

## Diocesan Council Report to Deanery March 12, 2015

### December 4, 2014 Highlights

#### Bishops' Time

Bishop Gates was away at a CPG Conference for new bishops. Bishop Harris reported on her trip to the Holy Land and her disappointment in the US media for their portrayal of recent events and their bias against Palestinians. She also spoke about the then recent events/judicial outcomes in Ferguson, MO, New York, Chicago. There was a question related to the resolution at Convention asking to divest from companies in Israel/Palestine and how the diocese can become more informed and educated about what is going on there. Bp Gayle responded by saying that she is working on forming a committee or some other group for this purpose.

#### 3<sup>rd</sup> Quarter Financials

Core expenses were below budget. Applications from congregations for development grants were down. Diocese has been without a Controlling Business Officer (CBO) for a year.

#### Bequest Policy

Proposal to be brought to January's meeting

1. Unrestricted bequests will go to the unrestricted general endowment
2. Recommendation to current and future councils to use up to 20% of unrestricted bequests to reimburse the costs of running the development office

The recommendation for the current \$2.1 million A White bequest is to use \$200k to reimburse the unrestricted Bishop's Discretionary Fund (BDF) and to place the remainder in the unrestricted general endowment.

#### Reserve Policy

New Reserves would be

1. Property maintenance - \$650k
2. Capital equipment - \$150k
3. Bishop elections - \$250k

Because the draw from the General Endowment in the 2015 was kept low, this would not adversely affect the budget. Ideally, these reserves would continue to be added to through the regular budget process every year, when possible. The recommendation is to fund these with a New Endowment Fund with a total amount of \$1.05m. A process is being worked on by which specific requests for drawing on these new reserves will be considered. A question was raised about equitable spending when the Diocese draws 4% and parishes give up to 7.5% of their endowments to support the Diocese. There was a suggestion to develop a long range capital plan (20 years).

#### Use of Proceeds

Request from All Saints, Whitman was approved.

### Mission Hub Sites

Representatives from two proposed sites – South Shore and Roxbury/Dorchester made their presentations to Council. There was some concern that there wasn't enough money left from the campaign to fund these new hubs. The Implementation Committee will be going to the Budget Committee before the next meeting to finalize the budget. A decision will be made at the January meeting on these two new proposals.

### Convention Feedback

There was not enough time to talk about resolutions in a one-day convention. Council members liked having the Eucharist in the middle of the day vs. the end of the day. Question raised if we were to have a two-day convention would it be better to have at a hotel. Drawback cited was room expense. Benefit would be more space.

### **January 23 & 24, 2015 Retreat Highlights**

Due to inclement weather expected on Saturday, the business meeting began on Friday night to allow for an early dismissal on Saturday.

### Annual Fund Update

Total giving Unexpected special gifts given, included a gift in memory of Bishop Shaw (\$260k and the Al White gift (\$2.1m).

### Treasurer's Report

2014 and 2015 budgets included \$326k shortfall from the annual fund. It was recommended to take this shortfall from the gift in memory of Bp Shaw to make up the difference in the 2014 budget and the remainder to be used for specific programs as requested. This will be brought to Council in February. Council wants to see a balance sheet for programs – Life Together, BSafe, BPeace, and supplemental budget as a whole.

### Funding Request for St. Stephen's Boston

\$50k to come from different source, not the Use of Proceeds. There was discussion, noting the reason for giving the money and why it's different than A Use of Proceeds grant. Also noted in the proposal was a detailed list of the different "buckets" of money going to St. Stephen's from the Diocese, St. Stephen's is a mission. There was a discussion about what is mission is and how missions around the Diocese are different.

### Bequest Policy

- The Diocesan Council voted to endorse the following policy for receiving and distributing bequests:
- In general, the preference of this policy is to direct bequests to the endowment. Unrestricted bequests should go to the General Endowment Fund. Bequests with restrictions should be directed to fund accounts, existing or new, with the appropriate restrictions.
- In the case of unrestricted bequests of \$50,000 or more, this policy also encourages the Council to consider whether to reimburse the diocesan budget

entity that funded the recent or current operations of the development office. Such reimbursements should not exceed 10% of the bequest.

This policy supplants all prior Council policies regarding bequests, including (but not limited to) the policy adopted in December 1989.

With respect to the bequest from the estate of Mr. Al White, the Diocesan Council:

- (gratefully acknowledges the devotion of Mr. Al White to the Episcopal Church;
- directs that the lesser of 10% of the bequest or \$200,000 be credited to the unrestricted Bishop's Discretionary Fund account, as reimbursement for recent funding of the costs of the development office; and
- directs that the remainder of the bequest be placed without restriction into the General Endowment fund of the Diocese.

### Reserve Funds

- The Diocesan Council voted to establish three new reserve accounts with the following amounts:
- Unrestricted Net Assets – Designated by Diocesan Council for property maintenance: \$650,000
- Unrestricted Net Assets – Designated by Diocesan Council for bishop elections: \$250,000
- Unrestricted Net Assets – Designated by Diocesan Council for capital equipment: \$150,000

The Diocesan Council also voted to establish a new Reserve Endowment Fund, and fund it with a \$1,050,000 transfer from the General Endowment Fund. Furthermore, the Diocesan Council commended to future Councils that each annual budget replenish these reserves (as circumstances warrant).

There was a discussion regarding caps and yearly input for each reserve account and that the Budget Committee could recommend caps/yearly budgetary allotments to the Council. After discussion, the motions were unanimously.

### Hub Sites/Budget Discussion

Sam Rodman gave an overview of the overall Campaign to date. Currently there is \$400k left for new hubs. Pending applications/opportunities total \$2.4mil if they were to be fully funded – Dorchester/Roxbury, South Shore, Boston/Cambridge, and Hispanic Ministries. Bp Gates spoke to the fact that the Hispanic Ministries might be taken out of the Mission Hub model and funded in another manor. The total potential fundraising could be \$2.76mil after 2 years, taking advantage of several sources of funding, as described in the memo to Council from the Implementation Committee. Sam reiterated the fact that Hub budgets are approved annually, so they are not currently spending money that they don't have. Hubs also have an "open door" policy where any congregations not currently involved can join at any time. There was a discussion around suggestions for moving forward, concerns, fears, etc. Sam will be taking his fundraising recommendations to the Budget Committee for further vetting – there was a recommendation to have this conversation jointly with members or former

members of the Implementation Committee. Sam plans to come back to Council at the February meeting with more information.

It was unanimously voted that the South Shore be cited as a Diocesan Mission Hub, pending review of their budget by the Budget Committee at their February meeting.

It was decided to hold off on citing the Dorchester/Roxbury until the next Council meeting.

### Use of Proceeds

Jim Gammill led the discussion based on his memo titled "Use of Proceeds Status" and dated January 16, 2015. The current balance = \$209k Council is no longer taking in applications because of the reduced amount of money in the fund. There are currently four pending applications that Council needs to consider - All Saints', Whitman, St. Andrew's, New Bedford, Grace Church, New Bedford, and Christ Church Medway.

### **February 26, 2015 highlights**

#### Bishop's Time

Bp Gates talked about the physical and economic hardships of this winter. Funds for "disaster relief" grants for congregations were discussed at last week's Executive Committee meeting and will be discussed at the next Budget Committee meeting. Similarly, ERD has been in touch with the diocese about a potential grant. Bp Gates was at the blessing of St. Luke's/San Lucas in Chelsea last week and gave an overview of some other events he has been at over the last month, including the Bishops and Chancellors of Province I meeting in Maine, a New Bishops and Spouses gathering and a board meeting at Bexley Hall - Seabury Western Seminary in Chicago.

Housing Letter of Agreement - this will be updated in the next couple of months and brought to Council for financial approval

#### Audit Committee

The 2013 Audit Report was presented and accepted. The management letter has the same "issues" as last year with discrepancies in pledges to the campaign. Jim's recommendation for the future is to add a box to pledge cards that allows people to check that their pledge is going to be fulfilled by a "donor advised fund." It was recommended the diocesan pledge cards have this option, so it was recommended that this option be extended to parish pledge cards as well.

#### Treasurer's Report

**2014 Financials** - Gerry Sullivan and Cathy Menard gave the update on the end of year financial summary for 2014. There was about a 97k surplus in the core budget and a \$90.5k deficit (which included paying for a bishop's retirement party and bishop's funeral), so the overall budget was essentially balanced. Their goal is to finish the 2014 audit by May and have it presented to Council in September.

#### 2015 Supplemental Budget Revision

The Diocesan Council voted to amend the 2015 Supplemental Budget by (a) increasing the projected Annual Fund contribution to revenue from \$326,000 to

\$376,000; and (b) approving a one-time Annual Fund grant of \$50,000 to St. Stephen's, South End for its kitchen renovations.

### Upcoming Topics

The Financial Advisory Committee (FAC) has been working with Trustees of Donations (TOD) on the 2013 Convention resolution re: divesting from fossil fuels. An update about this will be coming to Council in the next couple of months.

There will be a diocesan budget hearing on Tuesday, March 10, which focuses on sources of revenues and assessments at the diocesan offices from 7:00-9:00pm. The 2016 Assessment Formula, by canon, must be approved by Council in April. Jim will plan to give a short presentation on assessments.

Jim announced that he is not planning to run for Treasurer at this upcoming Convention. He encourages Council members to spread the word and bring forward anyone who might be interested to Bp Gates.

### Mission Hubs

Sam Rodman gave an update of campaign budget in regard to the Mission Hub portion.

Diocesan Council voted to authorize the South Shore Mission Hub leadership team to spend up to \$5,000 between now and the March 26, 2015 Council meeting on any South Shore Mission Hub related expenses.

There was a recommendation that we begin to look at ways of eventually incorporating hub budgets into the regular diocesan budget as opposed to having a totally separate budget, the goal being sustainability.

### Use of Proceeds

Current Balance and Program Status – The current balance in the fund is \$209,788, which does not include the proceeds from the recent sale of the Pepperell property or the \$20k allocated to Whitman over the next two years. The Executive Committee is no longer receiving applications due to the limited funds left in the account and the three pending applications.

It was to fund requests from Grace, New Bedford and St. Andrew's, New Bedford. Request from Christ Church Medway will be brought to the March meeting.

### Future Council Agenda Items

Mally gave an update of groups/people that would like to come to Council or who Council has requested to hear from and asked Council members for other suggestions.

- Life Together Update
- BCHCCC – required by by-laws to report to Council or Convention
- Comp & Benefits Update - including Health Care Benefits
- Deanery Updates – this hasn't been on the agenda for several months.
- Draw on Endowment in Parishes vs. Endowment- taken up by Budget Committee/March 10 hearing
- Diocesan Council Handbook – take time at each meeting to work our way through the book

- Cathedral Project Update
- Assessment Formula Conversation (possibly together with the draw on endowment equity conversation)
- Financial Planning/Vitality for the future - 5-year budget projections/predictions
- Bishop Mortgage Conversation (long range view)
- Mission Strategy Process - how do we get started and when? Begin with a core of people from council to start this work - those interested can contact Laura.
- Council discussion/intentional conversations about dreams/goals for the diocese - adequate time allocated to bring results of these discussions forward
- Add to the retreat agenda time to discuss goals for the year
- How do we measure impact/successfulness of ministries? Agree on criteria beforehand

Council members were very appreciative of this time given to discuss topics of interest and suggested that this kind of time be given more frequently. There was also a suggestion to think about the time given to presenters - that 10 minutes might be more beneficial than 30 minutes in some ways and to think about putting more "important" or "emotional" topics at the beginning of meetings so people are more alert and actively engaged.

Respectfully submitted by:  
Connie Melahoures  
Deanery Representative to Diocesan Council