

DIOCESE OF PENNSYLVANIA FINANCE COMMITTEE MINUTES
MONDAY, June 15, 2015, 2014, 6:30 p.m., CHURCH OF THE REDEEMER, BRYN MAWR

Next meeting, if needed, will be on July 20 – to be determined – perhaps by conference call

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

Ex officio present: James Pope, Treasurer; Rob Rogers, Canon for Finance

Ex officio not present: The Rt. Rev. Clifton Daniel, Bishop; Margaret Ullman, Representative from Commission on Clergy Compensation and Employee Benefits; Cliff Kozemcek, Representative from Church Foundation

1. Opening Prayer by The Rev. Kirk Berlenbach
2. For Action:
 - a. Consent Agenda - **Minutes of May 2015 meeting of the Finance Committee – A motion was made by Pat Smith, seconded by The Rev. Adam Kradel, to approve the minutes as distributed. All in favor, none opposed or abstaining.**
 - b. Request for fundraising. From Incarnation Holy Sacrament for an online fundraising campaign to support a video/audio podcast. **A motion was made by The Rev. Kirk Berlenbach, seconded The Rev. George Master, to approve this crowdsourcing approach of fundraising for the podcasts. All in favor, none opposed or abstaining.**
 - c. Property Fund – Current bills exceed the total in the Property and Closed Church funds. Canon for Finance Rob Rogers asked the Finance Committee to make a recommendation to Standing Committee that proceeds from closed church sales be used to fund real estate expenses. Ongoing expenses have been gradually moved into the operating budget rather than being paid from the Property Fund. The Property Fund was established in the 1960s, and is an unrestricted fund controlled by the bishop and Standing Committee. The cost of maintaining a closed church is around \$50,000/year each, and there will be more churches for sale.

The immediate shortfall needs to be addressed. One option is a loan from the Fund for the Episcopate, consisting of proceeds from the sale of Church House. Another option is a loan from operating cash. This will be a loan, with repayment when the next closed church sells.

Resolved: The Finance Committee recommends to the Bishop and Standing Committee that funds from properties sold by the diocese be used for expenses associated with property, with a goal of keeping \$300,000 in the Property Fund at all times, or such amount as is reasonably necessary to maintain the closed properties. The Rev. Adam Kradel made the motion, which was seconded by The Rev. George Master. All in favor, none opposed or abstaining.

- d. 2016 Diocese of Pennsylvania Budget proposal - Adam Kradel, Kirk Berlenbach – Lines 5 and 8 and Note 2 show an increase in assessments and a reduction in expected pledges, for a total of \$125,000 increase to parishes in assessments.

The new ministry in Darby is included in the budget (line 48) for a grant of \$75,000. Line 24 shows \$25,00 in revenue from Episcopal Community Services for that ministry. Also new are line 99, Hispanic ministries (\$15,229) and line 98, Anti-Human Trafficking (\$5,000).

Total expenses are increased by more than \$400,000 – more staff are included in the budget instead of coming from special funds, some are in youth that have offsetting income, and the cost of operating the diocesan offices is higher.

Legal expenses are unpredictable, and the budgeted amount is reasonable. Some of the real estate legal expenses are being handled by different firms.

Line 100 – “further funding for diocesan ministries” will be filled if additional pledges are received from parishes.

This budget is simpler than in past years, showing the evolution of the “unified budget.” The Finance Committee expressed appreciation to the Budget Subcommittee for its work.

Next steps: presentation to Standing Committee 6/16 and Diocesan Council on 6/20, for questions and discussion. Finance Committee has authority and responsibility to present the budget to Convention.

A motion was made by The Rev. Charles Flood, seconded by John Loftus, to accept the 2016 budget as presented. All in favor, none opposed or abstaining.

3. Questions, discussion of written reports
 - a. Financial Statements – Rob Rogers, Canon for Finance – distributed electronically in advance – collections are a bit ahead of schedule, which is an indicator of the mood of the diocese. Cash flow in the second half of the year is always an issue, as it is with parishes. The operations and administration part of the statements shows increased rent for Church House, legal fees a bit under budget, and income a bit over budget. The audit is near completion.
 - b. Treasurer’s Report – James Pope, Treasurer – no update
 - c. Standing Committee Report – Kirk Berlenbach & Pat Smith – agenda tomorrow includes discussion about incorporation, and the petition process for the calling of a new bishop
 - d. Subcommittees
 - i. Budget – The Revs. Kirk Berlenbach and Adam Kradel – no additional update
 - ii. Investment – Elise Bowers – no update – meeting Wednesday
 - iii. Parochial Relations – The Rev. Carolyn Huff – October 3 vestry training event
 - iv. Property – The Rev. George Master – The subcommittee discussed churches that have recently made decisions to close, properties that are for sale, and properties that have serious issues and insurance consequences.
4. Other business - none
5. Closing prayer by The Rev. Dr. Charles Flood

Eric Rabe, Chair

Nora Adelman, Secretary