2017 Budget for the Diocese of Newark

Diocese of Newark—Proposed 2017 Council Budget

The 2017 Budget for the Diocese of Newark

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I. Proposed 2017 Council Budget—Executive Summary

One of the many important actions taken at the annual Diocesan Convention is adopting the diocesan operating budget for the year. This budget represents the costs of conducting the day-to-day operations of the diocese and its programs. Diocesan Council is responsible for approving the budget that is presented to Convention for its adoption, and for monitoring the budget during the year and taking actions as necessary between conventions.

It is important that we focus not just on the day-to-day activities, but also plan for the short-term realities and long-term expectations that will affect our congregations and our diocese.

To this end, we will increase our funding for **Joining God in Shaping Our Future (formerly Missional Church Initiatives)**. We will spend time working together with congregations as they seek ways to identify what God is up to in their individual neighborhoods. They will then design simple experiments that will help them interact with God and their neighbors, learning to listen and accept hospitality rather than developing programs with the goal of attracting people to their church. A number of our congregations have been participating in this work through the Going Local process over the past several years. *While we do want our churches to grow and flourish, we are also called to learn to listen and become more deeply a part of our communities, to discover where God is already active, and to join God there*.

Action Learning Teams of clergy and lay persons will wrestle with some key challenges confronting our diocese, and we will conduct initial experiments to address them.

Two clergy cohorts have been together for the past two years, and a new clergy cohort was started in late 2016. These clergy work individually and together to identify leadership skills that will assist them as we move into a new way of living in our churches and our diocese.

Diocesan staff will also continue to explore how to best resource congregations in the challenging environment in which we find ourselves. Outside consultants will support and guide diocesan staff and participants along this journey, albeit at a lower level of involvement as we find ourselves more deeply a part of this overall process.

Also critical to the ministries of our diocese is the hiring in 2017 of a part-time **Hispanic Missioner**. This will be the first time the diocese will have a person in this position, and this reflects our commitment to be more of a presence in the diocese's varied neighborhoods and congregations.

Other significant items in the proposed 2017 operating budget of the diocese include:

- **Pledge income** is budgeted at $1,950,000, lower than the $2,080,000 projected for the year 2016. This is based on pledges received thus far as well as an estimate of lower pledge income from some of our churches. While a majority of churches increased or maintained their pledges for 2017, several large churches reduced their pledges, leading to the reduced level of pledge income in 2017. This represents a decrease in pledge revenue of 6.25% as compared with the amount projected to be received for 2016.
- Our *Joining God in Shaping Our Future* (formerly Missional Church Initiatives) expenses will be supported by the **New Ministry Initiatives** Fund as it has in the past. These funds, derived from the sale of closed church properties, help to expand our ministries by focusing on our interacting with others in our communities.
- **Alleluia Fund income** is budgeted at $125,000 in 2017, similar to the amount received in 2016. Since the Alleluia Fund began, donations have funded over 70% of the $1,072,000 of total outreach from 2010 through 2016.
- **Domestic and international outreach** is budgeted to be $177,800 in 2017, equal to 5.9% of income (compared with $177,000, or 5.9% of income, in 2016). Funding for this outreach comes from Alleluia Fund donations as well as other revenues. (In addition to the outreach included in the operating budget, the

I. Proposed 2017 Council Budget—Executive Summary

diocese will make additional grants of approximately $610,000 from investments and endowments to support churches with their missions, buildings, and to provide scholarships to diocesan youth; details can be found on page 51 of this booklet.)

- Our **2017 pledge payment to The Episcopal Church** (TEC) will again be equal to the amount assessed by TEC. Due to a reduction in its assessment, our 2017 pledge will decrease from $435,823 to $397,782 (which is 13.0% of income).
- We will continue to make cash contributions toward future obligations: $75,000 to the **lay pension plan** and $19,000 to the fund created in 2013 for the expected future costs of the **search and call of our next bishop**.

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We expect to end 2016 with income slightly higher than total expenses. We enter 2017 with adequate cash as well as increased funds set aside to address the future expenses of our lay pension plan and the next bishop search.

While Convention is responsible for adopting a balanced operating budget for the diocese, it is important that Convention be informed of the other financial assets of the diocese and how they interact with each other.

Therefore, following is an overview outlining the proposed 2017 Operating Budget of the diocese with details on a line-by-line basis, plus additional information about the other financial assets of the diocese.

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II. Proposed 2017 Council Budget—Overview

The Budget Process

The preparation of a budget entails a process of gathering information from a number of people and organizations, developing estimates and projections, making adjustments when the initial results are not what are desired, and working to finally balance the totals of income and expenses.

Beginning in October, the Budget & Finance Committee and Diocesan Council met periodically to review the financial situation of the diocese and to prepare the proposed 2017 budget. We continued to use the process, first developed when creating the 2013 budget, which allows individuals and organizations to request funding for specific purposes with the goal of identifying those requests early in the budget process. The underlying premise of the process is that it is in everyone's best interest to discuss such requests as early as possible, allowing for time to properly consider each request. A Budget Forum was held in October to which all members of diocese were invited to learn more about the proposed budget. Council then approved the proposed 2017 budget for presentation to Convention.

The budget process allowed members of all congregations to participate in the development of the 2017 budget.

But the budget for the Diocese of Newark is far more than a simple process of gathering information and making adjustments. Certainly all of these steps need to occur – to that degree, this is no different than most other budgets. The key difference, though, is that we need to not only provide for the ongoing operations of the diocese, but we also have to continually consider how our resources can best support the congregations and ministries in the diocese – especially as we seek to join God in shaping our future – as well as to support the needs of others through outreach and support of The Episcopal Church.

A Budget Committed to Vitality, Viability, and Finding God in Our Neighborhoods and Joining God There

At the same time, we must continue to look to the future... to engage the world as we seek to answer the questions: What is God up to in our neighborhoods? Who is my neighbor? And how best can we – our congregations, laity, clergy, diocesan governing bodies, staff. . . *all of us* – join God in our neighborhoods? Time, talent and treasure of our diocese has been expended to address this most important matter, and we will continue to do so in 2017.

At our Convention in January 2016, Bishop Beckwith said that "Business as usual is no longer an option." Throughout 2016 we have developed and refined our core question: *How do we go on a journey together to discern what God is up to in our neighborhoods and join God there?* We have spent countless hours sharing our common journey with hundreds of people at our Listening Tables . . . with leaders of our governing bodies . . . with small groups of lay and clergy . . . with congregations in the Going Local process . . . and with many others. And we have found that moving from a "business as usual" model to a new way of living resonates with many. And so the proposed 2017 budget includes spending to continue to more intentionally go on this journey as a diocese.

Our Core Question: How do we go on a journey together to discern what God is up to in our neighborhoods and join God there?

This journey began in 2012 and has evolved since then, supported by funds that are devoted to new ministries. With more clarity than when these efforts began has come the need to re-examine the role of our diocese and our congregations. How best do we join God in our neighborhoods? How best do we answer the question "Who is my neighbor?" The church today is very different than the church of 30, 20, or even ten years ago. How we address the challenges facing the church today is the paramount issue for our congregations and our diocese.

II. Proposed 2017 Council Budget—Overview

We began working with The Missional Network (TMN) in early 2014. We were challenged to stop thinking principally about how we could continue to fix our churches, but to instead consider what our future would be like if we acknowledged that God was already at work in our communities, learned to listen to what God was up to, and then to join God there.

A number of our congregations began participating in a "Going Local" initiative each year since we started that process in 2014 – and their efforts continue as they go beyond their walls, seeking to learn what God is up to in their neighborhood, and just who their neighbors are. Several clergy cohorts have worked with TMN as well as with their colleagues to identify leadership skills that will assist them as we move into a new way of living. These groups developed experiments, one of which led to new and exciting efforts in our neighborhoods – including Dream Boards to capture the hopes and dreams of people outside our church doors.

During 2016 we formed teams of clergy and lay persons (Action Learning Teams) that met to wrestle with questions about leadership and hope, two key challenges confronting our diocese. We have since conducted simple experiments to address them. We have found how critical it is that we learn to listen, not only to ourselves but also to those outside our doors.

"Business as usual is no longer an option."
Bishop Mark Beckwith, January 2016

We conducted six Listening Tables in 2016 to share our vision of a common journey that our churches can take together, and to share what we have learned with others; nearly 400 people from the diocese attended. We presented this vision of our journey to the governing bodies of the diocese – the Diocesan Council, Standing Committee, and the Trustees.

Our journey in part is rooted in our desire to assist our congregations in meeting the challenges of the church in the 21st century – not through the diocesan technical fixes and one-size fits all program mentality that in the past sought to meet these ongoing challenges. This journey will be characterized by listening, discerning, and observing closely what is going on in the unique contexts of our congregations and neighborhoods. That will mean recognizing that many of our congregations with part-time clergy are and can be places of vital, life-giving ministry.

Our commitment is to resource our congregations and, in particular, their lay and clergy leaders so that they can develop their own capacities, commitments, and capabilities to be all that God intends for them to be; to facilitate gatherings to share learnings and experiences; and to celebrate how congregations have experimented with new ways that were developed for their own particular community.

We have heard of personal transformation that the core practices have engendered in individuals. We have observed this through the practice of Dwelling in the Word, renewed ministries resulting from work with others in clergy cohorts, and in a number of other ways. We are seeing that, when we can move beyond the model of trying to fix the church and, instead, join God in what God is doing, we are energized and find new hope for the future.

Our Core Practices:
Listening
Discerning
Experimenting
Evaluating
Deciding

Much of our lives is lived out in transition, and increasingly the diocese and our congregations find that they are not immune from the impact that such transitions have on the financial viability and sustainability of our churches; part-time ministry has become the "new normal" as fewer than half our congregations are presently led by full-time clergy.

Yet we live in hope and in the knowledge that God provides great abundance – and that sustains us as we continue to do the work that is necessary to identify opportunities that will allow us to create a viable and God-inspired diocese.

II. Proposed 2017 Council Budget—Overview

OVERVIEW OF THE 2017 DIOCESAN OPERATING BUDGET

Income

Our budget is funded by our call to live into God's abundant future with about 65% of income coming from pledges from the congregations in the diocese.

After eight years of declining pledge income from 2002 through 2010, pledge income approximated $2.1 million in each of the years since then through 2015. While we budgeted $2.1 million for 2016, it is expected that actual pledges will fall about 1% short.

The 2017 budget for pledge income is based on the current estimate of the final amount of income we will receive for 2016; the 2017 pledges received so far; and an estimate of pledges from churches that have not yet submitted their 2017 pledge. In some cases, we have been advised that churches will reduce their 2017 pledge but have not committed yet. Based on this, we are budgeting our 2017 pledge income to be $1,950,000, a 6.25% decrease from the amount projected for 2016.

It is difficult to estimate the amount of pledge income we will receive in 2017, but it seems clear that we can expect reduced pledges going forward. That will require us to consider how that decrease in income will impact future budgets.

Other revenue comes from donations to the Alleluia Fund, which directly supports our outreach efforts, and we continue to promote the Alleluia Fund as an important way that the diocese expresses its need to fund outreach in our neighborhoods and internationally. Since the fund began in 2010, the diocese has made grants totaling $1,072,000 to over 68 organizations.

In the seven years since it began, donations to the Alleluia Fund have enabled the diocese to make outreach grants of $1,072,000.

In addition, we receive income from investments, fees, and leasing of portions of Episcopal House. Other income – from funds invested to support our efforts to join God in shaping our future, from the sale of closed church properties, and from the Bishop's Discretionary Funds – provide the resources needed to cover the expenses for the year.

Expenses

A number of years ago Diocesan Council determined that it would be appropriate and informative to present the annual budget in a way that related the finances of the diocese to the mission of the diocese. Since that decision, the budgeted expenses of the diocese are presented in a way that complements the Mission Statement of the diocese: *Equipping Congregations . . . Empowering People . . . Engaging the World . . . with the hope and justice of Jesus.*

Therefore the expenses included in the budget are presented in one of these three mission categories or in a Mission Oversight / Administration category. Among the goals of this approach are: (a) to include each expense in the most appropriate category; (b) to use as few allocations of expenses as possible; and (c) to provide such information on a consistent basis, year-to-year. By doing this, the budget and actual results can be compared with results of prior years.

We have also sought not only to simply show numbers but also to describe the categories of expenses so that a reader will have a better understanding of the information within the financial statement. Therefore, there is a detailed explanation of the items that comprise each income and expense line.

As an example, the compensation and benefits of the diocesan staff are included in each of the four categories (Equipping, Engaging, Empowering, and Mission Oversight/ Administration). Because compensation and benefits account for the largest single expenditure, we have also included an exhibit that summarizes the total compensation and benefits and provides details as to the breakdown of that single amount into its principal components – salary, taxes,

II. Proposed 2017 Council Budget—Overview

medical/dental insurance, pension, and other benefits.

THE OPERATING BUDGET EXPENSE CATEGORIES

Overview

The expenses of the operating budget are included in one of four categories, each of which is outlined below. Further details as to the individual expenses included in these categories follows the Proposed 2017 Budget itself, and are cross-referenced to the budget by line item.

The most important resource that the budget supports is to enable the diocese to live into Christ's mission through the work of the staff at Episcopal House. The compensation for the full-time individuals on the diocesan staff is included in the Staff lines in the *Equipping Congregations*, *Empowering People*, *Engaging the World*, and *Mission Oversight/Administration* portions of the budget. There are no net changes in the staffing of the diocese in 2017 as compared with the budget for 2016.

Equipping Congregations

The Finance Department, Coordinator for Missional Church Strategy (Coordinator), the part-time Hispanic Missioner, and Diocesan Property Manager's efforts equip congregations for ministry by supporting them in the stewardship of their resources.

The Finance Department works with clergy and laity throughout the diocese regarding property and health insurance as well as pension questions and other issues. It also works with congregations to provide support and answer questions with regards to clergy compensation, taxation issues, bookkeeping and accounting matters, audits, submission of parochial reports and annual pledges to the diocese, and other financial areas. Financial matters are reported to Diocesan Council monthly and, together with the Budget & Finance Committee, the Finance Department prepares the annual budget that is presented to Council for its review and approval for submission to Convention. The Finance Department also provides counsel and financial analyses to congregations experiencing financial challenges.

Equipping Congregations... through our initiatives to Join God in Shaping Our Future, consulting services, and by providing stewardship and other resources.

Joining God in Shaping Our Future (formerly Missional Church Initiatives): For the fifth year in a row the budget includes spending to help the diocese and congregations in their efforts to look beyond their doors into their communities. It is important that we look at this in a holistic way, with the diocese providing support to congregations as they listen, discern and experiment into ways of identifying what God is doing in the unique neighborhoods of our congregations.

Much has happened since early in 2012 when Bishop Beckwith announced the creation of a team which began the work of developing plans that has led us to where we are today. In 2013 we took the critical step of hiring a Coordinator for Missional Church Strategy. The Coordinator supports congregations as they become more integrated in their unique communities, and with clergy to assess their leadership skills that are important as we move into the future. The budget includes funds for consultants who work with congregations, trained clergy, and lay persons who will work closely with congregations; however, the 2017 plan reflects a reduction of the involvement of the consultants in their work directly with clergy and congregations since we have developed the expertise to move ahead with less in-depth guidance.

Funding for Our Common Journey: We are fortunate that there are investment funds that provide the financial resources to enable the diocese to undertake these missional efforts. The New Ministry Initiatives Fund can be used to provide necessary financial resources.

The New Ministry Initiatives Fund enables us to increase the investment in our future.

II. Proposed 2017 Council Budget—Overview

Hispanic Missioner: The budget includes funds to partially pay for a part-time Hispanic Missioner in 2017. We had hoped to hire this position in 2016, but that did not occur; we are hopeful to bring that person on board in 2017 and the budget includes that as a half-time position. Additional funding is available from sources outside this operating budget.

The **Advisor to the Bishop for Development** works with the Bishop, Fund Development Committee, staff and others to share the stories of lives transformed by our Alleluia Fund ministries partners and promote participation. In addition, the Advisor consults with the Bishop and others regarding other potential areas of fund development for the diocese including grants, major donors, and planned giving opportunities.

Clergy, Congregation Transitions, and Development: A key way that the diocese assists congregations is during the time that there are clergy transitions as well as assisting in ministry, clergy, and congregational development. This takes the form of assistance provided by the Canon to the Ordinary as well as by consultants who work with congregations in the areas of mission, mutual ministry reviews, ministry planning, clergy searches, conflict resolution, lay and clergy leadership development, and shared ministry initiatives.

Stewardship: We rely heavily on The Episcopal Network for Stewardship (TENS) to provide resources to our congregations. The diocese is a member of TENS and, therefore, each of our congregations has access to all their resources, including bulletin inserts and sample stewardship letters that congregations can use during the fall ingathering period.

TENS also provides resources to enable congregations to develop year-round stewardship programs.

At Vestry University, which will be held in March 2017, it is planned that there will be a stewardship workshop.

The Diocesan Property Manager is responsible for overseeing the Episcopal House building in Newark, the Bishop's residence, mission and closed church properties, as well as providing property advice and support to all congregations as needed. The diocesan Property Manager works closely with congregations on insurance claims, building-related issues, risk/loss assessment and prevention.

Empowering People

The Secretary of Convention, Director of Youth & Young Adult Ministries, Bishop's Executive Assistant, and a portion of the Administrator for Diocesan Ministries are key liaisons to the congregations in the diocese through their efforts to empower people in various ministries and make connections across the diocese. This staff work, in addition to funding for the Commission on Ministry, the annual Clergy Conference, Namaste (Dismantling Racism), Hispanic/Latino and other ministries, empowers the lay and clergy of our diocese to do the work that God is calling us to do.

Empowering People... working with congregations to give them the support and resources to do God's work.

The Director of Youth and Young Adult Ministries has helped to renew our relationship with Cross Roads Camp, to provide the opportunity to nurture the spiritual formation and leadership skills of the youth and young adults of the diocese and encourage them to fully participate in the life of the church—locally, on a diocesan level, and globally. In addition, we provide confirmation retreats as well as programs such as *Christophany* for children in grades 6-8 and *Happening* for those in high school.

Engaging the World

The Canon to the Ordinary, Communications & Technology Director, and the Administrative Assistant for Diocesan Services all work closely with our congregations to develop ministries that enable them to engage the world by sharing their stories and inviting others to participate.

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We also support the broader church, as we are called to live into Christ's mission. Our proposed budget reflects our giving to The Episcopal Church (TEC) at 100% of the amount assessed for 2017. Due to a change in the percentage used to make the assessment, the amount of our 2017 pledge is lower than the 2016 pledge. The outreach component of the budget reflects our call to enter the ever-flowing stream of God's justice, emboldened by the Holy Spirit to claim the Gospel which calls us to speak up, stand up, and act wherever we encounter injustice against both humankind and this earth. The total of our domestic and international grants is over 5.9% of our 2017 budget, equal to the amount in 2016.

Engaging the World... we are called by God to spread the Gospel within our neighborhoods, as the church is called to serve those outside of our church doors as well as those inside.

We are eager to communicate our commitment to God's call to us, and we do this in many ways. There has been a complete revamping of our diocesan website to make it more informative, inviting, and helpful to congregations and individuals as well as to those seeking to learn more about our diocese. A program begun in 2012 continues to provide support to congregations in developing and maintaining their individual websites, and many congregations have improved their communications because of this assistance.

Two e-newsletters are each published bi-weekly: *The VOICE Online* provides general interest information and *Leadership News* provides information that is relevant to clergy, wardens, treasurers, parish administrators, and other church leaders.

We continue to seek opportunities to address social justice issues in a number of ways. The budget again includes funding for a portion of the cost for a social justice advocate who represents our diocese, the Diocese of New Jersey, and the New Jersey Lutheran Synod by advocating for social justice issues in Trenton.

There are also a number of events that are developed and sponsored by the diocese, such as the annual Vestry University, that provide opportunities for congregational leaders to gather, attend workshops on a variety of issues – from stewardship to property maintenance, from the role of a warden to healthy congregational leadership practices – and to make connections with leaders of other congregations.

And there are committees and commissions that are supported so that they can engage the world in myriad ways, through providing liturgy and music at Convention; confirmations and ordinations; New Start, our program for new and transition ministry clergy; as well as by providing opportunities to learn more about others through our Ecumenical and Interfaith Officer and the other dioceses that are also part of Province II.

Mission Oversight and Administration

A diocesan budget and staff are a necessity in the Episcopal Church. A portion of our budget, therefore, is devoted to the basic administrative costs of having a Bishop, staff and building.

An important component of the budget is the assistance that is provided to eligible clergy and lay persons by providing health insurance and a pension plan that benefits lay employees. Being good stewards also entails performing regular audits, adequately insuring our properties, and keeping them in good repair. The costs associated with these areas, as well as providing the necessary technology and support for the Bishop, are included in this area of the budget.

II. Proposed 2017 Council Budget—Overview

THE BOTTOM LINE

The net result is that a balanced budget was created where income is equal to expenses.

There are challenges as there always will be, but it is important that we allocate our resources wisely to achieve the most appropriate structure that will support the congregations and their ministries in the diocese. This proposed budget attempts to accomplish that.

We have done this by reducing costs where possible and providing the resources to support congregations, clergy and laity of the diocese. In addition, the budget includes funding to support our efforts to join God in shaping our future, providing resources that will be used to train leaders and provide consultants and companions so that our churches can more intentionally and effectively reach into their communities. The budget also provides funds to continue reducing the underfunded lay pension plan liability and to fund the next bishop search.

The proposed 2017 budget is located on the next page. That is followed by several pages that provide additional information about each of the line items included in the budget. It is hoped that this will give the reader the information needed to better understand the budget of the diocese.

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DIOCESE OF NEWARK
Proposed 2017 Budget

	Description	Budget 2016	Projected 2016	Budget 2017	2017 Budget Assumptions
	Income				
1	Pledge Revenue	$2,100,000	$2,080,000	$1,950,000	
2	Alleluia Fund	120,000	125,000	125,000	Funds portion of lines 34 & 35
3	Investment Income	107,000	113,000	125,000	
4	Investment Administration Fee	126,000	127,000	133,250	25 basis points fee
5	Direct Administration Fees	39,700	39,700	90,300	
6	Rental Income-Episcopal House	63,000	62,960	65,360	Two tenants for full year
7	New Ministry Initiatives Fund	259,668	259,574	308,646	Funds line 15 and portions of lines 14 and 17
8	Missional Church Grants	40,000	40,000	0	
9	Proceeds from Sale of Properties	106,000	106,000	94,000	Funds lines 50, 57 and portions of staff lines
10	Bishop's Discretionary Fund	45,000	45,000	45,000	
11	Bishop's Circle & Other Funds	25,000	0	64,500	Funds portion of line 14
12	Cross Roads Camp Scholarship Fund	3,000	3,670	3,700	Funds line 28
13	**Total Income**	**$3,034,368**	**$3,001,904**	**$3,004,756**	
	Expense				
	Equipping Congregations				
14	Staff Compensation	$490,885	$465,885	$541,079	Increase compensation 3%, health 5.5%
15	Joining God in Shaping Our Future (Formerly Missional Church Initiatives)	136,000	156,787	174,915	Funded by line 7
16	Investing in Our Neighborhood	1,000	0	0	
17	Fund Development	55,000	37,628	23,900	Partially funded by line 7
18	Congregation/Clergy/Min. Development	12,050	11,250	12,100	
19	Stewardship	7,000	4,500	5,000	
20	Bishop Anand Resource Center	500	0	100	
21	**Total Equipping Congregations**	**$702,435**	**$676,050**	**$757,094**	
	Empowering People				
22	Staff Compensation	$350,081	$348,600	$316,448	Increase compensation 3%, health 5.5%
23	Youth & Young Adult Ministry	25,500	24,214	27,224	
24	Diocesan Convention	4,600	11,740	11,000	
25	Clergy Conference	7,500	7,500	7,500	
26	Commission on Ministry	3,500	0	2,275	
27	Hispanic/Latino Ministry	2,600	5,480	5,730	
28	Cross Roads Camp Ministry	3,000	3,670	3,700	Funded by income in line 12
29	Education for Ministry	1,800	1,700	1,650	
30	Namaste (Dismantling Racism)	1,750	1,750	1,350	
31	**Total Empowering People**	**$400,331**	**$404,654**	**$376,877**	
	Engaging the World				
32	Staff Compensation	$314,067	$314,067	$325,762	Increase compensation 3%, health 5.5%
33	Pledge to the Episcopal Church (TEC)	435,823	435,823	397,782	Equals to TEC "ask" for 2017
34	Domestic Outreach Grants	156,000	156,000	156,505	
35	International Outreach Grants	21,000	21,000	21,300	Equal 0.7% of income
36	General Convention 2018	20,000	20,000	20,000	Estimate of 2018 costs (over three years)
37	Communications	14,630	12,497	17,265	
38	Province II	6,500	6,500	7,100	88% of ask
39	NJ Advocacy	10,000	10,000	10,000	
40	Deacons	1,500	1,500	1,500	
41	Liturgy & Music	4,200	3,200	4,050	
42	Cathedral	3,000	3,000	3,000	
43	Ecumenical & Interfaith Officer	2,550	2,143	2,330	
44	Companion Diocese	2,000	0	0	
45	Prison Ministry	600	600	200	
46	ERD Coordinator	500	250	500	
47	**Total Engaging the World**	**$992,370**	**$986,580**	**$967,294**	
	Mission Oversight/Admin				
48	Staff Compensation	$399,002	$390,488	$384,275	Increase compensation 3%, health 5.5%
49	Post-Retirement Insurance	80,000	80,000	63,000	
50	Lay Pension	60,000	60,000	70,000	Pension plan liability; funded by line 9
51	Administration	85,830	85,643	86,146	
52	Finance	90,750	90,873	88,720	
53	Buildings & Grounds	104,700	104,859	102,700	
54	Information Technology	27,950	28,298	29,250	
55	Bishop's Expenses	52,100	52,012	50,000	
56	Bishop's Office	9,900	10,516	10,400	
57	Search & Call of Next Bishop	29,000	29,000	19,000	Funded by line 9 (five-year plan to fund)
58	**Total Mission Oversight/Admin**	**$939,232**	**$931,689**	**$903,491**	
59	**Total Expense**	**$3,034,368**	**$2,998,973**	**$3,004,756**	
60	**Surplus / (Deficit)**	**$0**	**$2,931**	**$0**	

Approved by Diocesan Council
1/11/17

II. Proposed 2017 Council Budget— Line Item Details

The following pages provide line-by-line detail of the proposed 2017 operating budget for the Diocese of Newark.

INCOME

1. **Pledge Revenue.** Pledges from congregations to support the Diocesan operating budget were received from approximately 78% of congregations by January 6, 2017. The budget represents an estimate of what is expected to be pledged to the Diocese when all pledges are received, less an amount for pledges that may not ultimately be paid.

2. **Alleluia Fund.** The Alleluia Fund for Outreach was created to give individuals and congregations an opportunity to participate with others across our Diocese to make a significant and important difference in the lives of many. Since its inception in 2010, donations to the Alleluia Fund have enabled the Diocese to make grants totaling $1,072,000 to over 68 organizations. Budgeted income in 2017 of $125,000 will provide 70% of domestic and outreach grants that are reflected in lines 34 and 35; the balance of outreach will be funded by pledge and other revenues.

3. **Investment Income.** The estimated income from investments is principally based on a spending rule of 4.25% applied to the average market value of investments over the preceding 12 quarter-ends; prior to 2017, a rate of 4% was used. Such funds are invested through the Diocesan Investment Trust in its Growth Fund, which has a target asset allocation of 74% equities, and 26% fixed income securities. The amount of income includes approximately $34,000 from Trustees' investments that it provides to support this operating budget.

4. **Investment Administration Fee.** Since approved in 2010, an investment administration fee is charged by the Diocese for funds invested in the DIT. This fee applies to substantially all funds and is calculated at .0625% (6.25 basis points) of the market value of the fund on a quarterly basis (0.25%, or 25 basis points per year). Because the Diocese manages the relationship with TIAA Trust Company, and provides staff support to investors, we are able to provide access to the institutional investment expertise and management fees that would not be available otherwise. The total of (a) this administration fee as well as (b) the TIAA management fee is approximately 0.57% (57 basis points).

5. **Direct Administration Fees.** The Diocesan staff performs accounting and other services for a number of Diocesan entities for which there is a direct administrative charge. The amounts are based on the amount of time that staff spends performing such services. The charges include, for the first time in 2017, a charge to the Trustees, and are as follows:

Entity	Charge
Trustees	$48,300
ACTS/VIM Fund	13,000
Ward J. Herbert Fund	13,000
Bishop's Church Emergency Fund	4,400
Episcopal Capital Loan Fund	4,400
Gertrude Butts Fund	3,000
Other	4,200

6. **Rental Income—Episcopal House.** In June 2012, the fifth floor of Episcopal House, located at 31 Mulberry Street in Newark, was leased to the Victoria Foundation, a not-for-profit organization

II. Proposed 2017 Council Budget— Line Item Details

that provides grants principally to programs that impact the cycle of poverty in Newark. The lease has an initial term of ten years. The lease for another tenant for a portion of the first floor is expected to be renewed for a two-year period.

7. **New Ministry Initiatives Fund.** This fund is available to support new ministries of congregations and the diocese. As in the past four years, these funds will be used to support the compensation of the Coordinator for Missional Church Strategy (the related expense is in included in Line 14), Joining God in Shaping Our Future (formerly Missional Church Initiatives) (Line 15), and Fund Development (Line 17). Refer to Exhibit 1 for further information.

8. **Missional Church Grants.** The diocese received grants from a trust to be used for funding costs of Joining God in Shaping Our Future from 2013 through 2016. In addition, a second grant was received in 2016. However, while applications for additional funding have been submitted to these two funders, the budget for 2017 does not assume that such grants will be received.

9. **Proceeds from Sale of Properties.** Closed church properties were sold in 2015 and 2016 and a portion of the proceeds of those sales were made available to provide funds to reduce the underfunded lay pension plan (the funded expense is included in Line 50 and a portion is included in the staff compensation lines) and to add to the fund for the search and call of the next diocesan bishop (Line 57). Refer to Exhibit 1 for further information.

10. **Bishop's Discretionary Fund.** There are funds that have been donated to create the Bishop's Discretionary Fund (BDF). Such funds are restricted in that only the income from those funds may be used. In 2011, an analysis determined that some operating expenses of the Diocese were being paid by the BDF. Since then, these expenses have been included in the operating budget of the Diocese, and the BDF makes a contribution to offset those costs.

11. **Bishop's Circle & Other Funds.** The Bishop has received funds that are unrestricted by donors who wish the funds to be used as the Bishop determines would be beneficial to the ministries of the diocese. In addition, there are funds that are available to be used to fund an Hispanic Missioner. In 2017, a portion of these funds is budgeted to be used to partially fund the hiring of a part-time Hispanic Missioner (the related expense is reflected in Line 14).

12. **Cross Roads Camp Scholarship Fund.** The income from a restricted Cross Roads Scholarship Fund is designated for the Cross Roads Camp ministry, and is used to pay the expenses that are reflected in the operating budget shown on Line 28.

EXPENSES

Compensation

Staff expenses constitute the largest share of the expenses of the Diocese, accounting for 52% of total expenses in the 2017 budget. There are 15 full-time equivalent employees on Diocesan staff; the Diocesan Property Manager's compensation is paid by the Trustees of the Episcopal Fund and, therefore, is not included in this budget. The 2017 budget includes a 3% increase in the compensation of the staff. Medical costs are budgeted to increase by approximately 5.5% in 2017, while dental costs are budgeted to increase by 2.2%; the staff contributes 10% to the cost of their medical insurance through payroll deductions.

II. Proposed 2017 Council Budget— Line Item Details

The staff employees are included in the categories as noted below. Refer to Exhibit 2 for details about the compensation and benefits for the Diocesan staff.

Equipping Congregations

In this section of the budget, we include our Diocesan Finance Office, the Coordinator for Missional Church Strategy ("Coordinator"), and the Hispanic Missioner. Included here are the efforts of our Diocese to form disciples and strengthen our faith communities for mission. It also includes the Diocesan staff that helps congregations and the Diocese to maintain our properties and administer our financial resources.

14. **Staff.** The staff includes three members in the Finance Department, the Coordinator, and the part-time Hispanic Missioner. The compensation related to the Property Manager is subsidized by the Trustees, as a substantial amount of his time is dedicated to properties held in trust by the Trustees; therefore, none of the Property Manager's compensation or benefits are reflected in this budget, which is consistent with the prior four years. The compensation of the Coordinator is funded by the New Ministry Initiatives Fund (Line 7); the compensation for the Hispanic Missioner is funded by Bishop's Circle & Other Funds (line 11).

15. **Joining God in Shaping Our Future (formerly Missional Church Initiatives).** In 2014, the diocese began a relationship with The Missional Network (TMN), consultants who have assisted the diocese and congregations in their missional initiatives, including the Going Local process for congregations and working with clergy and laity with regards to necessary education and assistance. This line item includes consulting and related costs and is funded by income from the New Ministry Initiatives Fund in Line 7.

16. **Investing in Our Neighborhood.** Consistent with the efforts of a number of our congregations, the Bishop and staff at Episcopal House determined that it, too, must define its neighborhood and seek to engage with it. However, the decision was made that the budget need not include an amount to be used in 2017 for these efforts.

17. **Fund Development.** This line includes the cost of a consultant retained as Advisor to the Bishop for Fund Development and related expenses. This individual provides fund development consulting services to the Bishop and the Fund Development Committee.

18. **Congregation/Clergy/Ministry Development.** These are expenses of the office of Canon to the Ordinary that provide consultants and training resources to congregations and clergy during periods of ministry transition. In addition, this department provides resources for congregations needing assistance with conflict resolution, congregational growth and development, lay and clergy leadership development, shared ministry initiatives, and mutual ministry reviews.

19. **Stewardship.** Costs relating to providing stewardship education and other resources throughout the Diocese, including the annual fee for membership in The Episcopal Network for Stewardship (TENS), is included in this line.

20. **Bishop Anand Resource Center.** This center provides tools, resources and educational material to help individuals, commissions/committees and congregations work effectively. It operates also as a lending library.

II. Proposed 2017 Council Budget— Line Item Details

Empowering People

This section of the budget focuses on the ministries which help each of us find our voice to live as the people of God. It includes our efforts to lift up lay and clergy through Education for Ministry, the annual Clergy Conference, Cross Roads Camp and the Commission on Ministry, as well as those that further racial justice and cultural diversity.

22. **Staff.** Salaries and benefits for the Secretary of Convention, also serving as Administrative Officer of the Diocese, the Director of Youth and Young Adult Ministries, the Bishop's Executive Assistant, and one-half of the compensation cost for the Administrator for Diocesan Ministries are included here.

23. **Youth & Young Adult Ministry.** Expenses here include the cost of retreats and conferences for youth and young adults, including subsidies and scholarships for those who require such assistance.

24. **Diocesan Convention.** The estimated $99,000 cost of the annual Diocesan convention is substantially offset by registration fees and fees paid by vendors. The 2017 registration fee of $190 per deputy is the same as the fee for the past five years, resulting in a net expense of $11,000 for the 2017 convention. Refer to Exhibit 3 for additional details.

25. **Clergy Conference.** Annual grants, a contribution from the Bishop's Discretionary Fund, and fees charged to participants pay most of the cost of the annual fall clergy conference and Lenten clergy retreat. This line item reflects the expense of the conference, net of these income sources.

26. **Commission on Ministry.** Expenses include costs related to the support of individuals who are in the process of seeking ordination to the priesthood or diaconate, including subsidies for those individuals. In addition, this line item includes the administrative costs of the commission and its subcommittees.

27. **Hispanic/Latino Ministry.** Provides information and resources through workshops and presentations to congregations that are actively engaged in or seeking to become engaged in Hispanic/Latino ministry.

28. **Cross Roads Camp Ministry.** The Diocese provides assistance to Cross Roads Camp in support of their scholarship assistance to campers. In 2017, as in the five prior years, all of the funding for this line item comes from the income received from funds given expressly for camp scholarships (see Line 12).

29. **Education for Ministry.** This line item subsidizes the cost to EfM participants; in 2016, there were six seminar groups with a total of 75 participants in the Diocese.

30. **Namaste (Dismantling Racism).** Provides anti-racism training and related education for clergy, postulants, and elected and appointed Diocesan lay leaders and congregations. The funds here subsidize the cost of these training events.

Engaging the World

This section of the budget targets ministry beyond the Diocese of Newark and includes our pledge to The Episcopal Church and funding for our deputation to the triennial General Convention. Also included here is our funding for outreach grants, both domestic and international, and our ministries that focus on the incarcerated, our companion diocese relationship with Panama, and ecumenical and interfaith relations.

II. Proposed 2017 Council Budget— Line Item Details

32. **Staff.** Salary and benefits for the Canon to the Ordinary, the Director of Communications and Technology, and the Administrative Assistant for Diocesan Services are included here.

33. **The Episcopal Church Pledge.** Our 2017 pledge to The Episcopal Church (TEC) of $397,782 represents the amount that TEC has assessed the Diocese for this year. Due to a change in the percentage used by TEC in making its assessment, the 2017 pledge is 8.7% lower than the 2016 pledge. The 2017 pledge approximates 13.0% of total income compared with 14.5% of projected income in 2016.

34. **Domestic Outreach Grants.** Our commitment to funding outreach as part of our operating budget includes grants to domestic (Line 34) as well as international entities (on Line 35). The 2017 budget for total domestic and international outreach grants (on Lines 34 and 35) approximates the amount in 2016, and is equal to 5.9% of total income (5.9% in 2016).

35. **International Outreach Grants.** We are committed to contribute at least 0.7% of our income to International needs, and the budget reflects that commitment.

36. **General Convention 2018.** General Convention is held every three years, and the estimated cost is accrued over a three-year period. We have estimated that the 2018 General Convention will cost approximately $60,000; we have included one-third of that in the 2016 budget.

37. **Communications.** Includes costs for ongoing development and support of the Diocesan website as well as support provided to congregations to develop their individual websites. In addition, this line item includes the costs associated with *The VOICE Online*, *Leadership News*, and other diocesan communications, as well as support to individual congregations as needed.

38. **Province II.** The diocese is a part of Province II of The Episcopal Church. The 2017 expense represents approximately 88% of the amount requested by Province II to support its work, equal to the percentage paid in 2016.

39. **NJ Advocacy.** The budget includes an amount to provide a portion of the costs of an individual from the New Jersey Lutheran Synod who advocates for social justice issues in Trenton. The diocese is participating with the Diocese of New Jersey and the Lutheran Synod in funding this individual.

40. **Deacons.** Provides training and support to deacons of the diocese, including the cost for participation at the Directors/Archdeacon Conference and the annual National Association of Diaconate Directors conference.

41. **Liturgy & Music.** Designs liturgies for diocesan services (Diocesan Convention, confirmations, and ordinations) and provides liturgical resources for congregations throughout the year.

42. **Cathedral.** This expense reaffirms the diocese's appreciation for and commitment to our cathedral, and provides funds to offset utility and other costs incurred by the Cathedral when it is used for Diocesan events.

43. **Ecumenical and Interfaith Officer.** Represents the Bishop and the Diocese in ecumenical and interreligious relationships and dialogue. Expenses include funding for ecumenical guests at Diocesan Convention.

II. Proposed 2017 Council Budget— Line Item Details

44. **Companion Diocese.** There is no current plan to travel to Panama, our companion diocese, during 2017 and therefore the budget does not include any funding for 2017.

45. **Prison Ministry.** The diocesan budget supplements funds that are contributed directly to this commission whose ministry is to children whose parents are incarcerated and to adult inmates of Northern State Prison. Summer camperships, Saturday mentoring, and subsidized transportation to visit parents are important programs for the children; Bible-study and Prison Pen Pals are ministries with adults.

46. **Episcopal Relief and Development (ERD) Coordinator.** Coordinates the Diocese's communication about and connection with ERD. These funds pay for the costs of the ERD Coordinator to attend the annual Coordinators' Network meeting.

Mission Oversight/Administration

This section of the budget funds the broad expense categories of oversight and administration, including the office of the Bishop.

48. **Staff.** Salary and benefits for the Bishop, the receptionist, the part-time sexton of Episcopal House and one-half of the compensation cost of the Administrator for Diocesan Ministries are included here.

49. **Post-Retirement Insurance.** The diocese has committed to pay for health insurance for certain retired clergy and spouses/dependents, for those retired (or eligible for retirement) as of July 1, 2009; this commitment includes subsidizing health insurance for those not yet eligible for Medicare. Medicare-eligible retired clergy and spouses are covered under a program provided by the Church Pension Fund. The diocese also provides health insurance and a supplement to Medicare for lay employees who have retired from diocesan staff. The expense is based on the estimated cash outlays the diocese will incur during the year.

50. **Lay Pension.** This line item includes a provision to reduce the underfunded liability of the lay pension plan. This plan is underfunded by approximately $772,000 as of the most recent actuarial valuation, and the budget includes payments into the pension plan assets with the goal of eliminating the net liability over the next 11-year period. The liability will be reviewed each year and the amount to be added to the plan assets may change for the 2018 and subsequent budgets.

51. **Administration.** The cost of office equipment leases and maintenance, supplies, postage, meals for committee and other meetings, and other related costs are included here. Exhibit 4 lists the principal components of this line item.

52. **Finance.** The cost of property and liability insurance, annual audits, the mortgage on Episcopal House, and other related costs are included in this line item. Exhibit 5 lists the principal components of this line item.

53. **Buildings and Grounds.** Utilities, maintenance, and other costs for Episcopal House are summarized in Exhibit 6.

54. **Information Technology.** The cost of technology at Episcopal House, including computer equipment, software, network service, and other support.

II. Proposed 2017 Council Budget— Line Item Details

55. **Bishop's Expenses.** In accordance with the letter of agreement with the Bishop, this includes travel, entertainment, and auto costs of the Bishop, and utilities, maintenance, and other costs for the Bishop's residence.

56. **Bishop's Office.** Office supplies and other costs for the office of the Bishop.

57. **Search & Call of Next Bishop.** It is estimated that the search and call of the 11th Bishop of the Diocese of Newark will cost approximately $150,000, similar to the cost of the most recent search and call. This line item continues funding that cost over a five-year period that began in 2013.

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Diocese of Newark
Expenses Funded by Outside Sources
Budget -- 2017

Funded by New Ministry Initiatives Fund

Category of Spending	New Ministry Initiatives Fund	Expense Lines
Joining God in Shaping Our Future (formerly Missional Church Initiatives)	$ 291,696	Portion of 14 and 15
Fund Development	16,950	Portion of 17
Total	$ 308,646	
Income Included in Line >>>	Line 7	

Funded by Proceeds of Sales of Properties

Category of Spending	Undesignated Proceeds of Property Sales	Expense Lines
Lay Pension	$ 75,000	50 & Compensation Lines
Search & Call of Next Bishop	19,000	57
Total	$ 94,000	
Income Included in Line >>>	Line 9	

Diocese of Newark
Compensation and Benefits (Lines 14, 22, 32 and 48)

Category	# Empl	Wages	FICA	Pension	Medical & Dental	Other Benefits (b)	Total
		Budget 2017					
EQUIPPING CONGREGATIONS Finance Department; Coordinator for Missional Church Strategy; Hispanic Missioner (a)	4.5	$ 385,150	$ 20,282	$ 47,387	$ 74,570	$ 13,690	$ 541,079
EMPOWERING PEOPLE Secretary to Convention; Director, Youth/Young Adult Ministry; Bishop's Exec Asst; portion of Admin for Diocesan Ministries	3.5	214,106	16,379	19,270	55,700	10,993	316,448
ENGAGING THE WORLD Canon; Director, Communications and Tech; Administrative Asst. for Dicesan Svcs.	3.0	236,530	9,122	31,843	40,176	8,091	325,762
MISSION OVERSIGHT/ADMIN Bishop; Sexton; Receptionist; portion of Admin for Diocesan Ministries	3.0	232,719	7,204	52,422	83,367	8,563	384,275
Total -- 2017 Budget	14.0	$ 1,068,505	$ 52,987	$ 150,922	$ 253,813	$ 41,337	$ 1,567,564
		Projected 2016					
EQUIPPING CONGREGATIONS	4.0	$ 339,746	$ 19,400	$ 43,597	$ 51,186	$ 11,956	$ 465,885
EMPOWERING PEOPLE	3.5	245,734	18,799	20,635	52,553	10,879	348,600
ENGAGING THE WORLD	3.0	229,641	8,857	30,916	36,906	7,747	314,067
MISSION OVERSIGHT/ADMIN	3.5	238,487	7,954	56,271	79,259	8,517	390,488
Total -- 2016 Projected	14.0	$ 1,053,608	$ 55,010	$ 151,419	$ 219,904	$ 39,099	$ 1,519,040

(a) Excludes the property manager whose compensation is paid by Trustees.
(b) Includes costs for unemployment, workers' compensation, disability, and life insurance.

Exhibit 3

Diocese of Newark
Diocesan Convention -- 2016 and 2017 (Line 24)

Description	Budget 2016	Projected 2016	Budget 2017
Income			
Registration and Meals	$ 84,000	$ 82,250	$ 84,000
Vendor Fees	4,000	4,990	4,000
Total Income	88,000	87,240	88,000
Expenses			
Hotel -- Rooms and Food	67,000	71,750	70,000
Audio/Visual Services	16,000	16,470	16,500
Election Services/Scantron	5,000	5,620	7,500
Miscellaneous	4,600	5,140	5,000
Total Expenses	92,600	98,980	99,000
Net Expense	$ 4,600	$ 11,740	$ 11,000

Exhibit 4

Diocese of Newark
Administration (Line 51)

Description	Budget 2016	Projected 2016	Budget 2017
Copier lease and costs	$ 20,130	$ 19,780	$ 19,500
Telephone lease and costs	18,200	20,345	19,350
Meals for committee and other meetings	13,000	12,181	13,200
Temporary staff	7,500	10,592	11,000
Printing and office supplies	10,500	10,130	10,296
Postage and shipping	10,000	8,891	8,700
Continuing education	3,000	2,162	2,100
Miscellaneous	3,500	1,562	2,000
Total	$ 85,830	$ 85,643	$ 86,146

Exhibit 5

Diocese of Newark
Finance (Line 52)

Description	Budget 2016	Projected 2016	Budget 2017
Property and liability insurance	$ 48,000	$ 49,083	$ 51,500
Audit fees	24,000	24,300	19,500
Mortgage, Episcopal House	9,050	8,989	8,800
Bank and payroll charges	3,300	2,394	2,700
Postage and office supplies	1,700	1,518	1,850
Transportation	1,500	1,726	1,700
Continuing education	2,000	1,700	1,300
Miscellaneous	1,200	1,163	1,370
Total	$ 90,750	$ 90,873	$ 88,720

Exhibit 6

Diocese of Newark
Buildings & Grounds (Line 53)

Description	Budget 2016	Projected 2016	Budget 2017
Utilities	$ 56,100	$ 54,100	$ 52,100
Repairs and maintenance	42,000	44,615	44,400
Security system	3,600	3,000	3,000
Materials and supplies	2,500	2,700	2,700
Miscellaneous	500	444	500
Total	$ 104,700	$ 104,859	$ 102,700

Finance & Budget

The 2017 Budget for the Diocese of Newark

Document 143AC-R06

Joining God in Shaping Our Future

The 143rd Annual Convention *of the* Episcopal Diocese *of* Newark • *January 27-28, 2017*

Budget & Finance Committee

The Rt. Rev. Mark Beckwith	The Rev. John Mennell
Mr. Tom Bisdale, Chair	Ms. Sue Morgan
Mr. Dall Forsythe	Mr. Scott Sargent
Mr. Lyle Hatch	Mr. Paul Shackford, CFO
The Rev. Chuck Hatfield	*Ms. Mary Sunden*
Ms. Roxanne Johnson	Mr. Don Taylor

Italics signifies member of Diocesan Council

Agenda

- 2016 Results—Projected vs. Budget
- 2017 Diocesan Pledges
- 2017 Proposed Budget
- Diocesan Funds for Outreach, Congregational Support, and Scholarships
- Trustees of the Episcopal Fund & Investments Managed by the Diocesan Investment Trust
- Summary

2016 Results—
Projected vs. Budget

Joining God in Shaping Our Future

The 143rd Annual Convention
of the Episcopal Diocese *of* Newark • *January 27-28, 2017*

Where Were We a Year Ago?

- Final results for 2015—a positive bottom line
- Adopted a balanced budget for 2016
  - Continued funding to Join God in Shaping Our Future (formerly Missional Church Initiatives)
  - Pledge to The Episcopal Church = 100% of Assessment
  - Increase in outreach
  - Continued to set funds aside for lay pension plan and for search for next bishop

Projected 2016 Results

Description	Budget 2016	Projected 2016	Better (Worse) vs. Budget
INCOME			
Pledge Revenue	$2,100,000	$2,080,000	$ (20,000)
Alleluia Fund	120,000	125,000	5,000
Income Provided from Funds and Grants	405,668	405,574	(94)
Bishop's Circle & Other Funds	25,000	-	(25,000)
Direct Administration Fees	39,700	39,700	-
Other Revenue	344,000	351,630	7,630
Total Income	3,034,368	3,001,904	(32,464)
EXPENSES			
Personnel Salaries & Benefits	1,554,035	1,519,040	34,995
Pledge to The Episcopal Church	435,823	435,823	-
Joining God in Shaping Our Future (formerly Missional Church Initiatives)	136,000	156,787	(20,787)
Outreach	177,000	177,000	-
Post-Retirement Insurance & Pension	140,000	140,000	-
Office & Administration	281,280	281,375	(95)
Other Expenses	310,230	288,948	21,282
Total Expenses	3,034,368	2,998,973	35,395
Surplus	$ -	$ 2,931	$ 2,931

2016 Summary

- Met most of our financial goals
  - Pledge income down slightly
- Joining God in Shaping Our Future
  - Formerly missional church initiatives
- Reduced liability for lay pension plan
- Added to fund for search and call of next bishop

2017 Diocesan Pledges

Joining God in Shaping Our Future

The 143rd Annual Convention
of the Episcopal Diocese *of* Newark • *January 27-28, 2017*

2017 Congregational Pledge Process

- Request of Congregations for 2017 Pledge
  - If 2016 pledge was at or above 10%
    - Increase 2017 pledge by 0.5%
  - If 2016 pledge was below 10%
    - Move half-way to 10% in 2017 with plan to reach 10% in 2018

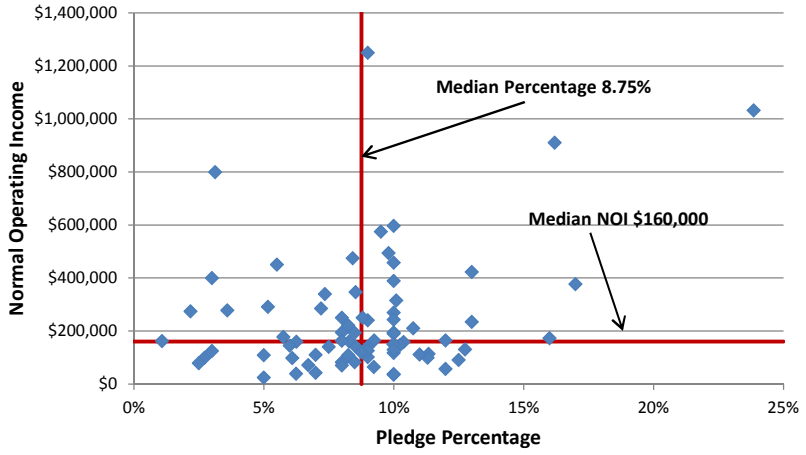
Status of 2017 Pledges

- 2017 Pledges submitted by 77 congregations
  - Pledge percentage – Change vs. 2016
    - 32 Increased their pledge percentage
    - 29 Maintained their pledge percentage
    - 16 Decreased their pledge percentage
  - Normal Operating Income – Change vs. 2016
    - 37 Estimate higher NOI
    - 12 Estimate the same NOI
    - 28 Estimate lower NOI
  - Pledge Dollars – Change vs. 2016
    - 43 Increased their dollar pledge
    - 10 Maintained the same dollar pledge
    - 24 Decreased their dollar pledge

Summary of 2017 Pledges

- Of the 77 congregations that have submitted 2017 pledges:
  - Median Pledge Percentage: 8.75%
    - Median 2016 for all congregations was 9.0%
  - Median NOI: $160,000
    - Median 2016 for all congregations was $160,000
  - Total Dollars Pledged for 2017
    - 2017 pledge of 77 congregations reflects decrease of 1.4% compared with their 2016 pledge

Distribution of 77 Pledges Received for 2017

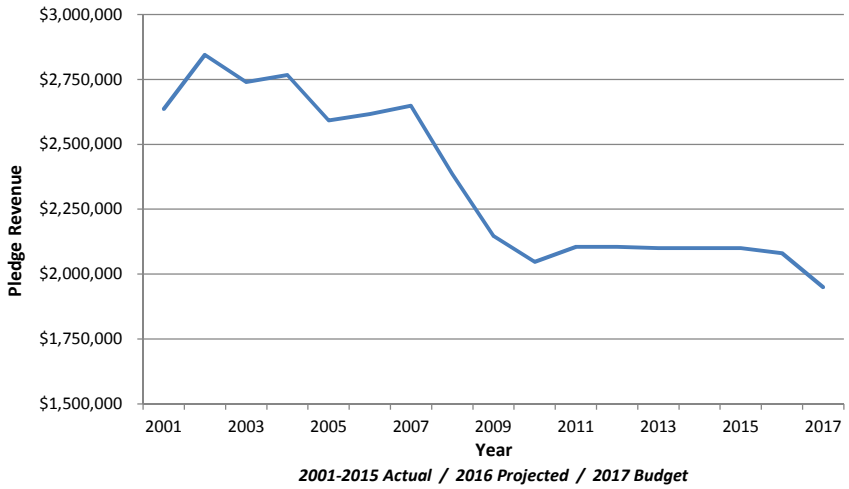


Distribution of 2017 Pledges Received (77 Pledges)

Normal Operating Income	Pledge Percentage **Below** 8.75%	Pledge Percentage **At or Above** 8.75%
NOI **At or Above** $160,000	**19 Congregations**	**22 Congregations**
NOI **Below** $160,000	**17 Congregations**	**19 Congregations**

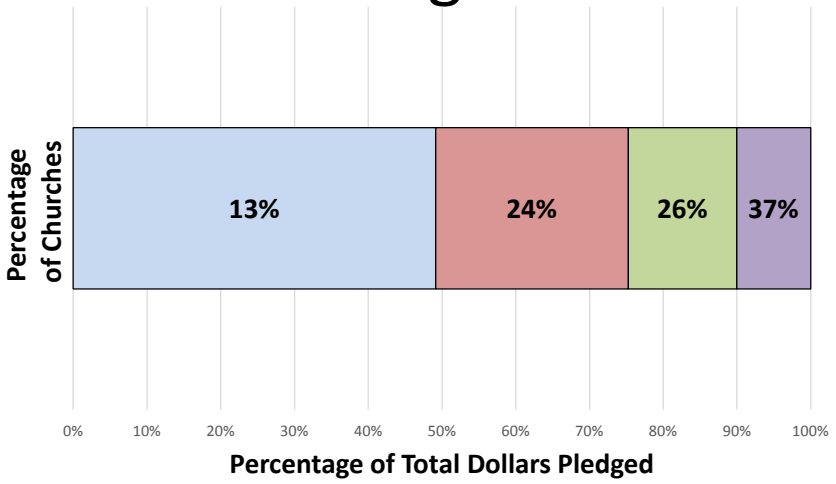
Pledge Percentage

Pledge History



2001-2015 Actual / 2016 Projected / 2017 Budget

Composition of Congregational Pledges



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2017 Proposed Budget

Joining God in Shaping Our Future

The 143rd Annual Convention
of the Episcopal Diocese *of* Newark • *January 27-28, 2017*

Goals of the 2017 Budget

- Adopt a balanced budget
- Continued support to congregations
- Increased funding of Joining God in Shaping Our Future (formerly missional church initiatives)
- Continue funding of lay pension plan and search & call of next bishop

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Proposed 2017 Budget

Description	Budget 2016	Projected 2016	Budget 2017
INCOME			
Pledge Revenue	$2,100,000	$2,080,000	$1,950,000
Alleluia Fund	120,000	120,000	125,000
Income Provided from Funds and Grants	405,668	405,574	402,646
Bishop's Circle & Other Funds	25,000	-	64,500
Direct Administration Fees	39,700	39,700	90,300
Other Revenue	344,000	356,630	372,310
Total Income	3,034,368	3,001,904	3,004,756
EXPENSES			
Personnel Salaries & Benefits	1,554,035	1,519,040	1,567,564
Pledge to The Episcopal Church	435,823	435,823	397,782
Joining God in Shaping Our Future (formerly Missional Church Initiatives)	136,000	156,787	174,915
Outreach	177,000	177,000	177,805
Post-Retirement Insurance & Pension	140,000	140,000	133,000
Office & Administration	281,280	281,375	277,566
Other Expenses	310,230	288,948	276,124
Total Expenses	3,034,368	2,998,973	3,004,756
Surplus	$ -	$ 2,931	$ -

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Income

- **Pledge Revenue**
- **Alleluia Fund**
- **Direct Administration Fees**
- **Income Provided from Funds and Grants**
- **Bishop's Circle & Other Funds**
- **Other Revenue**

Income

- ***Pledge Revenue***
  - Budgeted amount of $1,950,000 is 94% of projected pledges in 2016

Income

- ***Alleluia Fund***
  - Record amount of donations received in 2016
  - Budgeted income will provide 70% of total domestic and international outreach
  - Balance funded by pledges and other income

Income

- ***Direct Administration Fees***
  - Increase due to charging Trustees for administrative costs

Income

- ***Income Provided from Funds and Grants***
  - New Ministry Initiatives Fund
  - Missional Church Grants
  - Proceeds from Sales of Closed Church Properties

Income from Other Funds

Funded by New Ministry Initiatives Fund

Category of Spending	New Ministry Initiatives Fund
Joining God in Shaping Our Future (formerly Missional Church Initiatives)	$ 291,696
Fund Development	16,950
Total	$ 308,646

Funded by Proceeds of Sales of Properties

Category of Spending	Undesignated Proceeds of Property Sales
Lay Pension	$ 75,000
Search & Call of Next Bishop	19,000
Total	$ 94,000

Income

- ***Bishop's Circle & Other Funds***
  - To fund Hispanic Missioner
  - Funded by
    - Funds allocated for Hispanic Missioner
    - Endowment Fund
    - Bishop's Circle

Income

- ***Other Revenue***
  - Investment income
  - Investment administration fees
  - Rental income of Episcopal House
  - Bishop's Discretionary Funds

Expenses

- **Personnel Salaries and Benefits**
- **Pledge to The Episcopal Church**
- **Joining God in Shaping Our Future**
  - **Formerly Missional Church Initiatives**
- **Outreach**
- **Post-Retirement Insurance & Pension**
- **Office & Administration**
- **Other Expenses**

Expenses

- ***Personnel Salaries and Benefits***
  - Accounts for half of total expenses
  - Number of employees stable

Personnel Salaries & Benefits

Category	# Empl	Budget 2017 Wages	FICA	Pension	Medical & Dental	Other Benefits (b)	Total
EQUIPPING CONGREGATIONS (a)	4.5	$ 385,150	$ 20,282	$ 47,387	$ 74,570	$ 13,690	$ 541,079
EMPOWERING PEOPLE	3.5	214,106	16,379	19,270	55,700	10,993	316,448
ENGAGING THE WORLD	3.0	236,530	9,122	31,843	40,176	8,091	325,762
MISSION OVERSIGHT/ADMIN	3.0	232,719	7,204	52,422	83,367	8,563	384,275
Total -- 2017 Budget	14.0	$1,068,505	$ 52,987	$ 150,922	$ 253,813	$ 41,337	$1,567,564

(a) Excludes the property manager whose compensation is paid by Trustees.
(b) Includes costs for unemployment, workers' compensation, disability, and life insurance.

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Expenses

- ***Pledge to The Episcopal Church***
  - Reduction in TEC assessment decreases pledge
  - Equals 100% of the assessment for 2017

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Expenses

- ***Joining God in Shaping Our Future***
  (formerly Missional Church Initiatives)
  - Providing support to congregations as they experiment with ways of being more involved in their communities
  - Providing assistance and training for clergy, laity, and congregations

Expenses

- ***Outreach***
  - Outreach spending in 2017 slightly higher than in 2016
  - Outreach is 5.9% of total income in 2017
    - Same as in 2016

Expenses

- ***Post-Retirement Insurance & Pension***
  - Frozen lay pension plan
  - Certain eligible retired clergy and spouses and lay employees

Expenses

- ***Office & Administration***
  - Maintaining and operating Episcopal House and diocesan operations

Expenses

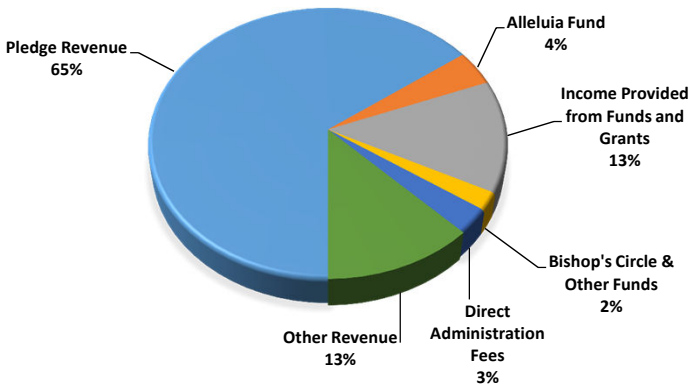
- ***Other Expenses***
  - Costs of providing support programs to congregations

Proposed 2017 Budget

Description	Budget 2016	Projected 2016	Budget 2017
INCOME			
Pledge Revenue	$2,100,000	$2,080,000	$1,950,000
Alleluia Fund	120,000	120,000	125,000
Income Provided from Funds and Grants	405,668	405,574	402,646
Bishop's Circle & Other Funds	25,000	-	64,500
Direct Administration Fees	39,700	39,700	90,300
Other Revenue	344,000	356,630	372,310
Total Income	3,034,368	3,001,904	3,004,756
EXPENSES			
Personnel Salaries & Benefits	1,554,035	1,519,040	1,567,564
Pledge to The Episcopal Church	435,823	435,823	397,782
Joining God in Shaping Our Future (formerly Missional Church Initiatives)	136,000	156,787	174,915
Outreach	177,000	177,000	177,805
Post-Retirement Insurance & Pension	140,000	140,000	133,000
Office & Administration	281,280	281,375	277,566
Other Expenses	310,230	288,948	276,124
Total Expenses	3,034,368	2,998,973	3,004,756
Surplus	$ -	$ 2,931	$ -

2017 Budget: Income

Nearly 65% of all income comes from congregational pledges.



2017 Budget: Expenses

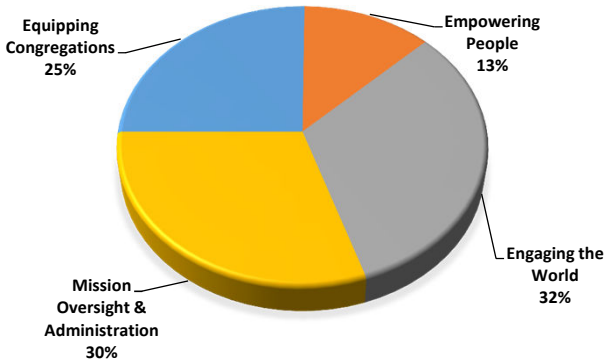
The budget reflects our Diocesan Mission Statement:

Equipping Congregations . . .

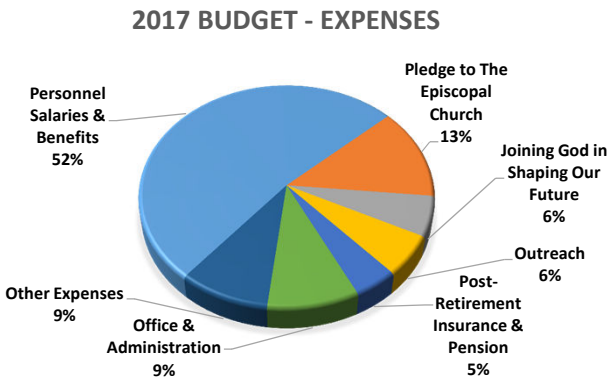
Empowering People . . .

Engaging the World . . .

. . . with the hope and justice of Jesus.



2017 Budget: Expenses



About 52% of budgeted expenses are for personnel salaries and benefits. Outreach and pledge payments to The Episcopal Church account for 19% of budgeted expenses.

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Summary of 2017 Proposed Budget

- Balanced Budget
- Pledges for 2017
- Funding for . . .
  - Outreach
  - Pledge to The Episcopal Church
  - Joining God in Shaping Our Future
    - Formerly Missional Church Initiatives
  - And Other Important Programs

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Diocesan Funds for Outreach, Congregational Support, and Scholarships

Outreach, Congregational Support, & Scholarships

Description	Budget 2016	Projected 2016	Budget 2017
Outreach			
The Episcopal Church Pledge (a)	$ 435,823	$ 435,823	$ 397,782
Outreach (Domestic and international grants) (a)	177,000	177,000	177,805
Total Outreach	612,823	612,823	575,587
Congregational Support			
Buildings	229,500	222,575	246,500
Programs and Mission	195,000	193,500	213,500
Total Congregational Support	424,500	416,075	460,000
Scholarships	167,000	145,500	149,500
Total Funding	$ 1,204,323	$ 1,174,398	$ 1,185,087

(a) The Episcopal Church Pledge and Outreach are components of the operating budget. All other categories represent funds provided by investments and endowments and are not part of the operating budget.

The Trustees of the Episcopal Fund

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Investments Managed by the Diocesan Investment Trust

Joining God in Shaping Our Future

The 143rd Annual Convention *of the* Episcopal Diocese *of* Newark • *January 27-28, 2017*

Trustees of Episcopal Fund & Diocesan Investment Trust

- Role of Trustees
  - Oversee capital assets of Diocese
  - Manage real estate
  - Provide source of funds to support closed and mission churches, as needed
  - Provide income to support 2017 budget
- Role of Diocesan Investment Trust
  - Manage $55.7 million of investments

Investments Managed by DIT

Name / Description of Fund	Restrictions	Balance Nov. 30, 2015	Balance Nov. 30, 2016
Funds for Benefit of the Trustees			
Trustee Restricted Funds	Distributions are restricted	$ 12,718,334	$ 12,502,891
Trustee Unrestricted Funds	Distributions are at the discretion of Trustees	4,509,077	4,431,051
For Churches/Other Ecclesiastical Institutions	Distributions are to parishes, missions and others	6,376,443	6,398,316
Jersey City Area Ministry Funds	Distributions are restricted to ministries in Jersey City	4,352,290	4,125,617
Lay Pension & Clergy Housing Equity Funds	Restricted--lay pension plan and clergy housing equity accounts	2,894,090	2,752,717
	Total Funds for the Benefit of the Trustees	30,850,234	30,210,592
Funds for Benefit of Diocesan Council			
Ward J. Herbert Fund	Endowment--Income for diocesan building renovations	5,454,935	5,516,929
ACTS/VIM Fund	Endowment--Income for grants to ministry programs/projects	4,376,693	4,426,620
Fund for Aged & Infirmed Clergy	Endowment--Income for retired clergy and dependents	985,899	1,003,239
Bishop George Rath Education Fund	Endowment--Income for scholarships to clergy children	626,901	633,609
Episcopal Capital Loan Fund	Unrestricted--Loans to congregations	430,539	441,537
	Total Funds for the Benefit of Diocesan Council	11,874,967	12,021,934
Funds for Benefit of Other Organizations			
Church Accounts	Unrestricted--income and principal available at church discretion	8,181,700	11,236,892
Gertrude Butts Fund	Endowment--Income for scholarships to diocesan youth	2,336,265	2,264,591
	Total Funds for the Benefit of Other Organizations	10,517,965	13,501,483
	Total of Funds Invested in Diocesan Investment Trust	$ 53,243,166	$ 55,734,009

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Summary

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Information for Convention

Joining God in Shaping Our Future

The 143rd Annual Convention
of the Episcopal Diocese *of* Newark • *January 27-28, 2017*

Summary

- Goals of Presentation
  - Provide projected results for 2016
  - Present the proposed 2017 budget for adoption at this Convention
  - Provide information regarding Diocesan support to congregations and others
  - Overview of role of Trustees and investments managed by Diocesan Investment Trust

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Adoption of Budget

- Friday, January 27th
  - Budget hearing to answer questions
- Saturday, January 28th
  - Vote to adopt 2017 Budget

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IV. Proposed 2017 Council Budget—

Diocesan Funds for Outreach, Congregational Support, and Scholarships

The diocese provides significant funds for outreach, direct support of our congregations, and for scholarships – it is anticipated that nearly $1.2 million will be paid in 2017.

A good portion of this is included in the 2017 Diocesan budget—our pledge to The Episcopal Church and our domestic and international outreach are budgeted to approximate $575,587 in 2017.

Yet it is important to understand that an additional $460,000 is expected to be distributed in 2017 to support congregations through grants from the Ward J. Herbert Fund, the Bishop's Church Emergency Fund, ACTS/VIM, and the Marge Christie Congregational Growth & Vitality Fund. Each of these funds is overseen by a committee that ensures that the funds are distributed in accordance with the intent and restrictions of the funds.

An additional $149,500 of scholarships to diocesan youth and children of clergy will also be made in 2017.

Refer to Exhibit 7 for details.

Exhibit 7

Description	Budget 2016	Projected 2016	Budget 2017
Outreach			
The Episcopal Church Pledge (a)	$ 435,823	$ 435,823	$ 397,782
Outreach (Domestic and international grants) (a)	177,000	177,000	177,805
Total Outreach	*612,823*	*612,823*	*575,587*
Congregational Support: Buildings and Mission			
Ward J. Herbert	200,000	194,475	216,500
Bishop's Church Emergency Fund	29,500	28,100	30,000
Total Support--Buildings	229,500	222,575	246,500
ACTS/VIM	155,000	155,000	167,000
Marge Christie Congregational Growth & Vitality	40,000	38,500	46,500
Total Support--Programs and mission	195,000	193,500	213,500
Total Congregational Support	*424,500*	*416,075*	*460,000*
Scholarships			
Gertrude Butts (Diocesan youth)	145,000	122,500	125,000
George Rath (Clergy children)	22,000	23,000	24,500
Total Scholarships	*167,000*	*145,500*	*149,500*
Total Funding	*$ 1,204,323*	*$ 1,174,398*	*$ 1,185,087*

(a) The Episcopal Church Pledge and Outreach are components of the operating budget. All other categories represent funds provided by investments and endowments and are not part of the operating budget.

V. Proposed 2017 Council Budget—

The Trustees of the Episcopal Fund and Funds Managed by the Diocesan Investment Trust

The Trustees of the Episcopal Fund ("Trustees") oversee the capital assets of the diocese, a part of which are endowments and investments which, at November 30, 2016, approximated $42.2 million. Many of these funds are restricted in terms of the use of principal and income and, therefore, it is important to keep track of the use of those funds.

The Trustees are also responsible for maintaining the properties of closed churches and diocesan-owned properties, such as Episcopal House in Newark and the Bishop's residence, and accordingly incur expenses such as insurance, property taxes, and repair and maintenance costs. In addition, the Trustees are involved in the oversight of mission church properties and buildings, principally in their maintenance and repair.

The sale of closed church properties is also the responsibility of the Trustees. Periodically, the Trustees complete the sale of property for which it is responsible. When a closed church property is sold, the diocese utilizes an asset distribution policy to determine the use of the net sales proceeds and the Diocesan Council, after consultation with the Bishop, Standing Committee, and Trustees, approves the distribution of such funds.

The Trustees hold certain investments, the income from which may be used by the Trustees to pay the expenses of closed churches and other expenses. The Trustees pay the compensation of the diocesan property manager who is responsible for overseeing the properties under the control of the Trustees, including Episcopal House and the Bishop's residence, as well as assisting congregations in the diocese with respect to property needs, insurance claims, and so on. In addition, the Trustees have directed approximately $34,000 of investment income to be used by the Council for the 2017 operating budget.

All of the funds overseen by the Trustees are invested through the Diocesan Investment Trust (DIT). In addition, there are funds totaling $13.5 million at November 30, 2016 that are invested through the DIT; these are funds held for the benefit of Diocesan Council as well as investments by individual churches and others.

Investments in the DIT are managed by TIAA Trust Company (TIAA) which maintains a program specifically designed to address the needs of not-for-profit institutional investors. A summary of all of the funds invested in TIAA, totaling $55.7 million at November 30, 2016, is shown in Exhibit 8.

Diocesan Investment Trust
Funds Invested in the Diocesan Investment Trust
November 30, 2016 and 2015

Name / Description of Fund	Restrictions	Balance Nov. 30, 2015	Balance Nov. 30, 2016
Funds for Benefit of the Trustees			
Trustee Restricted Funds	Distributions are restricted	$ 12,718,334	$ 12,502,891
Trustee Unrestricted Funds	Distributions are at the discretion of Trustees	4,509,077	4,431,051
For Churches/Other Ecclesiastical Institutions	Distributions are to parishes, missions and others	6,376,443	6,398,316
Jersey City Area Ministry Funds	Distributions are restricted to ministries in Jersey City	4,352,290	4,125,617
Lay Pension & Clergy Housing Equity Funds	Restricted--lay pension plan and clergy housing equity accounts	2,894,090	2,752,717
	Total Funds for the Benefit of the Trustees	30,850,234	30,210,592
Funds for Benefit of Diocesan Council			
Ward J. Herbert Fund	Endowment--Income for diocesan building renovations	5,454,935	5,516,929
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Fund for Aged & Infirmed Clergy	Endowment--Income for retired clergy and dependents	985,899	1,003,239
Bishop George Rath Education Fund	Endowment--Income for scholarships to clergy children	626,901	633,609
Episcopal Capital Loan Fund	Unrestricted--Loans to congregations	430,539	441,537
	Total Funds for the Benefit of Diocesan Council	11,874,967	12,021,934
Funds for Benefit of Other Organizations			
Church Accounts	Unrestricted--income and principal available at church discretion	8,181,700	11,236,892
Gertrude Butts Fund	Endowment--Income for scholarships to diocesan youth	2,336,265	2,264,591
	Total Funds for the Benefit of Other Organizations	10,517,965	13,501,483
	Total of Funds Invested in Diocesan Investment Trust	$ 53,243,166	$ 55,734,009

VI. Proposed 2017 Council Budget—

Bishop's Discretionary Funds

There are funds that have been donated to create Bishop's Discretionary Funds (BDF). The funds are restricted in that only the income can be used; some of the funds are restricted in that the income may be used in certain ways (such as providing scholarships to seminary students or those in the process of becoming vocational deacons), while the income from other funds are unrestricted and may be used at the Bishop's discretion.

A number of years ago it was determined that the BDF paid some expenses that more appropriately belonged as part of the Diocesan operating budget and, beginning in 2010, those expenses were included in the Diocesan operating budget. The income from the operating budget, however, was not sufficient to pay all of those expenses. Therefore, the BDF contributed $45,000 to the operating budget in 2010 and this practice has continued each year – the 2017 operating budget includes $45,000 as income from the BDF.

Refer to details of the 2015 and 2016 disbursements in Exhibit 9, below.

Exhibit 9

Description	2015	2016
Theological Education and Support of Seminarians	$ 52,300	$ 55,413
Donations	40,961	53,808
Contribution to Diocesan Operating Budget	45,000	45,000
Clergy Continuing Education	23,267	17,575
Joining God in Shaping Our Future (formerly Missional Church Initiatives) (a)	50,000	-
Other	30,441	36,704
Total	$ 241,969	$ 208,500

(a) A grant was received that was restricted to be used for expenses relating to Joining God in Shaping Our Future (formerly Missional Church Initiatives). This amount was transferred to and was included as income in the Diocesan 2015 operating budget.

VII. Proposed 2017 Council Budget—

Other Information

NEWARK ACTS

NEWARK ACTS is in the middle of its seventh program year and was created to provide young adults who are five years post-high school the opportunity to live in community and work in social justice ministries in our diocese with a concentration in the urban areas of northern New Jersey. NEWARK ACTS has its own board and is intended to be a self-funded program.

NEWARK ACTS received support from the New Ministry Initiatives Fund in each of its first three years. In addition, it received a five-year grant from Trinity Wall Street. The diocese also provides office space and in-kind support for NEWARK ACTS which is a part of the Department of Youth and Young Adult Ministries. NEWARK ACTS also depends on donations from congregations and individuals who continue to support this ministry, and was an initial beneficiary of the Marge Christie Congregational Growth & Vitality Fund in 2010. Each Board member is a financial contributor to NEWARK ACTS, and the Board has hosted fundraisers to benefit this important ministry.

Exhibit 10 is a summary of the financial information regarding NEWARK ACTS.

Exhibit 10

	Actual August 2015 to July 2016	Budget August 2016 to July 2017
Income		
Worksite Income	$ 135,970	$ 54,500
Donations and Fundraising Income	13,180	10,000
Grant Income	-	-
Total Income	149,150	64,500
Expenses		
Intern Salaries and Benefits	44,692	29,007
Intern Expenses	25,153	12,587
Staff Expenses	81,090	30,000
Administrative Expenses	14,257	5,850
Total Expenses	165,192	77,444
Net (Loss)	$ (16,042)	$ (12,944)

Diocese of Newark
Financial History

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Projected 2016	Budget 2017
INCOME							
Pledge Revenue	$ 2,105,152	$ 2,104,337	$ 2,100,341	$ 2,100,000	$ 2,100,442	$ 2,080,000	$ 1,950,000
Alleluia Fund	94,325	90,000	91,024	113,000	122,370	125,000	125,000
Other Income	266,788	348,837	572,655	651,514	836,755	796,904	929,756
Total Income	2,466,265	2,543,174	2,764,020	2,864,514	3,059,567	3,001,904	3,004,756
EXPENSES							
Equipping Congregations							
Staff Expense	335,106	318,138	371,393	387,225	447,489	465,885	541,079
Joining God in Shaping Our Future (formerly Missional Church Initiatives)	-	-	31,628	60,328	97,054	156,787	174,915
Fund Development	-	35,721	10,491	42,678	53,663	37,628	23,900
Other	17,365	17,138	17,656	23,031	20,031	15,750	17,200
Total Equipping	352,471	370,997	431,168	513,262	618,237	676,050	757,094
Empowering People							
Staff Expense	313,931	330,970	341,493	331,378	340,662	348,600	316,448
Other	32,043	54,980	37,353	36,454	34,795	56,054	60,429
Total Empowering	345,974	385,950	378,846	367,832	375,457	404,654	376,877
Engaging the World							
Staff Expense	305,970	322,778	335,897	354,535	309,170	314,067	325,762
Pledge to The Episcopal Church (a)	424,367	422,000	438,000	446,500	574,700	435,823	397,782
Outreach (b)	139,038	145,321	153,875	165,093	171,050	177,000	177,805
Other	75,191	46,045	45,992	44,753	50,407	59,690	65,945
Total Engaging	944,566	936,144	973,764	1,010,881	1,105,327	986,580	967,294
Mission Oversight/Administration							
Staff Expense	337,451	355,562	369,831	379,564	385,120	390,488	384,275
Post-Retirement Pension & Ins.	143,200	121,689	183,520	165,813	166,715	140,000	133,000
Other	342,578	354,728	401,017	403,050	405,523	401,201	386,216
Total Oversight/Administration	823,229	831,979	954,368	948,427	957,358	931,689	903,491
Total Expense	2,466,240	2,525,070	2,738,146	2,840,402	3,056,379	2,998,973	3,004,756
NET INCOME	$ 25	$ 18,104	$ 25,874	$ 24,112	$ 3,188	$ 2,931	$ -

Notes:

(a) Includes: (i) annual pledge to The Episcopal Church (TEC); (ii) payments to reduce 2008 TEC Pledge Arrears of $10,000 per year from 2011 through 2014, and $7,500 in 2015; and (iii) payment in 2015 of $100,000 in full and complete settlement of 2008 TEC Pledge Arrears.

(b) Represents total of domestic and international outreach grants.