

DIOCESE OF PENNSYLVANIA FINANCE COMMITTEE
TUESDAY, JANUARY 22, 2013, 6-8 p.m., REDEEMER, BRYN MAWR

Committee members present: The Rev. Kirk Berlenbach, Chair, Nora Adelman, The Rev. Frank Allen, 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; Robert Rogers, Canon for Finance

Ex officio excused: James Pope, Representative of Church Foundation

Guest: Sean McCauley, Diocesan Property Manager

1. Opening Prayer (6 pm) – The Rev. Dr. Charles Flood
2. Discussion: (6:02 pm)
 - a. The Structure and Functioning of the Finance Committee – The Rev. Kirk Berlenbach made opening comments: As this committee begins its work, there will be tweaks in processes and activities, but we need to strive for progress rather than perfection. There are many large responsibilities for the Finance Committee, and this year in particular there will also be activities aimed at improving the Diocese's functioning. We will strive to get materials out in advance (and expect subcommittees will do the same) so we can use our time in meetings most effectively. Each of us therefore has the responsibility to read ahead and come to meetings prepared. Materials will be sent electronically, and there will be hard copies available at meetings.
 - b. Sub-committee assignments, priorities, and tasks – Assignments were made based on expressed interests and needs for expertise and balancing workload. Some subcommittees may add to the draft lists of activities/goals to be accomplished by the time of Convention in 2013. Subcommittees may wish to add members who do not currently serve on the Finance Committee. **It is expected that each subcommittee will come to the February Finance Committee meeting with a roster of members. By March, each subcommittee should have met and established its meeting schedule and work plan.**
 - c. Sean McCauley, Diocesan Property Manager, introduced himself to the committee.
 - d. Locations for Finance Committee meetings for 2013 – Bryn Mawr is a relatively central location for this year, based on where members live and work.
 - e. Progress Report to Diocesan Council and Standing Committee in June – Part of what was built into the Canons is a progress report to Diocesan Council and Standing Committee – and it is a good practice. Creating an open dialogue among the governing bodies and the bishop was a major point of discussion in the Financial Review Committee. Hope was expressed that the Bishop Provisional might join the Finance Committee for some meetings. There was a suggestion that agendas be posted on the Diocesan website, as well as minutes when the Committee has approved them at the subsequent meeting.

f. Centralizing and Standardizing the Loans/Grants Process

Each of the three governing groups has purview/authority over specific funds: Standing Committee oversees the Property Fund; Diocesan Council oversees the Revolving Loan Fund; Finance Committee oversees grants made to parishes through the Program Budget process. Which funds are available, and to whom, are not widely understood in the Diocese. To make both the funds and the application process clear, a standardized process is under exploration. This would mean the same application form for grants and loans, so the same information would be sought for financial assistance of any kind. Committee members noted there was need for categorizing the urgency of the applications so that in emergency situations the group could act expeditiously to vet a request. From the point of view of the asking parish, it simplifies the application by consolidating a step that already exists. Standing Committee discussed the concept, and it was well-received. Standing Committee has Property Fund Guidelines that could be shared with the vetting subcommittee. There was initial discussion at the last Diocesan Council meeting, and Council agreed that the concept should be explored further. A benefit is that the vetting process could mitigate any perspectives of favoritism. A small group composed of members of the three bodies would thoroughly review and analyze the applications and would make a recommendation for approval (or not) to the relevant decision-making body. Since requests will be solicited for financial assistance for the 2014 Program Budget in the next few months, this process might not be in place for that purpose. The small group could be very nimble with use of e-mail and teleconferencing. Committee members commented that for both grants and loans, it was important that criteria for a parish to receive funds include a larger picture and longer-term benefits beyond a strict financial analysis. **Committee members endorsed continuing the exploration of centralization and standardization of the application process for grants and loans.**

3. For Action: (7 pm)

- a. **Minutes of December 11, 2012 – one amendment: clarification of the reporting from CCCEB to the Finance Committee in the last item under #4. Bruce Givnish made a motion, seconded by George Vosburgh, to accept the minutes as amended (all in favor, none opposed or abstaining).**

During the discussion of the minutes, comments were made about the Committee making decisions in the context of moving the Diocese forward, recognizing big picture and broad issues. Those who participated in the Financial Review Committee concurred in describing that group's expectation that Finance Committee members be committed to holding each other accountable for this broad approach.

- b. **Consent Agenda** (items approved in one action, unless any committee member wishes to have discussion of any of the items) – **A motion was made by The Rev. George Master and seconded by The Rev. Adam Kradel to approve the consent agenda, noting that the name of the Finance Committee needs to be changed on the Conflict of Interest Policy (all in favor, none opposed or abstaining).**

- **Reaffirmation of the Whistleblower Policy and the Conflict of Interest Policy**

- c. Request to solicit funds within the Diocese – Materials were distributed electronically in advance of the meeting to ask the Finance Committee’s approval of a fund-raising request by Kyle Stewart Evans for her call to return to Haiti as a Missioner. Nora Adelman noted a conflict of interest due to her friendship with Kyle.

Kyle Evans served as a Missioner in Haiti in 2008-2009, and sought donations within the Diocese at that time. The Finance Committee has the responsibility to approve approaching the full Diocese with such requests.

Among the points of the discussion:

- This appears to be a worthwhile cause, and is a repeat of fundraising that was approved previously. Bishop Bennison made financial contributions to Kyle’s previous Missioner assignment from the Nunn’s Fund, and she made a Diocesan appeal before going to Haiti in 2008.
- The last request to go to Diocesan parishes and individuals was several years ago and came from a scholarship fund in memory of a rector. At the time, the Finance and Property Committee asked for a more detailed plan for the program and turned down the initial request.
- It is up to parishes and individuals to decide if they wish to donate to any particular cause.
- There are two issues: this particular request, and the current lack of criteria for requests for raising funds. Committee members suggested considering this request separately and then having a longer conversation about criteria.

Bruce Givnish made a motion, seconded by The Rev. Frank Allen, to give Kyle Stewart Evans permission to seek donations for her Missioner work in Haiti from Diocesan parishes and individuals, and to have further discussion about criteria for fundraising requests (11 in favor, none opposed, 1 abstention (Nora Adelman)).

4. Discussion of Written Reports/Updates: (7:20 pm)

- a. Treasurer – Norman McClave, Treasurer – a written report will be distributed to the Committee – A summary was given of the preliminary end of December financials, including the following points:
- Unpaid assessments are 8% below budget, and unpaid pledges represent 13% of the budget total for pledges (\$566,000 paid of a pledge total of \$650,000) – unpaid amounts are higher than in 2011.
 - Investment income is below budget.
 - The Program Budget shows a \$142,000 deficit. Traditionally, some pledges are paid in January (approximately \$30,000 is projected).
 - The Episcopate Budget loss was less than budgeted.
 - The Retired Clergy Medical Assistance Fund ended the year with a positive balance of \$38,000 due to better than expected assessment income and less expenditures than budgeted.

Committee members discussed the status of 2013 pledges. The Program Budget as presented at Convention presumed \$650,000 in collected pledges, and \$445,000 has been pledged to

date. Forty-six percent of Diocesan parishes have sent pledges for 2013; 23% of parishes did not pledge in 2012. If budget cuts in programs or positions need to be made, it would be better to do earlier in the year than after more funds have been expended.

Among the points of the discussion:

- Compassion and priorities were mentioned as critical parts of the deliberations.
 - Approximately 40 churches are fragile financially, so their focus is internal – clergy health insurance expense is a significant challenge.
 - It is important to bring Bishop Daniel into the discussions as early as possible, as well as to keep Standing Committee and Diocesan Council in the loop.
 - Communication is critical, particularly with those parishes that have not yet pledged for 2013. Some are financially strapped and are unable to pledge; others could make pledges.
 - A letter was sent by Committee Chair The Rev. Kirk Berlenbach and Diocesan Treasurer Norman McClave, informing parish clergy of the Program Budget challenge.
 - This will be a major topic of discussion in the March Finance Committee meeting after the Budget Subcommittee has a preliminary conversation.
- b. Financial Statements – Rob Rogers, Canon for Finance – Books are being closed for 2012. Many parishes have spoken with Rob about their economic stresses, and he is working at how to introduce Bishop Daniel to the issues. Close-out compensation issues with Bishop Bennison are being covered from funds outside the budget in a respectful and honorable way.
- c. Standing Committee - The Rev. Frank Allen/Ms Jo Ann Jones – no update
- d. Diocesan Council - The Rev. George Master/ Mr. George Vosburgh – The group is being reconstituted with new members and some new activities. There will be a Finance Committee update at each Diocesan Council meeting.
- e. Church Foundation - Mr. James Pope – no update
- f. Subcommittees:
- a. Budget – Among those who will serve on the Budget Subcommittee are individuals who have experience with previous Episcopate and Program Budget processes.
 - b. Diocesan Audit - The audit is beginning on March 1, and it is expected the audits for the Diocesan Health and Welfare Benefits Trust and Church Foundation will go smoothly.
 - c. Insurance – The Rev. Lucy Ammerman, Chair of the Commission on Clergy Compensation and Employee Benefits (CCCEB) will send a member of that group to the quarterly Insurance Subcommittee meetings for communication. Canon for Finance Rob Rogers attends CCCEB meetings.
 - d. Investment – no comments
 - e. Parochial Relations – This subcommittee will monitor parishes in distress to intervene before crises and will have a close connection with the Diocesan Consultation Team.
 - f. Property – This group will centralize various groups so all property issues are considered in the big picture, making recommendations to appropriate bodies.

- Diocesan Property Manager Sean McCauley asked for comments on the draft Closed Church Recycling Policy that has been discussed with Standing Committee and the Diocesan Consultation Team. Its intent is to take an inventory when a church closes, and to make items available first to Diocesan Mission Parishes, then to parishes in the closed church's Deanery, then to other Diocesan parishes, and finally for sale to appropriate buyers. Some items have been donated to the Diocese and cannot be sold, so those might be on loan to parishes (with appropriate documentation to track). Deacon Carl Knapp inventories sacred items. Artwork is appraised for insurance purposes, and furniture is usually in poor condition. Items are stored in a secure, alarmed location. Among the issues is the historic registry status of churches. Standing Committee will consider the policy in its February meeting. **Bruce Givnish made a motion, seconded by The Rev. George Master, to recommend the Closed Church Recycling Policy to Standing Committee for adoption (all in favor, none opposed or abstaining).**
- g. Gathering of Diocesan Leaders – It is important for the Finance Committee to be represented at this group for purposes of communication, transparency, and building trust. Nora Adelman and George Vosburgh volunteered to be part of the team that rotates attendance at the meetings on the second Thursdays of each month at 6:30 p.m. at St. Mary's in Ardmore. At least two other volunteers from the Finance Committee are needed.

5. Other business: (7:55 pm)

The group discussed how to address the Convention resolution that engages the question of how what we are doing impacts people living in poverty. The group suggested having a period of quiet for individual consideration at the start of each meeting, and concluding each meeting with group reflection.

The Rev. Kirk Berlenbach will send a conflict of interest statement to all committee members for completion.

6. Closing Prayer (8 pm) – led by The Rev. George Master

The Rev. Kirk Berlenbach
Chair, Finance Committee

Nora Adelman
Secretary