

DIOCESE OF PENNSYLVANIA FINANCE COMMITTEE
TUESDAY, MAY 28, 2013, CHURCH OF THE REDEEMER, BRYN MAWR

Present: The Rev. Kirk Berlenbach, Chair, Nora Adelman, The Rev. Frank Allen; Ann Booth-Barbarin, The Rev. Dr. Charles Flood; Jo Ann Jones, The Rev. Adam Kradel, The Rev. George Master, George Vosburgh

Ex officio present: The Rt. Rev. Clifton Daniel, Bishop Provisional; Norman McClave, Treasurer; James Pope, Church Foundation; Robert Rogers, Canon for Finance

Not present: Bruce Givnish; Eric Rabe

1. Opening Prayer (6:30 pm) – The Rev. Dr. Charles Flood
2. Reflection: How will what we are doing affect or involve people living in poverty? (6:32 pm)
3. For Action: (6:33 pm)
 - Consent Agenda – A motion was made by Frank Allen and seconded by George Vosburgh to approve the consent agenda as presented – all in favor, none opposed or abstaining.
 - o Minutes of April 23
4. Discussion: (6:38 pm)
 - a. RCMA Update and Meetings – An e-mail from the Diocese went out today announcing the Town Hall meetings to discuss the modifications in the RCMA program. It is important for those in governance to try to get to some of the meetings, to be a voice representing Diocesan governance, and to gauge reactions and listen to comments and questions. The differential is \$110 for an individual and \$220 for a couple. It would be important to have fact sheets to prepare for the meetings. Patience and care in the midst of the change was encouraged. The meetings are Thursday, June 6 at Gloria Dei in Philadelphia at 7 pm (focused on retired clergy), June 11 at Redeemer Springfield at 7 pm, June 18 at Trinity Buckingham at 2 pm, and June 27 at St. Peter’s Glenside at 2 pm.
 - b. 2014 Budget (6:43) – The budget and narrative were distributed electronically prior to the meeting. The Finance Committee is charged with preparing the budget and seeking review and recommendation from Standing Committee and Diocesan Council. The components of income and expenses are basically the same as they were previously. Traditionally, staff costs were associated with particular programs in the budget document. In an effort to distance the people in the positions from the money, all staff are together in one category with the number in parentheses representing the number of people who are covered in that category. The figures include an allowance for nonpayment of pledges reflecting actual performance in the past.

Points of the discussion included:

- This is a step forward and is clear.
- Line 6 should be “Episcopate Assessment” to be clear what is included. The RCMA will decrease, and it is not included in Line 6.
- It is important to be transparent and lead by example.

- Church House Staff moving to the EPO 90 Plan will be required to seek referrals, which are not required by the current EPO 100 Plan.
- The Narrative should address the increase in the Episcopate Assessment.
- Thanks to Kirk Berlenbach and the Budget Subcommittee members for their hard work and thoughtful deliberations.
- The budget includes a decrease in pledging equal to the increase in the Episcopate Assessment. Rob Rogers prepared a trend document looking at 1995-2012 pledging.
- For next year, the process will be reviewed and perhaps tweaked.
- The role of Standing Committee in the budget is setting the Episcopate Assessment and determining what funds went toward the budget.
- A major reason for modifying the process was establishing the ability/responsibility for changes to the budget mid-year.
- Anti-Racism (line 91) is increased over last year, due to requests for additional programming. There is a net increase of over \$6,000 in the funding to the program, including fees for programs. There is a transition in leadership of the group as well.
- Canon 7.2.2 requires the Finance Committee to prepare a draft budget by June 1 and submit it to Diocesan Council and Standing Committee for review and recommendation. At its June 25 meeting, the Finance Committee will finalize the budget, which will be distributed for discussion at pre-Convention hearings.

Next steps in the Budget Process:

- Suggestions from this discussion will be incorporated, and a revised version will be sent to the Finance Committee for review.
 - Send the revised document to Standing Committee and to Diocesan Council for June meetings (Kirk will attend both meetings). The budget will be presented for their review and recommendation before Finance Committee finalizes it.
 - **A motion was made by JoAnn Jones and seconded by the Rev. George Master to accept the report of the Budget Subcommittee – all in favor - none opposed or abstaining.**
5. Report to Standing Committee and Council (7:18) - Subcommittees will report on their progress in goal achievement to the June Finance Committee meeting.
 6. Conflict of Interest Statement (7:25) – The Chancellor has reviewed the statement template, and is concerned about the maintenance and follow up required. A simplified approach was recommended – reaffirm the policy every year, and have us each sign it, and make it incumbent on the individual to disclose any conflicts of interest. The Chancellor has added the language, and it will be on the agenda for the June Finance Committee meeting.
 7. Discussion of Written Reports/Updates: (7:30 pm)
 - a. Treasurer – Norman McClave, Treasurer – the report will be distributed in writing after the meeting – both the Episcopate and Program expense/revenue are close to budget. RCMA has a surplus year-to-date. Pledges are now at \$682,000 for 2013 (near the level of 2011). Eighty-one percent of the parishes have pledged. Of those that have pledged, a dozen have pledged zero. This is a pastoral issue, and the Bishop plans to have conversations with the

vestries in those parishes, seeking explanations. Twenty-seven have not responded. This topic needs to be on a future committee agenda. Norman McClave was excused from the meeting.

- b. Financial Statements – Rob Rogers, Canon for Finance – financial statements were sent electronically in advance. Cash on hand is strong for this time of year.
- c. Standing Committee- The Rev. Frank Allen/Ms Jo Ann Jones – The group discussed the newly forming grants and loan committee, and the topic will be on the next agenda. Kirk Berlenbach will be at the meeting for the budget discussion, and he will clarify that the purpose of the grants and loans committee is that of a clearinghouse for all applications with a small group composed of two representatives from each governing body. This approach is intended to streamline and simplify a coordinated process, assuring the same information is requested from all who apply for assistance. Each of the governing bodies has authority over a set of funds. Rob Rogers noted that all the loans made since 2006 are performing, and there have been no grant requests for a while. Staff monitor loan repayment. Standing Committee approved the sale of Church House for no less than \$4 million. Other real estate transactions included leases – Standing Committee is looking at a number of requests for selling church buildings and leasing them back.
- d. Diocesan Council- The Rev. George Master/ Mr. George Vosburgh – Council’s meetings have included presentations from mission and aided parishes.
- e. Church Foundation- Mr. James Pope – The audit is in process, with completion by mid-June; consolidating smaller accounts is underway with preparing the required submission to the Attorney General.
- f. Subcommittees:
 - (1) Budget – see item 4.b.
 - (2) Diocesan Audit – DioPA’s audit is done, and the Health and Welfare Benefits Trust audit has been started. The process is likely to be completed by September 1.
 - (3) Insurance – The Diocese’s broker, Sovereign, has contacted a potential new carrier for the June 15 renewal at or slightly below current premiums with slightly better coverage. The brokers made a thorough presentation and answered questions from the insurance professional on the committee. The loss ratio was 96% last year. A few parishes were excluded from the bid for the Diocese due to high loss experiences, and those parishes will get individual policies from different carriers.
 - (4) Investment – no update
 - (5) Parochial Relations – The Subcommittee is excited about cosponsoring finance workshops in the fall in collaboration with Diocesan Council and the Leadership Institute. The group is seeking volunteers with financial savvy to help parishes with financial reviews.
 - (6) Property – There are no new offers on Wapiti. The Subcommittee reviewed requests on the use of Wapiti and plan to continue with the guidelines that include use by Diocesan entities until the property is sold. Others can apply to use the property and will be considered, with fees that cover reasonable costs and includes

deposits for potential damages. The Subcommittee recommends that current groups be permitted to continue (Wapiti Hunt Club enforces hunting limitations), and that a hold harmless clause be put into the written agreements for use. Users will be required to remove all trash, and no agreement will extend beyond 60 days (and the Diocese can terminate a lease with 60 days' notice). **A motion was made by the Rev. George Master and seconded by George Vosburgh to endorse the Subcommittee's recommendations – all in favor, none opposed or abstaining.**

A motion was made by the Rev. Adam Kradel and seconded by the Rev. Gorge Master to endorse the actions of Standing Committee with regard to Church House (a \$4 million offer has been received for the property) – all in favor, none opposed or abstaining.

Process of securing \$1.6 million to invest in apartment building part of Cathedral project

(7) Gathering of Diocesan Leaders – The group discussed canonical and constitutional changes proposed to clarify the process for election of a bishop. Such changes are required to be discussed at two conventions before adoption, so they will be reviewed at pre-Convention hearings in 2013.

8. Other business: (8:20 pm) - none

9. Reflection: How will what we are doing affect or involve people living in poverty? (8:25 pm)

Points of the discussion included:

- The unified budget process is clearer regarding aided parishes.
- The unified budget includes more money focused in a dedicated way to vulnerable people (poor, young, old), and includes funding for a missionary, congregational development assistance, and funding for youth programs.
- Retired clergy medical assistance is decreasing, so some may be more vulnerable, and attention should be paid – and funds will be available to the most needy
- Hunters sometimes do so to put meat on the table.
- Endorsing the Standing Committee action to sell Church House leads to more funds available to the Diocese to support ministries.

10. Closing Prayer (8:30 pm) – Bishop Daniel

The Rev. Kirk Berlenbach
Chair

Nora Adelmann
Secretary