

EPISCOPAL DIOCESE OF NORTH DAKOTA



2024 Proposed Budget Presented to Diocesan Convention October 28, 2023

Resolution

Resolved: The Diocesan Council meeting in Grand Forks, North Dakota on Saturday, September 16, 2023, approved the 2024 Diocesan Budget as presented by the Treasurer, on behalf of the Finance Committee, and recommends this budget with total expenses of \$1,000,824.16 for acceptance by the Diocesan Convention.

FOREWARD

Greetings from your New Diocesan Treasurer, Amy Morrow

I am thrilled to be called into the new Diocesan Treasurer Ministry. My goal is to bring forth thoughtful and transparent financial awareness to the Diocese while also ensuring that resources are allocated towards the goals and mission work of God's plan.

Under my short duration as Treasurer, we have grown significantly by updating our financial system and implementing our new circular leadership model. The Diocese has invested by integrating Intuit QuickBooks as an up-to-date and universally friendly system. Jess Thielke and our new bookkeeper Sheila Leier have been instrumental with the conversion from ACS to QuickBooks mid-year. This is no easy undertaking. I want to thank them for all of the hard work that they have completed this year.

We also utilize Widmer Roel Accounting Services in Fargo. Widmer Roel has helped answer our many IRS related questions as we transition financial platforms. They have also completed our audits for the previous years and are currently finishing up the 2022 audit.

Unfortunately, I am unable to attend this year's convention, and I recognize that with some of these new changes, questions and commentary may arise. The Finance Committee will gladly sit down and answer any remaining questions that were not answered during Convention.

As you may notice throughout this transition, our reports and explanations look a little different. First, I would like to define some financial terminology to help you read the reports:

- YTD = year-to-date
- Unrestricted Funds: Funds that are easily moveable between internal and external accounts. We pay most of our bills using unrestricted funds. The 2023 YTD and 2024 proposed budget in this document are all unrestricted funds.
- Designated Funds: Funds that are set aside for a specific project or expenses. For example, we have funds set aside for Youth Ministry, Camp Gabriel, and General Convention.
- Donor Restricted: Similar to Designated Funds, these are funds that have been donated by specific people/entities to the Diocese. A lot of these grants are kept in this section.

Furthermore, I would like to give you some insight into our reporting. Please see our explanations below:

2023 TRUST AND ENDOWMENT REPORT

This report shows quarterly updated information regarding how our investments in DFMS Trust & Endowment sit. The financial report in the budget book shows information through quarter 2 (06/30/2023). You will see in the 2023 revenue YTD that we reinvested the dividends from quarter 1 and withdrew the dividends from quarters 2 and 3. Our goal is to utilize these funds on a quarterly basis, as the Trust & Endowment investments go in to fund the two recommended positions from the New Seasons of Ministry Task Force.

DESIGNATED AND DONOR RESTRICTED FUNDS REPORT

With the update to Quickbooks, we have now streamlined the way that we process disbursements (i.e. bills) from these accounts. The Receipts Column shows any income into the accounts. The Disbursements Column shows any and all bills that have been paid. The Transfers/Adjustments Column shows any internal transfers from one internal account to another. For example, the General Convention Reserve, we budget \$10,000 per year, which leads to \$2500 quarterly transfers.

NOTES & EXPLANATIONS FOR THE 2024 BUDGET

Chairs of committees appointed by Diocesan Council at the last Diocesan Convention were asked to submit 2024 budget requests. Amounts as requested were inserted into the Working Budgets. Other budget figures are a result of Diocesan policy, 2022 actual and 2023 estimated expenditures, and projected cost figures gathered from other sources. The proposed budget represents recommendations made by the Finance Committee for consideration by Diocesan Council.

We are in transition. This budget reflects recommendations coming from the New Season of Ministry Task Force. It includes a restructuring of the diocesan Ministry Support Team. We continue to align our budget to reflect our mission.

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

REVENUE

Diocesan Stewardship Share (Line 1010): At the recommendation of the Our Fair Share Task Force, Diocesan Council approved the renaming of this revenue source to Diocesan Stewardship Share with the expectation that all congregations participate fully. The Task Force recommended, and Council approved, a plan to decrease the percentage assessed from 19% prior to 2023 to 15% over four years. In 2023 the percentage assessed was 18%. In the current budget it is 17%.

Donations/Gifts/Annual Appeal (Line 1030): Following the successful annual appeal in 2023, the 2024 budget anticipates another successful effort.

General Convention Grant (Line 1040): The Diocese will receive \$255,045 for 2024 (an increase of 5%), as approved by General Convention. General Convention will meet in June of 2024 to determine the level of this funding for the next triennium. The NDCIM budget is partially 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 (Line 1050): Includes:

- \$15,000 from Sudanese Ministry reserve fund to offset St. John the Divine (Other Congregational Support);
- \$15,000 from School for Ministry;
- \$20,000 from EFMHE and \$5,000 from Tribal Campus Ministry to support the Youth/Young Adult Congregational Ministry Developer position (not filled in 2023);
- \$5,000 to offset Congregational Revitalization & Renewal; and
- \$5,000 to offset New Season of Ministry Task Force.

From Congregational Renewal & Revitalization Fund (Line 1060): Based on the recommendations from the New Season of Ministry Task Force, funds from this account, which is held in NDEF, will be used to support the Missioner for Youth and Young Adult and Congregational Ministry Development and the Missioner for Reconciliation, Creation Care, and Congregational Ministry Development.

Additional from Congregations (Line 1070): Based on the recommendations from the New Season of Ministry Task Force, some congregations benefitting from the Missioner for Youth and Young Adult and Congregational Ministry Development and the Missioner for Reconciliation, Creation Care, and Congregational Ministry Development

will be asked to contribute to these positions. (This is similar to the way that some congregations contributed to help fund the Northwest Ministry Coordinator position).

Transfer Northwest Ministry Fund (Line 1080): You may notice there are no funds allocated for this fund. Do not be alarmed. This position is not continuing in 2024, all previously designated funds have been used in 2023. We are excited to partner up with The New Seasons of Ministry Task Force and budgeted funds for the potential new positions in the Diocese.

Event Income (Line 1090): Registrations for Diocesan Convention, Clergy/Ministers Conferences, and School for Ministry programs.

Royalty Income (Line 1100): Income from our producing wells in the Bakken. Diocesan Council is considering a new policy for using these funds. At this time, any royalty income over and above what is shown in the budget revenue is transferred into the Bakken Ministry Reserve Fund.

Transfer from Trust & Endowment Fund - dividends (Line 1120): These are the dividends generated by our investments. The dividend set by DFMS is based on a five-year rolling balance of the entire fund. The Finance Committee determines each quarter whether this dividend is taken or reinvested, depending on our cash flow position. For 2024 we took the 2023 1st Quarter dividend and multiplied it by four to come up with this income amount.

Transfer from Trust & Endowment Fund – 2% of value (Line 1130): 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 the 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 \$3,259,036.20, \$3,484,039.98, and \$2,548,676.04 respectively for a three-year moving average of \$3,097,250.74.

The budget shows a two percent withdrawal (\$61,945) above the quarterly dividends.

Transfer from Trust & Endowment Fund – Additional 2% of value (Line 1140): Based on the recommendations of the New Season of Ministry Task Force, and with Council's approval per Diocesan policy, the budget shows an additional 2% draw on the Trust and Endowment to support the Missioner for Youth and Young Adult and Congregational Ministry Development and the Missioner for Reconciliation, Creation Care, and Congregational Ministry Development.

EXPENSES

Diocesan Covenant Commitment (Line 2010): Per General Convention, we are asked to pay 15% of net operating income earned two years prior to the budget year with the first \$200,000 exempt. The General Convention Grant is also exempt, as are any pass-through expenses or grants awarded.

General Convention Deputies (Line 2020): The next General Conventions are scheduled for 2024 and 2027. 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 their travel expense.) In 2022 the Diocese did not send alternates as both (lay and clergy) had moved up to replace deputies that were unable to attend. The Diocese does plan on sending first alternates in both the clergy and lay orders to the 2024 General Convention.

Province VI Assessment (Line 2030): An assessment that is paid to Province VI. This year it decreased to \$750 and will remain at that for 2024.

Ecumenical and Interreligious Officers (Line 2040): For 2024, no funding is currently provided for this ministry.

Episcopate Program Expenses (Lines 2050-2090): Expense lines to accommodate the Bishop Provisional's ministry.

Personnel (Lines 2100-2710): Salaries and stipends are based on step (.25%) increase and the Cost-of-Living Adjustment (COLA). The Cost-of-Living Adjustment used for 2024 was 4.75%. COLA is announced in October. Council will review the COLA used for this budget at their November meeting.

Family medical/dental/vision insurance and a \$25,000 term life insurance policy are provided for clergy and laity employed by the diocese. The Episcopal Church Medical Trust has announced 2024 premiums. The increase for 2024 is 6.96-7% for medical and no increase for dental. Life insurance premiums generally remain the same. The Employee Assistance Program (EAP) is a confidential counseling service offered to employees and non-stipendiary clergy.

Stipend – Bishop (Line 2100): Based on the recommendations from the New Season of Ministry Task Force, a new part-time Bishop Provisional will be elected to serve the diocese, beginning in 2024. This budget assumes a similar level of compensation as Bishop Ely.

Personnel – Canon Missioner (Lines 2130-2140): The Canon Missioner position was previously eliminated.

Personnel – Diocesan Missioner (formerly Diocesan Minister) (Lines 2150-2220): Based on the recommendations from the New Season of Ministry Task Force, this position will continue with a retitle to Diocesan Missioner. In previous years, Diocesan-employed clergy compensation was accounted for on two separate budget lines (stipend and housing allowance). In this budget, we have simplified this by including a single "Clergy Compensation" line for each Diocese-employed clergy position. This line is the sum of the previous stipend and housing allowance lines. This change does not affect any overall compensation for any position; it just simplifies the budget. As before, the Diocese will continue to identify the housing portion of Diocesan-employed clergy compensation in tax reporting as requested by the clergy members and resolved by Diocesan Council. These Council resolutions are usually passed in November.

Personnel – Dunseith and White Shield (Lines 2330-2390): The funding for these positions is incorporated in the Missioner for Reconciliation, Creation Care, and Congregational Ministry Development. (See below.)

Personnel – Fort Totten (Line 2400): The funding for this position is incorporated in the Missioner for Youth/Young Adult and Congregational Ministry Development. (See below.)

Personnel – Northwest Ministry (Lines 2410-2480): This full-time position was created in 2021 as a ministry initiative to strengthen congregations in White Shield, Williston, Cartwright, Minot, and Dunseith. This position was partly funded by two Roanridge Grants. Lessons learned from this two-year position have supported the

recommendations of the New Season of Ministry Task Force for the creation of the Missioner for Reconciliation, Creation Care, and Congregational Ministry Development position. (See below.)

Personnel – Administrative (Lines 2490-2590): The Diocesan Administrator salary was increased to reflect appropriate compensation for the additional financial duties that have been assumed. Funding for a part-time bookkeeper has been added to address necessary accounting functions previously performed on a volunteer basis.

Personnel – Missioner for Youth/Young Adult and Congregational Ministry Development (Lines 2600-2650): Based on the goals articulated by and recommendations of the New Season of Ministry Task Force, this position combines the previous commitment for a part-time youth and young adult coordinator (a position that was unable to be filled) with a pressing need for Sacramental and Congregational support, in particular at St. Thomas, Fort Totten. Funding for this position is noted above.

Personnel – Missioner for Reconciliation, Creation Care and Congregational Ministry Development (Lines 2660-2710): Based on the goals articulated by and recommendations of the New Season of Ministry Task Force, and our experience from the Northwest Ministry Coordinator position, this position provides congregational ministry support for St. Paul's, White Shield, St. Sylvan's, Dunseith, and St. Michael and All Angels, Cartwright, and for addressing diocesan priorities of reconciliation and creation care. Funding for this position is noted above.

Other Congregational Support

St. John the Divine – Moorhead (Line 3030): Funded by the Sudanese Ministry Reserve account [current balance in reserve is \$51,037.76]. The Sudanese Ministry Reserve fund is a donor restricted fund.

New Season/Sacramental Support (Line 3040): This line allows the Diocesan Missioner to hire supply clergy to ensure celebrations of communion are happening in all congregations twice a month.

Stewardship

Administrative Costs (Line 3080): Membership in TENS (The Episcopal Network for Stewardship). Congregations can attend webinars as well as find a number of resources on the TENS website (tens.org).

North Dakota Council on Indian Ministries

Native American Ministry Support (Line 3110): Support for ministry initiatives.

Office Expense

Realm Subscription (Line 3310): \$1,536 for monthly payments for Realm database

Financial / Legal Expense

Charge Card Fees (Line 3400): Processing charges from Vanco. More people are making payments or gifts through the website.

Accounting Software (Line 3450): We have switched to a more sustainable accounting software, Quickbooks.

Financial Services (Line 3460): Consulting fees, as necessary, from our auditor.

Other Program Expenses

School for Ministry (Line 3530): Programs for clergy and laity including those who wish to be trained as worship leaders (partial offset from Reserve Fund).

Commission on Ministry (Line 3540): Covers meetings as well as purchase of evaluation materials for the School for Ministry.

Youth Ministry/Programs (Line 3560): Programing for youth and young adults.

Reconciliation (Line 3570): Ongoing work by the Reconciliation Committee as they expand their focus to include the entire diocese, consistent with goals articulated by the New Season of Ministry Task Force.

Congregational Revitalization & Renewal (Line 3580): Continuing and expanding the work led by the Congregational Development Committee, funded from the Congregational Revitalization & Renewal Fund held by NDEF.

Care of Creation (Line 3590): Funding for the ongoing work of the Creation Care Committee, consistent with goals articulated by the New Season of Ministry Task Force.

Bismarck Interest Expense (Line 3600): Mortgage interest for the Rectory in Bismarck.

Transfer to Trust & Endowment Fund (Line 3620): Payments of the mortgage principal for the Bismarck rectory are shown here. The dollar amount is applied against the liability held in the Trust & Endowment Fund, which increases the value of the Real Estate Fund.

Transition

Bishop Search (Line 3630): To be transferred to the Reserve Fund to facilitate a future search. Anticipated by the New Season of Ministry Task Force to be completed by the end of 2026.

NSM Task Force Travel (Line 3660): This is a placeholder for expenses related to implementing the recommendations of the New Season of Ministry Task Force.