

**Minutes of the
Our Diocesan Council
The Episcopal Diocese of Newark
Diocesan Council Retreat CrossRoads
Saturday, September 9, 2017**

Officers: The Rt. Rev. Mark Beckwith [*President*], Mr. John A. King [*Secretary*], Mr. Samuel Reckford [*Treasurer*]

Present: The Rev. E. Michael Allen, Mrs. Sheila Barcus, Mr. Robert Bogert, The Rev. Sheelagh A. Clarke, Dale Ellis, Susan Godar, Ms. Carol Harrison-Arnold, The Rev. Canon Gregory Jacobs, Ms. Sue Morgan, The Rev. Margaret Otterburn, Ms. Elizabeth Rundquist, The Rev. Susan Saucedo Sica, Mr. Timothy Wong

Guests:

Absent: The Rev. William Allport, The Rev. Tim Carr, Mr. Stuart Christie, The Rev. Kevin Coffey, Mrs. Debra Cook, The Rev. Charles Hatfield, Ms. Laurie Piccirillo, The Rev. Juan Rosario De La Cruz, Diane Sammons Esq., Ms. Mary Sunden, Ms. Lynn B. Tyler, The Rev. Diana Wilcox

Review of Summer Authorization Actions

The Abbreviated Council Meeting was called to order by the President at 1:35 pm in the Christ Center at Cross Roads Camp and Retreat Center.

The Secretary read aloud the summary of Summer Authorizations from 2017. It included:

July 11, 2017 Phone Conference

Approval of the JCAM Funding Proposals

Housing Allowance Resolution for the Rev. Sheelagh Clarke

WJH Recommendation for St. George's Maplewood (\$21,000)

And on August 10th, 2017 by email voting

Approving Samuel P. Reckford as a signatory on all Diocesan Held accounts.

Financial Report

The President welcomed Mr. Samuel P. Reckford to Council in his new role as Diocesan CFO.

Mr. Reckford provided the following financial report:

**Diocesan Council
Finance Report
for the Year-to-Date Period Ended August 31, 2017**

Attached is the financial report for the eight-month period ending August 31, 2017. The budgeted amounts reflect the budget that was adopted at the Annual Convention in January 2017.

Details of Information Reflected on the Financial Statement

There are a number of variances in actual results as compared with the budget.

Income

Pledge Revenue (line 1)

The methodology used to create the monthly budget was to base estimated 2017 monthly pledge income on the actual

pattern of pledge receipts in 2016 pro-rated by the ratio of 2017 pledges to 2016 pledges.

Using that methodology, pledge receipts are almost \$86k ahead of budget.

Alleluia Fund (line 2)

We have received donations to the Alleluia Fund totaling \$22,463 which is \$48k lower than budget, principally because some large donations that were received by this time last year, have not yet arrived. Our largest expected gift, \$25k, was transferred today, so that will help significantly, but we are unlikely to meet the annual goal of \$125k without a strong year-end push.

New Ministry Initiatives Fund (line 7)

This is the source of funds to pay the expenses related to the Joining God in Shaping Our Future initiatives (included in lines 14 and 15) and Fund Development (in line 16). Income is lower than budget by \$64k because we only draw funds from the DIT as we spend them, and the corresponding expenses are, in total (net of the grant shown on line 8 and a portion of the expenses in line 16), lower than budget by exactly the same amount.

Missional Church Grants (line 8)

We received a \$15,000 grant from a foundation that had provided grants to the diocese in the past. Because they had advised us that we were no longer eligible to receive grants, we had not included it in the 2017 budget, leading to the favorable variance.

Expenses

Staff Compensation (lines 14, 21, 31, and 46)

Compensation expense, which includes salaries and benefits for employees at Episcopal House, is \$18k lower than budget due principally to not hiring an Hispanic missionary nor replacing our youth director, offset by the one-month overlap of CFO's and the compensation adjustment of one employee.

Joining God in Shaping Our Future (line 15)

Spending in this area is well below budget and is expected to stay that way through the end of the year.

Fund Development (line 16)

Spending in this area is below budget. It is expected that actual spending will increase as the Alleluia Fund will be heavily promoted in the next few months.

Youth & Young Adult Ministry (line 22)

During January, the Director of Youth & Young Adult Ministry resigned, resulting in lower program expenses than expected. This is unlikely to change through the end of this year.

Domestic and International Outreach Grants (lines 33 and 34)

The budget assumes that these grants will be paid in December 2017.

Administration (line 49)

The negative variance is a result of the Episcopal House cleaning service expense erroneously not being included in the 2017 budget.

Net Results

Year to date, the favorable variance between actual and budgeted results is \$67,390. While a variance of this size is unlikely to persist through year end, it appears that we will end the year with a surplus.

Samuel P. Reckford
Treasurer of Convention
Diocesan Chief Financial Officer
September 8, 2017

Other matters discussed included helping congregations perform audits. Suggestion of perhaps engaging Accounting students from local colleges as a potential resource.

Diocese of Newark						
August 2017 Financial Statement						
Description	Aug Month Actual	Aug YTD Actual	Aug YTD Budget	Better/ (Worse)	Final Annual Budget 2017	Comments
Income						
1 Pledge Revenue	\$158,767	\$1,261,658	\$1,175,914	\$85,744	\$1,950,000	
2 Alleluia Fund	551	22,463	70,919	(48,456)	125,000	Funds portion of lines 33 and 34
3 Investment Income	0	62,884	62,500	384	125,000	
4 Investment Administration Fee	0	68,702	66,000	2,702	133,250	25 basis points fee
5 Direct Administration Fees	200	45,450	45,350	100	90,300	
6 Rental Income-Episcopal House	5,447	43,573	43,573	0	65,360	Two tenants for full year
7 New Ministry Initiatives	18,425	141,583	205,959	(64,376)	308,646	Funds line 14 and portions of lines 15 and 16
8 Missional Church Grants	0	15,000	0	15,000	0	
9 Proceeds from Sale of Properties	0	94,000	94,000	0	94,000	Funds lines 48, 55 and portion of staff lines
10 Bishop's Discretionary Fund	22,500	22,500	22,500	0	45,000	
11 Bishop's Circle	0	0	21,500	(21,500)	64,500	Funds portion of line 14
12 Cross Roads Scholarship Fund	996	2,988	2,775	213	3,700	Funds line 27
13 Total Income	\$206,886	\$1,780,801	\$1,810,990	(\$30,189)	\$3,004,756	
Expense						
Equipping Congregations						
14 Staff Compensation	\$47,990	\$328,156	\$341,070	\$12,914	\$541,079	Partially funded by income in lines 7 and 8
15 Joining God in Shaping Our Future	8,121	71,361	116,610	45,249	174,915	Funded by line 7
16 Fund Development	884	9,718	15,933	6,215	23,900	Funded by line 7
17 Congregation/Clergy/Min. Development	556	5,751	8,067	2,316	12,100	
18 Stewardship	0	4,693	4,750	57	5,000	
19 Bishop Anand Resource Center	260	197	67	(130)	100	
20 Total Equipping Congregations	\$57,831	\$419,876	\$486,497	\$66,621	\$757,094	
Empowering People						
21 Staff Compensation	\$21,217	\$177,846	\$190,860	\$13,014	\$316,448	
22 Youth & Young Adult Ministry	481	3,975	16,971	12,996	27,224	
23 Diocesan Convention	0	10,991	11,000	9	11,000	
24 Clergy Conference	0	68	0	(68)	7,500	
25 Commission on Ministry	(1,299)	250	1,517	1,267	2,275	
26 Hispanic/Latino Ministry	91	442	3,820	3,378	5,730	
27 Cross Roads Camp Ministry	996	2,988	2,775	(213)	3,700	Funded by income in line 12
28 Education for Ministry	0	0	150	150	1,650	
29 Namesite (Dismantling Racism)	0	298	900	602	1,350	
30 Total Empowering People	\$21,486	\$196,858	\$227,993	\$31,135	\$376,877	
Engaging the World						
31 Staff Compensation	\$27,660	\$226,331	\$218,176	(\$7,155)	\$325,762	
32 The Episcopal Church (TEC)	33,148	265,184	265,184	0	397,782	
33 Domestic Outreach Grants	0	0	0	0	156,505	
34 International Outreach Grants	0	0	0	0	21,300	
35 General Convention 2018	1,667	13,333	13,333	0	20,000	
36 Communications	1,042	10,460	11,510	1,050	17,265	
37 Province II	1,775	5,325	5,325	0	7,100	
38 NJ Advocacy	0	10,000	10,000	0	10,000	
39 Deacons	0	290	1,000	710	1,500	
40 Liturgy & Music	0	2,995	3,783	788	4,050	
41 Cathedral	0	0	0	0	3,000	
42 Ecumenical & Interfaith Officer	0	2,979	2,330	(649)	2,330	
43 Prison Ministry	(450)	(160)	133	313	200	
44 ERD Coordinator	0	0	500	500	500	
45 Total Engaging the World	\$64,842	\$535,717	\$531,274	(\$4,443)	\$967,294	
Mission Oversight/Admin						
46 Staff Compensation	\$30,890	\$254,504	\$255,667	\$1,163	\$384,275	
47 Post-Retirement Insurance	6,504	42,231	42,000	(231)	63,000	
48 Lay Pension	0	70,000	70,000	0	70,000	Pension plan liability; funded by line 9
49 Administration	3,291	61,865	57,272	(4,593)	86,146	
50 Finance	5,596	69,312	68,013	(1,299)	88,720	
51 Buildings & Grounds	12,694	65,661	67,667	2,006	102,700	
52 Information Technology	1,914	18,765	20,100	1,335	29,250	
53 Bishop's Expenses	1,516	25,670	30,911	5,241	50,000	
54 Bishop's Office	345	6,956	7,600	644	10,400	
55 Search & Call of Next Bishop	0	19,000	19,000	0	19,000	Funded by line 9 (five-year plan to fund)
56 Total Mission Oversight/Admin	\$62,750	\$633,964	\$638,230	\$4,266	\$903,491	
57 Total Expense	\$206,909	\$1,786,415	\$1,883,994	\$97,579	\$3,004,756	
58 Surplus / (Deficit)	(\$23)	(\$5,614)	(\$73,004)	\$67,390	\$0	
% Current Year TEC to Income	16.02%	14.89%	14.64%	0.00%	13.24%	
Total Outreach	\$0	\$0	\$0	\$0	\$177,805	
% Outreach to Income (Lines 36 & 37)	0.00%	0.00%	0.00%	0.00%	5.92%	
Compensation & Benefits	\$127,757	\$885,837	\$1,005,773	\$19,936	\$1,567,564	
Pct to Total Expenses	62%	55%	53%		52%	

Budget 2017 Actual August 2017 (2)

9/8/2017 1:30 PM

Moved, Seconded & Approved

Adjourned

The meeting adjourned at 1:50 pm and Council continued on with the focus of the Retreat.