

EPISCOPAL DIOCESE OF NORTH DAKOTA



2021 Budget Proposal and 2020 Treasurer's Report
Presented to Diocesan Convention
Virtual from Bismarck, 23 – 24 October, 2020

NOTES & EXPLANATIONS FOR THE 2021 BUDGET

Chairs of committees appointed by Standing Committee at the last Diocesan Convention were asked to submit 2021 budget requests. An announcement also was placed in the Sheaf to solicit any budget requests. Amounts as requested were inserted into the 2021 Working Budget. Other budget figures are a result of Diocesan policy, 2019 actual and 2020 estimated expenditures, and projected cost figures gathered from other sources. The proposed budget represents recommendations made by the Finance Committee and approved by Diocesan Council.

We are in transition. There are new positions to be funded. At the recommendation of the Discernment Task Force we are attempting to align our budget to reflect our mission. This means greater emphasis on Youth and Young Adult Ministry and learning opportunities for laity.

Following are notes/comments to provide additional information about some of the proposed budget items:

REVENUE

Our Fair Share (001-001-40100): It is recommended that OFS percent remain at 19%. Calculation for OFS is as follows:

- Actual Prior Year End (2019) / Prior Year Percent (2019 was 19%) X Budget Percent (19%). $\$180,510 / 19\% = \$950,053 \times 19\% = \$180,510$

General Convention Grant (001-001-40500): The Diocese will receive \$231,333 per year for the triennium (2019-2021) for Native American Ministry. This was passed at General Convention in 2018. The NDCIM budget is funded by the General Convention grant. In order to continue receiving these grants, the Diocese must ensure the grant funds are spent on Native American Ministry. These expenses must be equal to or greater than the funds received.

From Designated Funds (001-001-40800): Includes \$13,500 from Bakken Ministry reserve to offset utilities, insurance and mortgage interest related to the Williston Rectory; \$10,000 from Sudanese Ministry reserve fund to offset St John the Divine (Other Congregational Support); \$5000 from Haiti Mission; \$23,228 from NCIW Standing Rock Youth to offset Standing Rock Youth Counselor; \$3000 from School for Ministry; \$14,600 from Native American Property Repairs.

Event Income (001-001-41600): Registrations for Diocesan Convention, Clergy/Ministers Conferences, and School for Ministry programs.

Royalty Income (001-001-41800): Income from our producing wells in the Bakken.

The Diocese owns several mineral rights in the Bakken. At the beginning of 2014, the Diocesan Council created the Bakken Ministry reserve fund. Money received above what is listed in the budget is placed in this reserve fund. The Diocesan Council has ear-marked this money to be used for ministry in the oil fields. Funds are used to pay utilities, insurance and mortgage interest related to the rectory purchased by the Diocese for St. Peter's, Williston.

Transfer from Trust & Endowment Fund (001-001-49800): Since 1996, we have been using a three-year moving average method to determine the amount available for draw per our Spending Policy. At the November, 2015, Council meeting we discussed that a portion of the Trust and Endowment Fund is committed to Designated/Donor Restricted Funds which are listed in the Operating Fund. In recognition of this, we started showing the dollar amount committed to Designated Funds on the Balance Sheet. At its August 2016 meeting, the Diocesan Council updated the Trust & Endowment Fund spending policy to reflect this change. While we continue to use the three-year moving average method, the way we calculate the year-end balance of Trust & Endowment Fund has changed. The formula for calculating the year-end balance available for draw is as follows:

- Year-end Trust & Endowment Fund balance minus funds committed to designated/donor restricted funds.

The year-end balances are \$2,193,329.19, \$2,045,414.80 and \$2,449,146.46 respectively for a three-year moving average of \$2,229,296.82.

We have not yet withdrawn from our investments this year. In accordance with our Spending Policy, which was amended by Diocesan Council on 21 August 2020, we will be taking a set amount of dividends for 2021. The dollar amount to be taken from the dividends will be reviewed each year by Finance Committee. The four percent additional, approved by Council, funds the Transition Contingency Fund (last line of expenses) which may or may be needed.

EXPENSES

Diocesan Covenant Commitment (001-010-50100): Per General Convention, we are asked to pay 15% of net operating income earned two years prior to the budget year with the first \$150,000 exempt. The \$231,333 General Convention grant is also exempt.

General Convention Deputies (001-010-50200): The next General Convention, although originally scheduled for 2021, will be held in 2022. To ensure there is enough in the reserve to send four clergy and four laity we need to budget each year. (The bishop's General Convention expenses will come out of his travel expense.)

Province VI Assessment (001-010-50300): An assessment that is paid to Province VI quarterly.

Lambeth Conference (001-010-50500): Budgeted amount goes into a reserve fund to pay the expenses of the bishop's and spouse's attendance at Lambeth Conference, which meets every ten years. Nothing is budgeted for this year.

Ecumenical and Interreligious Officers (001-010-50600): This line item was renamed from the ND Conference of Churches which has disbanded. The Diocese is now part of EDEIO (Episcopal Diocesan Ecumenical and Interreligious Officers) with annual dues of \$250. Mary Johnson is the appointed Diocesan representative. Conference fees and travel are also included in the amount budgeted.

Episcopate Program Expenses: Only travel is included in the 2021 budget.

Personnel: Salaries and stipends are based on step (.25%) increase and the Cost of Living Increase (COLA). The Cost of Living Increase for 2020 is 1.6%.

Family medical/dental/vision insurance and a \$25,000 term life insurance policy are provided for the bishop and clergy employed by the diocese. The Episcopal Church Medical Trust have announced 2021 premiums. The premiums in the 2021 proposed budget represent a 5% increase from 2020. Life insurance premiums remain the same. The Employee Assistance Program (EAP) is a confidential counseling service offered to employees and non-stipendiary clergy.

Other Congregational Support

Move/Interview Mission Clergy (001-040-50100): Budgeted amount goes into a reserve fund to be used to help newly-hired clergy move into the diocese.

Grace Church – Jamestown (001-040-50500): Final year of the step-down grant

St George's – Bismarck: grant to assist in retaining clergy {the grant comes into play when a Diocesan Minister is selected and Canon Hal becomes full-time rector of St George's.}

St John the Divine – Moorhead: Was previously listed as Sudanese Ministry

Communication

Stewardship

Administrative Costs (001-080-50100): Membership in TENS (The Episcopal Network for Stewardship) Congregations can attend webinars as well as find a number of resources on their website (tens.org).

Outreach

Sudanese Ministry: Moved to St John the Divine – Moorhead under “Other Congregational Support”

East African Mission (001-100-50200): nothing requested this year

Haiti Mission (001-100-50700): Support for a mission led by Andrea Stomberg from St. George’s

North Dakota Council on Indian Ministries

NDCIM meets before the Finance Committee to apportion the funds from the General Convention Grant.

Office Expense

Financial / Legal Expense

Financial Services (001-125-5300): Expense for our accounting firm, Haga Kommer, is listed here

Convention

Administrative Meetings

Other Program Expenses

Bismarck Rectory House Insurance/Repairs (001-150-50100): Annual insurance premium and \$800 for repairs to the rectory in Bismarck. Part of NDCIM expense.

School for Ministry (001-150-50200): Programs for clergy and laity including those who wish to be trained as worship leaders (partial offset from Reserved Fund).

Commission on Ministry (001-150-50300): Covers meetings as well as purchase of evaluation materials for School for Ministry.

Youth Ministry / Programs (001-150-50550): Increased funding for programming and part-time youth minister

Camp Gabriel (001-150-50550): Unexpended funding is transferred to a Reserve Account. Part of NDCIM expense.

Bismarck Interest Expense (001-150-51300): Mortgage interest for the Rectory in Bismarck. Part of NDCIM expense.

Williston Rectory Expense (001-150-51350): Annual insurance premium, utilities, and mortgage interest. (Offset is Bakken Ministry Fund.)

Transition

Bishop Search (001-170-5000): To be transferred to the Reserve Fund to facilitate search

Transition Contingency Fund (001-170-50710): To increase salaries and/or travel as necessary for new staff

***All financial reports have been updated through third quarter
(30 September 2020) and are available on the diocesan website.***