - The role of Church Foundation in the Canons has been clarified regarding property.
  - CCCEB will also be submitting reports to the Finance Committee, and the two bodies will work together to determine clarity of roles.
5. Election of Officers for the Committee – The Treasurer is responsible for processes of the Committee (helping organize what we do and when). What we do in 2013 will help set the template for how the committee is viewed and will act.

Chair: Eric Rabe made a motion, seconded by The Rev. George Master, to nominate The Rev. Kirk Berlenbach to serve as chair. The Rev. Frank Allen moved, and George Vosburgh seconded, that nominations be closed (all in favor, none opposed or abstaining). **All were in favor of The Rev. Kirk Berlenbach serving as Chair of the Finance Committee (none opposed or abstaining).**

Vice chair – Norman McClave made a motion, seconded by The Rev. Adam Kradel, to nominate Eric Rabe to serve as vice chair. The Rev. Dr. Charles Flood moved, and The Rev. Frank Allen seconded, that nominations be closed (all in favor, none opposed or abstaining). **All were in favor of Eric Rabe serving as Vice Chair of the Finance Committee (none opposed or abstaining).**

Secretary – The Rev. Frank Allen made a motion, seconded by George Vosburgh, to nominate Nora Adelman to serve as secretary. Bruce Givnish moved, and George Vosburgh seconded, that nominations be closed (all in favor, none opposed or abstaining). **All were in favor of Nora Adelman serving as Secretary of the Finance Committee (none opposed or abstaining).**

The Rev. Kirk Berlenbach and Eric Rabe were excused from the meeting.

6. Discussion of financial issues facing the Diocese –
- An initiative the Finance Committee might undertake is calling on churches that have not pledged to explore why – there are many factors involved, economic, disagreements with the diocese, changes in endowment income, lower attendance/membership and pledging

- This committee should understand the comprehensive picture of the churches in the Diocese, as well as the Diocese altogether.

Overview of materials distributed:

- Audit
  - Internally prepared financial statements as of November 30, 2012
  - Pledge open item report
  - Management letter from auditors (quite improved from past years)
  - Consolidated income statement for 2011 and 2010 (from the audit) by categories of endowment (unrestricted, temporarily restricted, permanently restricted) showing a loss of \$1.1 million for 2011 and the same for 2010 – the big issue is the change in net assets. Page 20 of the audit shows the various affiliates of the Diocese and portrays decreases in assets for both Church Foundation and the Diocesan Health and Welfare Benefits Trust.
  - Statement of Activities for 2012 Program Budget – year-to-date versus budget by program, showing a \$100,000 deficit compared to a budgeted \$47,000 surplus.
  - Year-to-date graph of 2012 pledging compared to 2011 pledging through October – nearly \$80,000 difference in pledges year-to-year.
  - Program Revenue 1994-2011 shows a downward trend of collected pledges. The argument can be made that pledges from parishes go 100% into programs like support of parishes in need. The administrative expenses are offset by endowment income. A number of churches have no understanding of what the Diocese does, and therefore pledging to the Diocese is not viewed as important.
  - Accounts receivable analysis shows assessments and pledges for 2012 and 2011, what has been paid and what is unpaid as of November. This is a big cash issue.
7. Discussion of goals for 2013
- How to make adjustments to the Program Budget for 2013
  - How to fund the Program Budget going forward
  - By Canon, assessments are due by June. The third quarter is difficult. Pledges come in during the 4<sup>th</sup> quarter and into January of the following year. Foundation sets its payout rate in March, and the last one comes in January 15 for the previous year. There appears to be a disconnect between responsibility, accounting, and oversight of finances of affiliates.
  - The property insurance company has concerns about closed churches that are vacant – higher than usual claims history over the past five years, which influences rates
8. Next meeting date/time – tentatively set for Tuesday, January 22 at 6 pm, location TBD
9. Closing prayer - The Rev. Frank Allen

Norman McClave  
Treasurer and Convenor

Nora Adelman  
Secretary