

Financial Statement of Mission 2017

The goal for this year's Financial Statement of Mission was to continue building on the goals from prior years, where the Episcopal Church in Minnesota has continuously worked to utilize our financial resources in ways that were Missional, Balanced, and Stable. To that end, your Bishop, Joint Finance and Audit Committee, Council, Trustees, and Missioners have worked hard to present you with a plan that is faithful to our identity as a network of faith communities called to transformation by engaging in God's mission.

FINANCIAL STATEMENT OF MISSION: SUMMARY

Missional

As with last year, we continue to hold the value that this is not simply a budget, but a moral document. Every budget, from your personal household budget, the budgets of our faith communities, the budgets of our Mission Areas, to our collective budget as the Episcopal Church in Minnesota, is ultimately a statement of what we will choose to do with the financial resources that God has provided in the coming year. These choices are not value free – they are a reflection of our faith, they are discerned in prayer, and the mission that God has for the church in this time and in this place forms them.

In fact, it is too simple to call this document, and efforts made to create it, a “budget.” Our life together as ECMN is shaped by God's call to mission, and God has provided all of the resources needed for God's mission. This document truly reflects our statement of mission – a Financial Statement of Mission (FSM). What we are communicating to the world is that we choose to be congruent with our stated identity and our stated financial decisions, including the language we utilize to describe our efforts.

In these terms, this Financial Statement of Mission seeks to continue the good work of decentralizing the Episcopal Church in Minnesota, while it works to push resources toward our faith communities. In raw terms, this FSM directs one-third of our financial resources (nearly \$1 million) to developing missional initiatives at the local level through Missional Innovative Partnership Grants and other community organizing efforts; an ongoing commitment to the ongoing development of the School for Formation that continues to form men and women for God's mission in Minnesota; and continued support for the work of developing an understanding of our identity, context, and sustainability through the Missional Assessment Process as well as the enhancement of our Ministry Development efforts.

Balanced

For the fourth year in a row, we present a Financial Statement of Mission that is balanced. Our overall Administrative and Management expenses have decreased from 2016 to 2017. A continued and sustainable reliance on endowed and invested funds make it possible to

sustain our work in mission, while keeping Mission and Ministry Support (MMS) flat for the sixth year in a row.

Stable

This FSM is the second year of our Three Year Rolling Budget. By projecting our FSM out over a three-year rolling period of time, we provide a transparent and stable model to live out our missional goals. There have been minor changes to the projected numbers provided in last year's FSM. These changes have been based on the realities experienced in our 2016 fiscal year, reflecting our expectations for 2017.

FINANCIAL STATEMENT OF MISSION: OPERATIONS DETAIL

Revenue – Monetary Resources

There are three main monetary resource streams for ECMN. The first and largest is Mission and Ministry Support (MMS), which comes from our faith communities and supports our common work. The second source is endowed and invested funds, which come to ECMN through individual donors and are generally designated to support specific ministries and missions. Lastly, ECMN receives revenue from programs like Convention, Clergy Conference, and the School for Formation. This money partially offsets the cost of those specific programs, and is not used for other purposes.

Mission and Ministry Support (MMS)

In 2017, ECMN expects to receive \$1,960,000 in MMS. We continue to appreciate the support of our faith communities, and the attention that is given to sending in MMS payments in a timely way. The Joint Finance and Audit Committee has given particular attention the MMS over the past year and has determined that the current structure of 13% and 11% is sustainable for our faith communities and for ECMN.

Endowed and Invested Funds

The income that comes from endowed and invested funds is based on a three year rolling average. In 2017, we expect to receive \$598,955.70 of earnings from these investments. The Pooled Investment Fund (PIF) continues to do extraordinarily well (if your faith community is not participating, you're missing out on a great opportunity).

Program Revenue

The Program Revenue for 2017 shows a decrease from 2016. This decrease reflects the actual income from the programs, and a commitment to reducing the cost of the programs to participants and their faith communities. Revenue for programs such as ECMN Convention and Clergy Conference have been adjusted to allow for a modest subsidy that will result in decreased registration fees over the next few years.

Expenses – Resource Utilization

We believe that our faith communities are uniquely suited to identify what God is up to in their neighborhoods, and to decide how to engage in God's work. This value is what leads us to minimize the number of ECMN initiatives and mandates, especially ones that need financial support. Instead, we seek to support our faith communities by connecting them with appropriate resources, networking them together to support each other, and to identify ways that we can use all of our resources, financial or otherwise, for God's mission. These decisions are evident in the choices that we have made throughout the 2017 FSM.

Mission

In the 2017 FSM, we continue to support the granting program for Missional Innovative Partnerships. This past year, we received 10 grant proposals and awarded 8 grants for a total of \$80,000. We are pleased that the granting application process will be expanded for 2017 so that applications and disbursements will occur over several cycles through the year. These grants are meant to encourage our faith communities to work with other faith communities, neighborhood groups, corporations, etc., to increase our capacity for missional work. Grant applications will be available so that our faith communities can take advantage of the \$80,000 that we have set aside for this work.

We continue to support the work of the Department of Indian Work and Multicultural Ministry by developing and resourcing these important partnerships. We are pleased to be able to continue this work, while increasing our financial commitment to these communities each year for the next three years. This year, 24% of MMS revenue is dedicated to our DIW Faith Communities.

Finally, we continue to support the development of missional identity in our faith communities through the work of the Missional Assessment Process, and through the several missionaries who serve as resources to our faith communities in the areas of Mission, Community Engagement, Children, Youth, Camping, and Young Adult work.

Ministry

The work of the ministry section of the FSM is meant to continue the discernment and formation of lay and ordained leaders for a missional church. For discernment, this is accomplished through the Commission on Ministry, supported and resourced by the Missioner for Ministry who also serves as a resource to our faith communities during times of transition.

The ongoing development of the School for Formation in the work of forming leaders includes the creation of a Commission for Formation. Both the School for Formation and the Commission for Formation are supported and resourced by an enhanced position of Missioner for Formation. As mentioned in the resources section above, the additional expenses are offset by endowment monies from various funds that will be sustainable for decades to come.

Management

It bears repeating: management is perhaps the least exciting missional work that we do together. Let's face it; nobody gets excited about copier contracts and internet expenses. Yet management, at the very least, provides supportive infrastructure for the work that we do together, and when done well, management is missional, especially when we make management decisions that engage the work of God in the world. How we invest money, who we contract with, how we spend our money, how we communicate, and what resources we share with our faith communities are all missional decisions, and our 2017 FSM strives to make these decisions accordingly.

Overall, while we continue to increase our resourcing of faith communities, our management expenses have decreased for 2017, by a little more than \$63,000, which is a due to better efficiencies and contracted services, and better use of our resources. These savings make it possible to set aside money for expenses that may not be easily planned for, such as legal expenses. Beginning with last years' FSM, we began setting aside \$10,000 annually to cover unforeseen legal expenses that may arise from time to time, which is continued this year. Additionally, reductions in asset depreciation, lower insurance rates for liability, and worker's compensation insurance help to contain costs for management.

The Joint Finance and Audit Committee and Council have both approved a 1% cost-of-living increase for ECMN employees for 2017, and that increase is reflected in the salary line of most of the missionaries. We have also assumed a 4% cost increase for health care, which is reflected throughout the document. If these costs are less than projected, it will be reflected in the actual financial statements as we move into 2017. If they are more than projected, we will adjust the budget in conversation with Council.

Canonical

The Canonical section of our FSM covers the Episcopate and various Canonical expenses such as General Convention, the Lambeth Conference, Meetings of the Elected Bodies, and our support for the wider Episcopal Church. Many of the lines in this section are for events that happen less often than annually, and we have often not planned for these expenditures appropriately. One such example is the election of a bishop. While Bishop Prior has no plans to retire soon, we are aware that the cost of searching for, electing, and installing a new Bishop Diocesan can run in the range of \$150,000. Good management dictates that we continue to set aside a modest amount for this future event, rather than face the sticker shock of having to pay for it all at once.

A decision made at last year's General Convention of The Episcopal Church has changed our canonical requirement for the amount we pay to The Episcopal Church. Over the course of three years, the percentage we pay will be stepped down: 18% in 2016; 16.5% in 2017; 15% in 2018. These reductions allow ECMN to increase the resources available to continue to do God's work here in Minnesota.

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