

**Episcopal Diocese  
of Minnesota  
Diocesan**

**Finance Summit**

**Background Information**

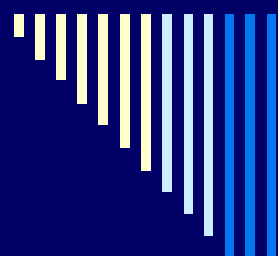
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# Diocesan Operating Budget

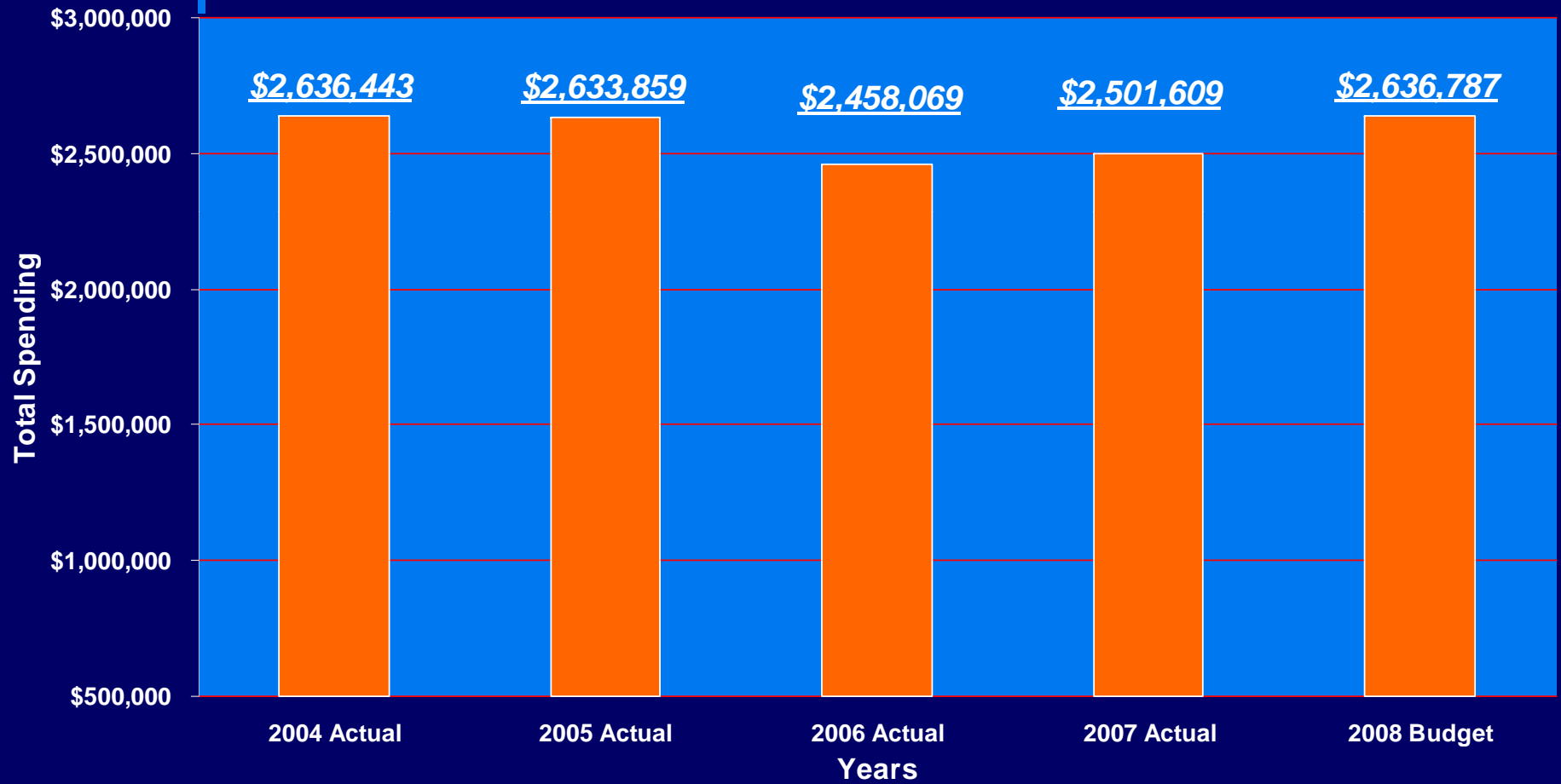
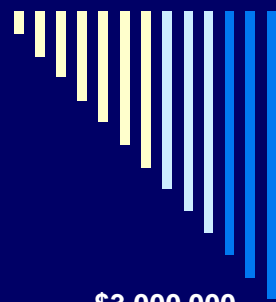
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# Budget Summary Data 2004 - 2008

	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Actual</u>	<u>2008 Budget</u>
<b>TOTAL REVENUES</b>	<b>\$2,610,679</b>	<b>\$2,583,577</b>	<b>\$2,462,464</b>	<b>\$2,518,149</b>	<b>\$2,636,787</b>
<b>EXPENSES</b>					
Prior Year (Excess)/Deficit	\$0	\$0	\$50,282	(\$4,395)	\$0
Congregational Development	\$252,043	\$190,045	\$283,225	\$248,003	\$331,623
Depart. of Indian Work (DIW)	\$324,608	\$301,280	\$320,079	\$378,452	\$403,071
Mission Work Beyond	\$462,278	\$503,926	\$526,629	\$545,894	\$550,378
Stewardship & Development		\$0		\$0	\$0
Communications	\$134,091	\$98,407	\$110,822	\$145,631	\$136,494
Administration	\$322,132	\$318,492	\$352,904	\$290,912	\$274,993
Finance	\$263,858	\$260,102	\$259,832	\$308,272	\$319,144
Work of the Diocese	\$543,635	\$549,910	\$158,911	\$147,884	\$184,455
Episcopate	\$333,798	\$411,697	\$395,385	\$440,956	\$436,629
<b>TOTAL EXPENSES</b>	<b>\$2,636,443</b>	<b>\$2,633,859</b>	<b>\$2,458,069</b>	<b>\$2,501,609</b>	<b>\$2,636,787</b>
Endowment Draw	\$25,764				
<b>EXCESS/(DEFICIT)</b>	<b>\$0</b>	<b>(\$50,282)</b>	<b>\$4,395</b>	<b>\$16,540</b>	<b>\$0</b>

# Budget Levels 2004 - 2008

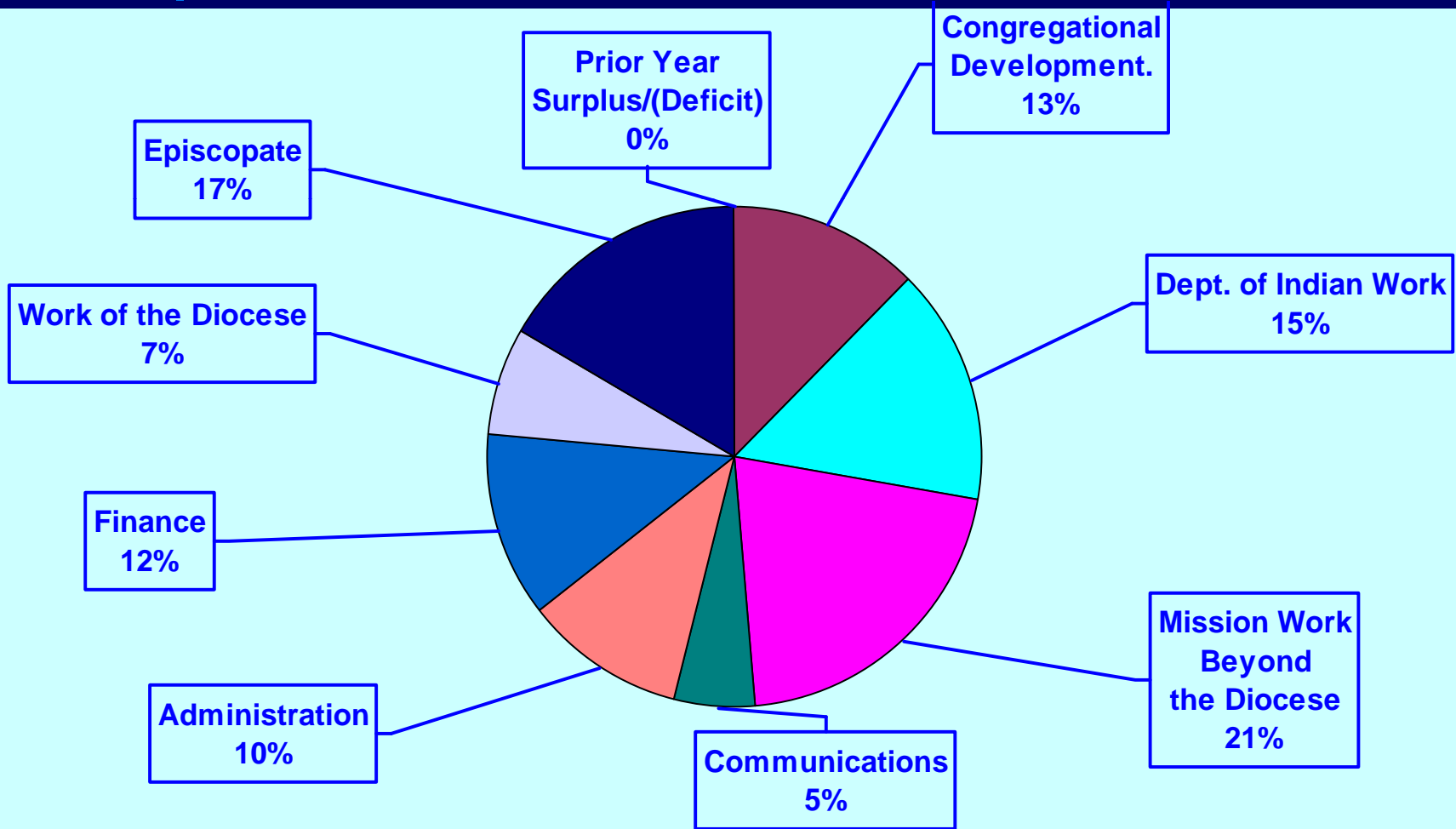


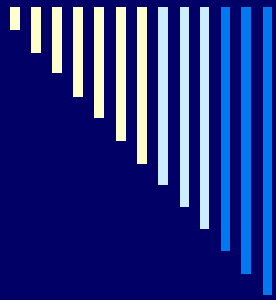


# 2008 BUDGET

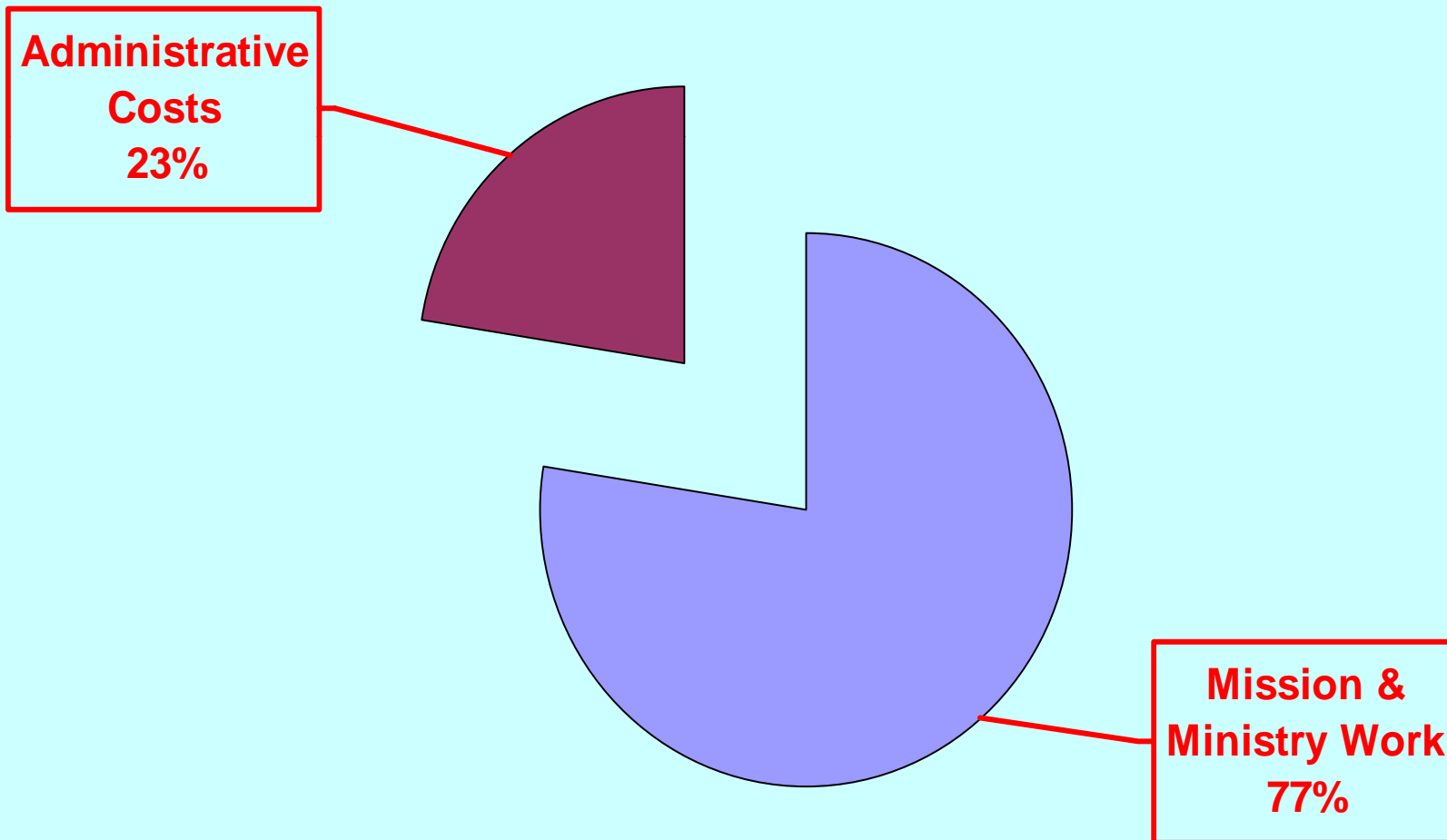
- Maintains 21% National Church apportionment
- Dedicates 0.7% to MDG projects in Minnesota.
- Includes a 15% increase in medical insurance costs after two years of no increases.
- 65% of the expenses are required by canons and/or laws.
- Includes a 3.6% COLA for 2008 based upon CPI and ECI indices.

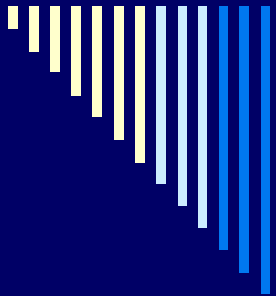
# 2008 Budget Spending Allocations





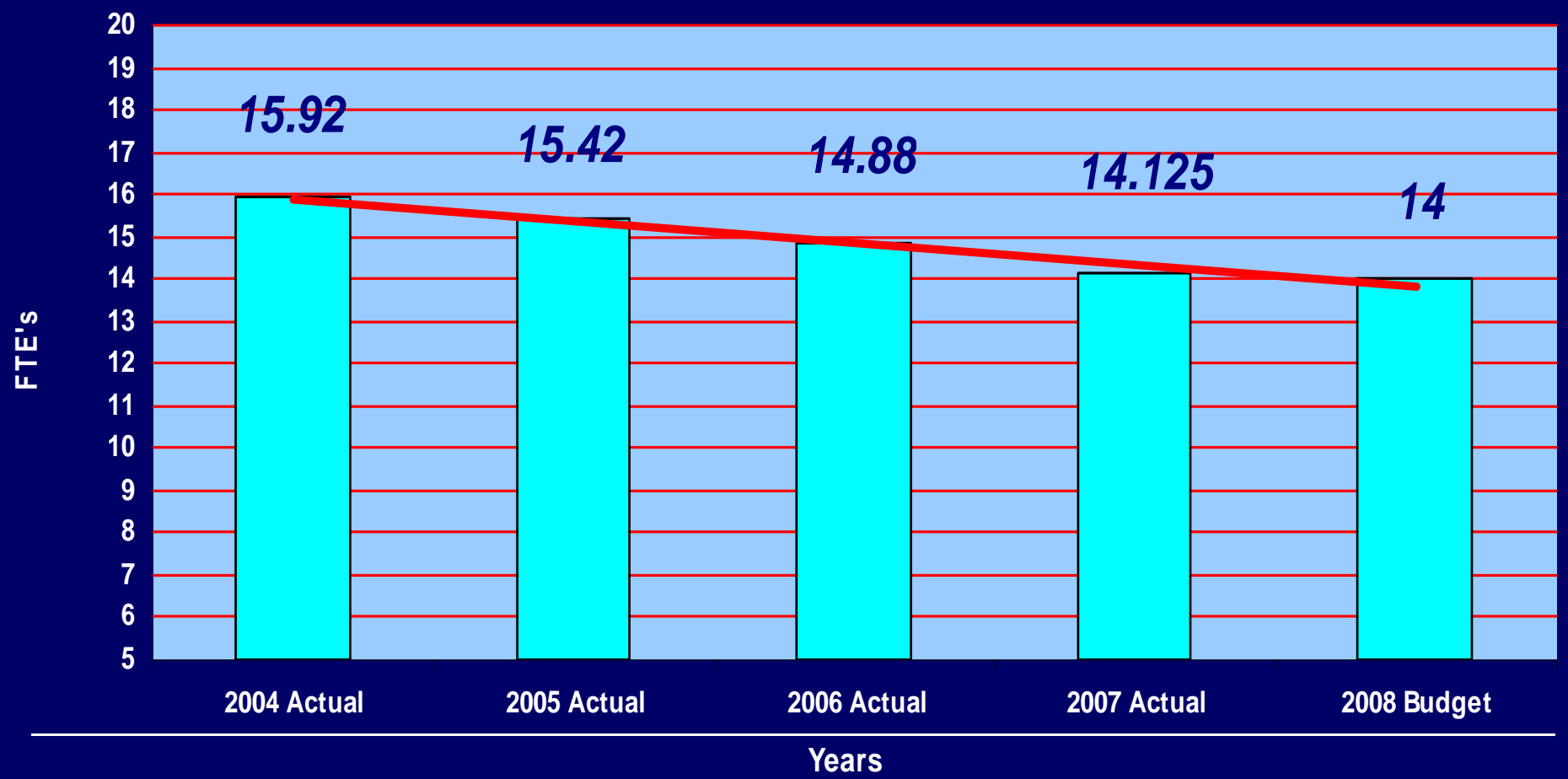
# 2008 Budget Summary Spending Breakdown

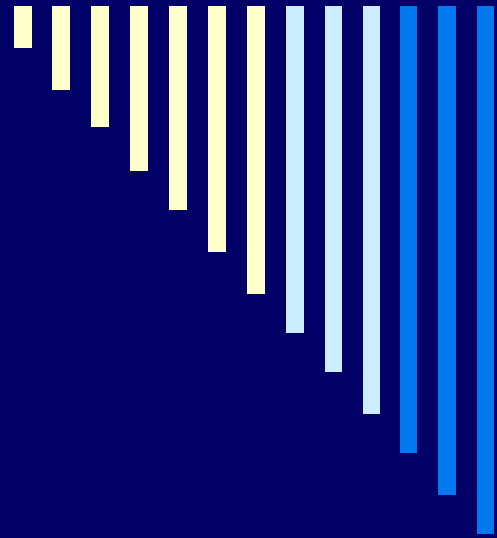




# Budget Summary

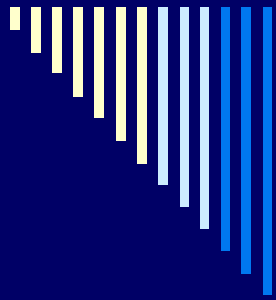
## Diocesan Episcopal Center Staff FTEs (Episcopal Center staff exclusive of DIW priest)





# History of Apportionments and Fair Share

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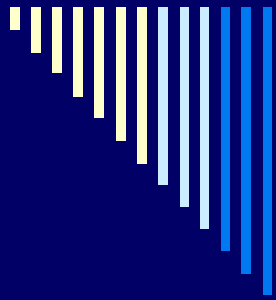
## 1992 - 2004 Fair Share Formula

3 breakpoints and percentages:

13% up to \$40,000

18% from \$40,001 - \$80,000

23% over \$80,000



# Fair Share Evaluation Committee (FSEC)

Formed in 2002 to:

- Review existing Fair Share system
- Recommend a new formula (if needed)

Process:

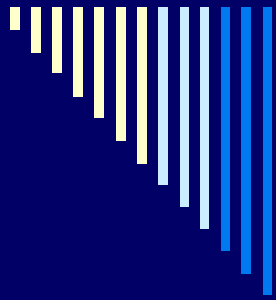
- Reviewed information regarding systems used in other Dioceses
- Traveled the state, meeting with individuals and congregations to discern direction.
- In May 2002 met with more than a dozen people representing 8 churches along with written input from others
- Continued to receive comments during the year
- Issued an interim report in December 2002



# New Apportionment Formula

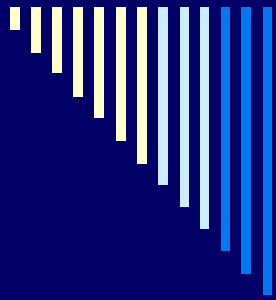
## FSEC Recommendations:

- In June 2003 the Committee recommended a formula to Council that reduced Church Fair Share payments an average 17.9%, ranging from 11.5% to 26.2%. This reduced income to the Diocese by 20.9%
- Also recommended a 3 year implementation schedule.
- A “circuit breaker” provision was included to limit the growth in Fair Share payments to 10% plus CPI



# Other Recommendations

- Fair Share Review process be continued
- Diocese create & implement a uniform, mandatory, annual audit system
- That the lack of relationship between churches and “the diocese”, whether real or perceived be addressed actively by the Bishop and Diocesan Council



# ACG Formula Based on FSEC Recommendations

Fully Implemented ACG FORMULA  
5 breakpoints and percentages:

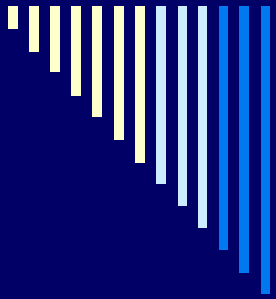
12% up to \$95,000

17% from \$95,001 - \$180,000

21% from \$180,001 - \$275,000

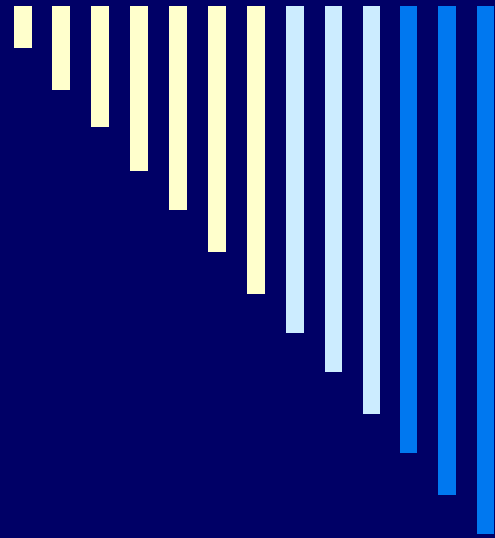
22% from \$275,001 - \$455,000

23% over \$455,001



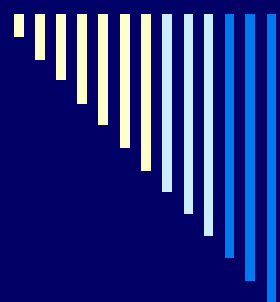
## 2008 ACG Status

- 1992-2004 Formula calculation of 2008 apportionment = \$3,580,039
- Current apportionment calculation with circuit breaker = \$2,865,840
- \$714,199 left for congregations for development
- \$111,972 in ACG relief from the Diocesan First Stop Committee
- An additional \$112,975 reduction in ACG comes from circuit breaker credits given to 45 congregations.



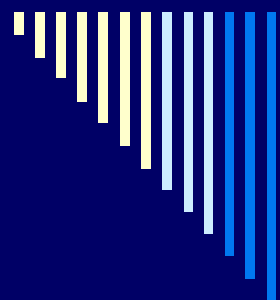
# Trustees

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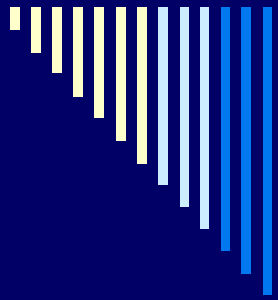
# Trustee Financial Information

- \$56 Million in assets with \$24 in the PIF
- Hold and manage assets for the diocese
- Maintain mission properties
- Negative cash flows



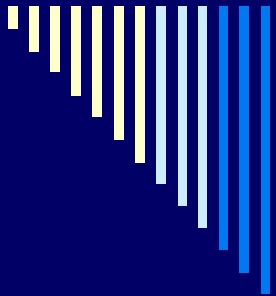
# Trustee Property and Loan Portfolios

- 19 current loans totaling \$1.9 Million with \$907,790 remaining in available funds
- Properties include 62 locations with a value of \$27.5 Million

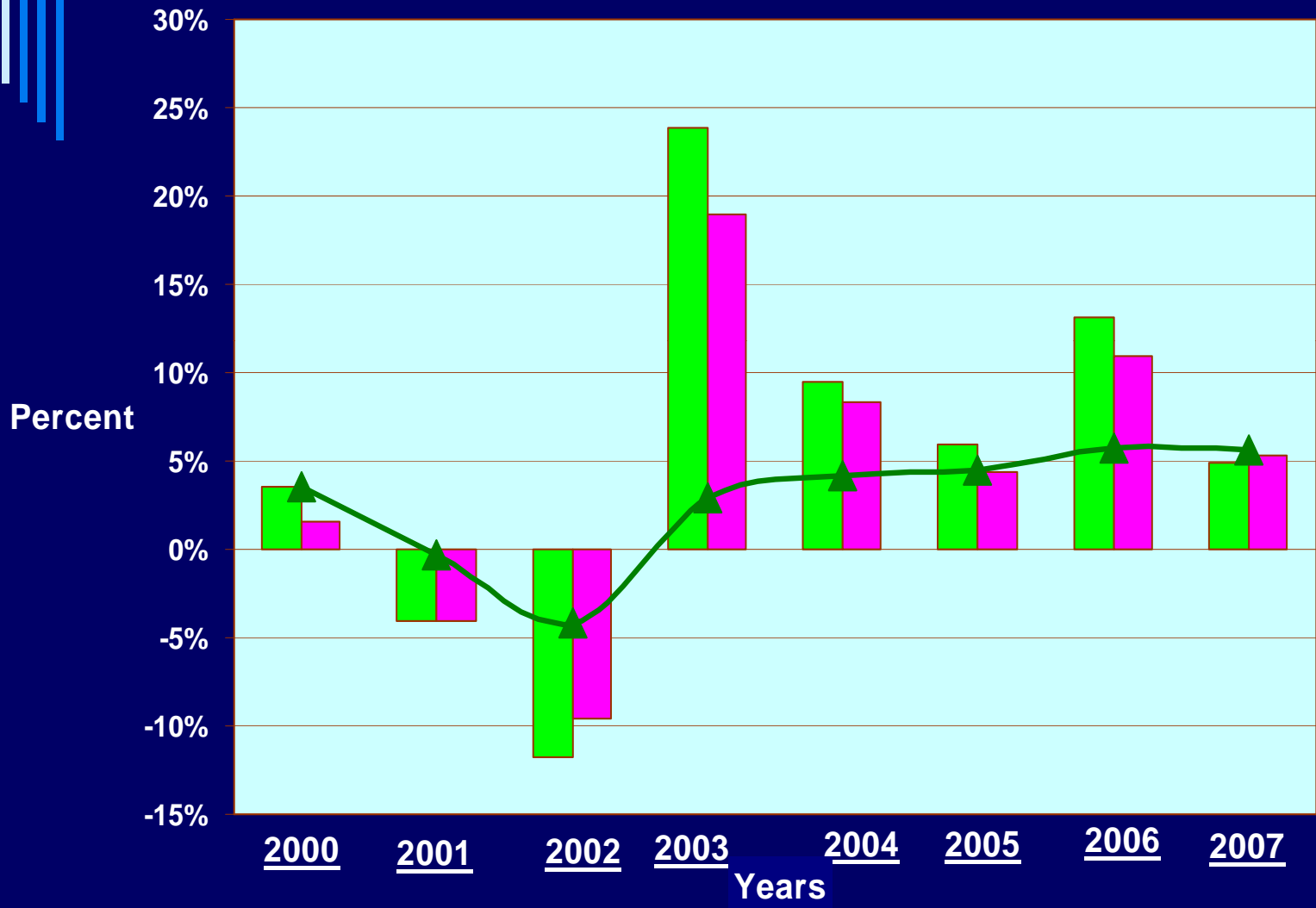


# Pooled Investment Fund

- Open to all Episcopal organizations in Minnesota
- \$25 Million in investment assets
- Currently 162 accounts
- Returns at or above the benchmarks in each asset category



# Pooled Investment Fund (PIF)



# PIF Asset Allocation

