Endowments have grown 43% over the last four years - not only due to positive returns in the market, but also $14.3M of contributions. Since 2014, sixteen churches have started endowments from scratch. Their combined value is now over $1.3M.

Endowment Policy

An important governing document which outlines the process and people involved in receiving legacy gifts, monitoring investment performance, and managing distributions.

What’s DEMP?

17 churches participate in the Diocesan Endowment Management Program (DEMP). “Piggy back” along with the diocesan endowment management function to learn, save on fees and gain confidence in your endowment.

WANTED

Remaining Churches to Start Endowments:

Lamb of God
St. Augustine
St. Bede
St. Anselm
Nativity
Good Shepherd-Labelle
All Souls
St. Edmund
Holy Spirit-Safety Harbor
St. Francis

Laws Related to Fiduciary Responsibility

Florida Statute 617.2104 Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) adopted in 2012

Endowment Asset Growth

Investment Management Firms Serving Us

<table>
<thead>
<tr>
<th>Firm</th>
<th># churches</th>
<th>$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECF/State Street (via DEMP)</td>
<td>17</td>
<td>$0.7</td>
</tr>
<tr>
<td>ECF/State Street (direct)</td>
<td>14</td>
<td>$4.2</td>
</tr>
<tr>
<td>Northern Trust</td>
<td>8</td>
<td>$12.4</td>
</tr>
<tr>
<td>RBC Wealth Management</td>
<td>2</td>
<td>$0.8</td>
</tr>
<tr>
<td>SEI</td>
<td>1</td>
<td>$6.0</td>
</tr>
<tr>
<td>SunTrust</td>
<td>1</td>
<td>$3.0</td>
</tr>
<tr>
<td>Provise Management</td>
<td>1</td>
<td>$1.9</td>
</tr>
<tr>
<td>Local Broker</td>
<td>16</td>
<td>$8.7</td>
</tr>
<tr>
<td>Local Bank</td>
<td>5</td>
<td>$0.7</td>
</tr>
</tbody>
</table>
### Debt

The story of debt in the last five years is reduction. Our churches have worked to reduce their debt burden with ongoing mortgage payments from their operating budgets. In addition, large chunks of debt have been eliminated via generous gifts (Holy Trinity), through the sale of property (Grace, St. John the Divine, Cathedral) and via other measures such as the State of Florida Bureau of Unclaimed Property process (St. Catherine).

### Diocesan Revolving Loan Fund Facts

- 12 loans totaling $3,463,397
- Available Funds $1,900,000
- 6 proposals pending (with an average size of $35,000)

Contact Diocesan House for details about the Revolving Loan Fund

### Our Lenders


### Debt Reduction Capital Campaigns Kick off

Five congregations have started the discernment phase or jumped right in on a campaign to reduce their debt and thereby provide more resources for ministry and mission.

<table>
<thead>
<tr>
<th>Congregation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Shepherd</td>
<td>$729k</td>
</tr>
<tr>
<td>Punta Gorda</td>
<td>$1.3M</td>
</tr>
<tr>
<td>Iona Hope</td>
<td>$1.3M</td>
</tr>
<tr>
<td>St. Hilary</td>
<td>$229k</td>
</tr>
<tr>
<td>St. Mark, Tampa</td>
<td>$438k</td>
</tr>
<tr>
<td>St. Mary, Tampa</td>
<td></td>
</tr>
</tbody>
</table>

### Canon Law for Debt

**TEC Canon I.7.4:**

All real and personal property held by any congregation is held in trust for this Church and the Diocese thereof.

**Diocesan Canon XIX.2.b:**

No real property shall be encumbered, sold, alienated, transferred or conveyed without the prior consent and approval of the Bishop and Diocesan Council.

### Biggest Reducers of Debt in the last year

- St. Peter Cathedral (Mar’16) $3.15M
- St. John Divine: $285k
- St. Catherine: $141k
- Holy Trinity: $107k
- GS Dunedin: $93k
- St. Monica: $63k
- St. Hilary: $55k
- Nativity: $49k
- St. John Tampa: $46k
- Iona Hope: $40k

**Total Reduction of Debt**

$947,973 in 2015
$4M as of March 2016
Property Usage

By Type, (# churches, annual income)

Preschool/After Care (13, $0-92k)
K-8/12 School (9, $0-126k)

Thrift Shop (13, $0-125k)

Rental Houses (9, $5 - $19k)

Parking Lot (5, $1-26k)

Cell Tower (2, $18-24k)

Group Meetings (14, $3-19k)

Community Garden/ Farmers Market (2, $2-47k)

Hosting Other Worshipping Community (3, $9-48k)

These are the many ways in which congregations can utilize their church buildings for ministry and to augment operating income. Call Diocesan House for a list of references for each of these types.

Schools “Under the Authority” of TEC

Preschools (7): Ascension, Lamb of God, St. Alban, St. Boniface, St. Mark-Venice, St. Wilfred, St. Mark-Marco Island

Schools (7): Good Shepherd Day School, St. Stephen’s, St. John-Tampa, St. Mary-Tampa, Berkeley, St. Paul’s School, Canterbury

Canon Law for Property

**TEC Canon I.7.4:**
All real and personal property held by any congregation is held in trust for this Church and the Diocese thereof.

**Diocesan Canon XIX.2.b:**
No real property shall be encumbered, sold, alienated, transferred or conveyed without the prior consent and approval of the Bishop and Diocesan Council.

Lease Approval

Every lease must have the prior written consent and approval of Diocesan Council. Contact Diocesan House at the start of the process to ensure you have the required documentation and legal review.
Capital Budgets and Campaigns

Capital Apportionment:
Since adopted by a resolution of the 1999 Diocesan Convention, Capital Apportionment is calculated as 10% of the congregation's "Funds Received for Capital Projects", reported on Line 8 of the Parochial Report. These apportionment dollars are directed to the capital needs of the diocese and the support of new missions.

Capital Income of all 76 Congregations

<table>
<thead>
<tr>
<th>Years</th>
<th>Capital Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$6</td>
</tr>
<tr>
<td>2005</td>
<td>$5</td>
</tr>
<tr>
<td>2006</td>
<td>$4</td>
</tr>
<tr>
<td>2007</td>
<td>$4</td>
</tr>
<tr>
<td>2008</td>
<td>$4</td>
</tr>
<tr>
<td>2009</td>
<td>$3</td>
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<td>2010</td>
<td>$4</td>
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<td>2011</td>
<td>$3</td>
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<tr>
<td>2012</td>
<td>$2</td>
</tr>
<tr>
<td>2013</td>
<td>$3</td>
</tr>
<tr>
<td>2014</td>
<td>$2</td>
</tr>
<tr>
<td>2015</td>
<td>$2</td>
</tr>
</tbody>
</table>

Church leaders have been cautious (slow) to start large capital campaigns, but deferred maintenance lists are getting longer and more urgent. Many project scopes include necessary repairs/replacement combined with more inspirational and engaging new projects.

Specific recent capital projects in recent years include: sanctuary renovations, parish hall renovations, air conditioners and roofs, ministry facilities, organs, kitchens, exterior siding and paint, cry room, elevator, sewer hookups, parking lot maintenance.

Starting or Already In A Capital Campaign
All Saints, All Souls, Calvary, Good Samaritan, Good Shepherd-Venice, Good Shepherd-Dunedin, Good Shepherd-Punta Gorda, Holy Innocents, Holy Trinity, Iona-Hope, Nativity, Redeemer, St. Andrew-Spring Hill, St. Anselm, St. Bede, St. Boniface, St. Clement, St. David, St. Hilary, St. James House of Prayer, St. John-Clearwater, St. John-Tampa, St. John-Sun City Center, St. Mark-Tampa, St. Mary-Bonita Springs, St. Mary-Tampa, St. Mary Magdalene, St. Peter-Plant City, St. Raphael, St. Vincent, St. Wilfred, Trinity-by-the-Cove


- Trinity-by-the-Cove, Naples: $6.8M
- St. Peter Cathedral: $4.6M
- St. Andrew, Boca Grande: $3.6M
- St. Andrew, Tampa: $3.4M
- Christ Church, Bradenton: $1.9M
- St. John the Divine, SCC: $1.8M
- St. Mark, Tampa: $1.7M
- St. Monica: $1.6M
- Iona-Hope: $1.4M
- St. John, Naples: $1.2M

ECF Consultants
Our partners at the Episcopal Church Foundation facilitate the capital campaign process with their Discern-Study-Ask methodology. Learn more at www.episcopalfoundation.org.
Operating Budgets

In reviewing the annual budgets, the diocesan staff looks for deficits as well as situations where a budget deficit is funded with reserves. A sustainable budget is based on operating income that can continue for the long term – from plate & pledge, appropriate distributions from endowments/designated funds, income from building use or fundraisers. Plugging a deficit with reserves is an indicator of distress. When the reserves/cash are gone, options are limited and consequences are extreme. This is a situation where the diocesan staff takes care to intervene, so that the leaders can have time and expertise to plan and act well in advance of a crisis.

The Annual Budget

The church annual budget is a tool used throughout the year, from the approval and presentation at the congregation annual meeting through every monthly vestry Treasurer report. Once balanced, the budget figures do not change – rather the Treasurer explains the variances and the vestry adjusts throughout the year.

Closing The Gap

Several churches find they need to appeal to the congregation for a “2nd pledge” or additional gifts in order to balance the annual budget. This can happen as late as April, as the last step before expense cuts are necessary. We recommend starting the pledge drive early in the fall in order to have pledge card details complete before the annual meeting in January. If you use a “2nd pledge”, be sure to carefully consider how the following year pledges can incorporate the higher level of giving.

Operating Reserves

How much cash should a church keep in operating reserves? A rule of thumb is 3-4 months of operating income. This will help balance the seasonality of pledge payments and make summer cash flow management less stressful.

Canon Law for Budgets

**Diocesan Canon VII.5.b:**

It shall be the duty of the congregational council to …prepare a budget providing for the necessary requirements and expenditures of the Congregation.

**Diocesan Canon VII.1:**

Annual Meeting. A Congregation shall hold an annual meeting every year….shall be within 120 days before or on the 28th of February.

Church Budget Expense Category Check

<table>
<thead>
<tr>
<th></th>
<th>Min</th>
<th>Avg</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff</strong></td>
<td>23%</td>
<td>54%</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Building &amp; Grounds</strong></td>
<td>7%</td>
<td>19%</td>
<td>49%</td>
</tr>
<tr>
<td><strong>Debt Service</strong></td>
<td>0%</td>
<td>2%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Outreach</strong></td>
<td>0%</td>
<td>4%</td>
<td>33%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>3%</td>
<td>23%</td>
<td>42%</td>
</tr>
</tbody>
</table>
Compensation structures have become more complicated due to the regulations and economics regarding healthcare benefits. Diocesan staff are involved in clergy transitions from the initial search committee discussions about budget to the final details of the letter of agreements signed. Each congregation is an individual employer facing a constantly changing Human Resources environment. Compliance to government and canonical laws is one of the most important oversight roles of the Office of the Bishop. Compensation benchmarks and illustrations of alternative models for clergy and lay staffing are ready and available for vestries at the time of transition.

Full time vs. Part time Priest-In-Charge

Working While Pensioned

14 of our 76 churches are served by a retired clergy receiving pension benefits from the Church Pension Fund. The maximum amount a retired cleric can earn is $37,200.
Operating Income Trends

Normal Operating Income (NOI) defines the size of the church operating budget and is therefore a measure of church size and financial capacity. From 2014-15, the total income of our churches increased by 3%.

Other important measures tell the story of trends as well – average Sunday attendance, plate and pledge (stewardship), baptisms and participation in other holy days. Nine of our 76 churches have started tracking in new ways the impact of Hispanic ministries and Spanish-language services. The changing life and mission of a congregation is not always easily measured, but indicators become evident, and leadership is renewed and often called in new directions.

<table>
<thead>
<tr>
<th>Individual Church Change in Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
</tr>
<tr>
<td>#Increase</td>
</tr>
<tr>
<td>#Decrease</td>
</tr>
</tbody>
</table>

Our Neighborhoods Change As Well

We study these changes using available research via MissionInsite, a demographic tool that incorporates census and other psychological data to define a geographic area or collection of addresses (using your congregation’s membership database). Bloom where you are planted!
Canon Law for Audits

_Diocesan Canon XIV.2.a-b:_

a. The fiscal records of every congregation and related organization shall be audited annually by a CPA or audit committee. The audit committee shall be formed in compliance with guidelines established by the Diocesan Council.

b. Annual audit report shall be filed with the Office of the Bishop not later than September 1 of each year.

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