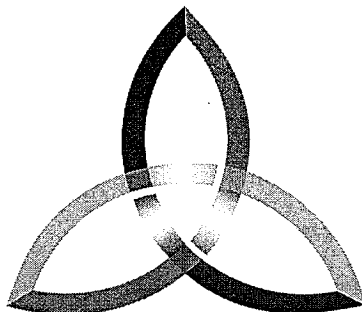


THE EPISCOPAL DIOCESE OF COLORADO

The Office of the Bishop

Operating Budget 2010



proclamation
discipleship
servanthood

August 24, 2009

Dear Friends,

In preparation for our upcoming Diocesan Convention, I am pleased to present the proposed operating budget for the Diocese of Colorado for the year 2010. The format of this proposed budget is similar in many ways to those of previous years. You will find within each section of the budget brief narrative notes explaining content and assumptions within the budget. I encourage you to study the budget, read the notes, and to participate in the preconvention meetings set for each Region this fall at which there will be opportunity to discuss the budget and to respond to any questions you may have.

This proposed budget is a maintenance budget. There are no new programs or initiatives. We believe that the projected expenses represent the minimum necessary to fund the operations of the Diocese. The overall expenses are projected to increase by 8.2% over the previous year; however, approximately one half of this increase is due to payroll and related expenses. The budget provides for a 2.5% across the board salary increase and a projected 10% increase in health insurance benefits. The salary increase is deemed necessary as no salary increases were given in 2009. The only personnel addition is a part time employee in the Finance Department.

We are pleased by the anticipated increase in pledges from parishes in 2009. Based on 2009 pledges 46 congregations will have reached the 10% goal. We have projected a further increase of \$128,000 in pledges for 2010. As a result of the extraordinary legal expenses associated with the property litigation involving Grace Church in Colorado Springs, our reserves have been substantially reduced. Such litigation totaled approximately \$2,900,000. The combination of the withdrawals for litigation expenditures and the stock market decline have caused the Diocesan unrestricted reserves to decline from \$4,900,000 at January 1, 2006 to \$750,000 currently. This decline has also lead to a significant decrease in the investment income to be received from these reserves in 2010.

We are able to balance the budget for the coming year due to an additional anticipated generous grant of \$100,000 from the Colorado Episcopal Foundation. There are a number of challenges inherent in the budget especially due to the properties which we are now required to insure and maintain as described on page six of the budget.

Sincerely,

Robert L. Poley

Robert L. Poley
Treasurer

The Episcopal Diocese of Colorado

The Office of the Bishop Proposed Operating Budget for 2010

BUDGET SUMMARY	2008	2009	2010
	Actual Results	Revised Budget	Proposed Budget
Revenues			
Congregational Pledges	\$ 1,447,915	\$ 1,478,388	\$ 1,606,620
Investment Income	205,550	123,000	73,000
Grants from Colorado Episcopal Foundation and Trusts	203,419	220,000	326,000
Miscellaneous	210,454	19,000	22,000
Total Revenues	2,067,339	1,840,388	2,027,620
Expenses			
<u>Canonical Ministries</u>			
Office of the Bishop	347,207	352,080	365,729
Financial Management	297,456	230,960	257,475
Diocesan Convention	15,922	25,500	17,500
Total Canonical Ministries	660,585	608,540	640,704
<u>Diocesan Life</u>			
Office of the Canon to the Ordinary	291,077	252,366	279,340
Communications	202,185	202,340	228,638
Commission on Ministry	12,623	11,500	12,450
Total Diocesan Life	505,885	466,206	520,428
<u>Diocesan Mission</u>			
Christian Formation	371,347	258,794	258,794
Diocesan Outreach	272,783	294,500	308,437
Congregational Development	214,359	247,748	261,078
Total Diocesan Mission	858,489	801,042	828,309
<u>Property Management</u>	52,296	(2,600)	36,700
Total Expenses	2,077,255	1,873,188	2,026,141
Net Operating Surplus (Deficiency)	\$ (9,916)	\$ (32,800)	\$ 1,479

Highlights:

The Diocesan restructuring for mission is reflected in the staffing of the Office of the Bishop as well as in the Budget of the past three years. This budget reflects the same issues taking into account the financial realities of today's economy as well as the impact of the litigation expenses we have had over the past two years on our investment income.

The Office of the Bishop continues to work to build up the Body of Christ by serving, supporting, and expanding God's mission for the Episcopal Church in Colorado in the areas of building up collegiality among the leadership, congregational growth, leadership development, life long Christian formation, outreach locally and globally and funding the mission.

The Canonical requirement for all congregations to be giving 10% to the Office of the Bishop and 5% to the Regions is still a work in progress. Based on the 2009 pledges, 46 congregations have reached the 10% goal. It is essential to the mission of the church in Colorado that all congregations reach this mark as soon as possible. This is a bare bones budget. The challenges are on the revenue side of the budget.

The Office of the Bishop - Proposed Operating Budget for 2010

Revenues	2008 Actual Results	2009 Revised Budget	2010 Proposed Budget
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Congregational Pledges	<u>\$ 1,447,915</u>	<u>\$ 1,478,388</u>	<u>\$ 1,606,620</u>
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Diocesan Canons and Policies call for mandatory support of the Diocesan Operating Budget equal to 10% of a congregation's plate, pledge and other regular giving for the current year plus a voluntary contribution of up to 5% to support regional ministries.

Pledge income is an estimate determined by an analysis of historical giving and prior pledge information for each parish and mission.

Investment Income			
Interest Income	\$ 61	\$ 1,000	\$ 3,000
Investment Income-Quasi Endowment Fund	56,374	-	-
Investment Income-Camp & Conference Fund	75,181	75,000	70,000
Investment Income-Mission Strategy Fund	46,867	47,000	-
Investment Income-St. Anne's Fund	27,067	-	-
Total Investment Income	<u>\$ 205,550</u>	<u>\$ 123,000</u>	<u>\$ 73,000</u>

Investment Income is calculated in accordance with the Total Return Distribution Policy which provides for an annual distribution of 5% of the 13 month rolling average asset value for each of the funds identified above.

Grants			
Colorado Episcopal Foundation	\$ 83,439	\$ 100,000	\$ 206,000
Houghton/JW Douglas Trust	14,980	15,000	15,000
Oakes Home Trust	105,000	105,000	105,000
Total Grants	<u>\$ 203,419</u>	<u>\$ 220,000</u>	<u>\$ 326,000</u>

The grant received from the Colorado Episcopal Foundation is used to help fund Diocesan Life and Mission.

The Oakes Home Trust makes pass-through grants to support diocesan ministries serving the health needs of the poor and needy including the St. Francis Center, the 32nd Avenue Jubilee Center, and the St. Benedictine Health & Healing Ministry. (See Diocesan Outreach for these expenses.)

Miscellaneous Income	<u>\$ 210,454</u>	<u>\$ 19,000</u>	<u>\$ 22,000</u>
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Miscellaneous Income includes prior year congregational support received after the year-end close, in-kind contributed services and other miscellaneous revenues.

The Office of the Bishop - Proposed Operating Budget for 2010

Expenses	2008 Actual Results	2009 Revised Budget	2010 Proposed Budget
Canonical Ministries			
The Office of the Bishop			
Staff and Related Costs	\$ 257,016	\$ 263,530	\$ 277,879
Travel and Other Expenses	28,955	39,350	34,150
Standing Committee/Other Committee Costs	36,709	23,700	28,200
Accruals-Lambeth, General Convention & Bishop Search	<u>24,527</u>	<u>25,500</u>	<u>25,500</u>
Total The Office of the Bishop	<u>\$ 347,207</u>	<u>\$ 352,080</u>	<u>\$ 365,729</u>

The Bishop, as the Ecclesiastical Authority of the Diocese and the Chief Executive Officer of the Corporation, is responsible for upholding the Constitution and Canons of the Episcopal Church in the United States (ECUSA) and for managing the business affairs of the Diocese. The Bishop is aided by an Executive Assistant and is further assisted in a wide variety of administrative and pastoral responsibilities by the Canon to the Ordinary. He is further assisted by the advice and counsel of the Standing Committee, which is the Board of Directors of the Corporation and, in the Bishop's absence, the Ecclesiastical Authority of the Diocese.

The Bishop's travel is extensive. Colorado is one of the largest of the dioceses in ECUSA, both in terms of number of congregations and in area. In addition to ordinations, installations, confirmations, other special services, pastoring and consulting throughout the state, the Bishop is canonically required to visit each church in the Diocese at least once every three years. The Bishop's travel, entertainment and business meals expenses are a reflection of this commitment. Additionally, the Bishop represents Colorado at ECUSA events each year, including the House of Bishops meetings.

Financial Management			
Staff and Related Costs	\$ 144,082	\$ 86,806	\$ 110,760
Facilities Management	87,989	87,404	88,500
Insurance, Property Taxes, & Audit	52,931	48,300	50,465
Other Expenses	<u>12,453</u>	<u>8,450</u>	<u>7,750</u>
Total Finance Office and Facilities Management	<u>\$ 297,456</u>	<u>\$ 230,960</u>	<u>\$ 257,475</u>

The Finance Department is staffed by the Controller and a part time accounting assistant, under the supervision of the Treasurer and working closely with the Diocesan Finance Committee. This group is responsible for stewardship of the Diocese's financial resources and the reporting of the financial condition of the Diocese and results of its operations on a regular and timely basis. It performs: all accounting functions; coordinates preparation of the annual budget, the annual audit, the collection, analysis and distribution of summary, diocesan-wide information; and interpretation of financial data for the use by executive staff, Standing Committee, and other committees of the Diocese. It is responsible for: property, casualty and liability insurance; coordinates all real estate matters including exempt property applications and reports.

In addition to the accounting and reporting functions described on the previous page, the Finance Office manages the internal organizational support functions including building services and maintenance, mail, purchasing and telecommunications.

Diocesan Convention	<u>\$ 15,922</u>	<u>\$ 25,500</u>	<u>\$ 17,500</u>
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The Annual Convention is the primary gathering of Episcopalians in the Diocese of Colorado, providing clergy and lay leaders an opportunity to focus on the mission and work of the Church. Clergy and lay delegates pay their own travel and lodging expenses; the Diocese pays for the planning, administration, security and facilities costs.

The Office of the Bishop - Proposed Operating Budget for 2010

Expenses (Continued)	2008	2009	2010
	Actual Results	Revised Budget	Proposed Budget

Diocesan Life

Office of the Canon to the Ordinary			
Staff and Related Costs	\$ 172,550	\$ 167,913	\$ 192,656
Legal	65,148	50,000	40,000
Retiree Benefits	17,765	23,570	25,984
Deployment	4,027	3,683	-
Clergy Retreats and Conferences	16,959	-	14,000
Other Expenses	14,628	7,200	6,700
Total Office of the Canon to the Ordinary	\$ 291,077	\$ 252,366	\$ 279,340

The Canon to the Ordinary, in addition to his own responsibilities, assists the Bishop in his administrative duties and pastoral ministries. This includes supporting the initiative and policies of the Bishop and Standing Committee, pastoral relationships with the clergy, and ecumenical initiatives and relationships. The Canon coordinates the work of the Executive Management Team, the Commission on Ministry, the Trust and Endowment Committee, and the legal work of the chancellors.

Additionally, the Canon is directly responsible for the maintenance of healthy clergy in the diocese, which specifically includes programs to develop the clergy, professionally and personally, and the management of clergy/employee benefits, including health and pension programs.

The canon is aided in these responsibilities by an Executive Assistant.

Communications			
Staff and Related Costs	\$ 149,524	\$ 154,089	\$ 159,700
Episcopalian	19,537	23,476	28,238
Information Systems	28,172	20,150	27,400
Other Expenses	4,952	4,625	13,300
Total Communications	\$ 202,185	\$ 202,340	\$ 228,638

As a critical part of the Diocesan Reorganization, the Communications Department was expanded mid- 2005 to include a full time Director of Communications and a full time administrative assistant. Responsibilities have, likewise, been greatly expanded to include not only The Episcopalian, but also development and maintenance of a professional web site, assistance to other departments through the development and publication of newsletters and e-newsletters, professional representation of the Diocese to the media, and, in general, design and control of all communication tools and resources involving both internal and external communications to the diocesan staff, diocesan congregations and the greater community. Information Services, while supporting software and hardware maintenance for the entire staff, is managed by the Communications staff.

Commission on Ministry	\$ 12,623	\$ 11,500	\$ 12,450
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The Commission on Ministry (COM) and the related Board of Examining Chaplains (BOEC) are canonically charged to: assist the Bishop in determining present and future needs for ordained and lay ministries; assist in recruiting and selecting persons for Holy Orders; guide and examine postulants and candidates in training for priesthood and the diaconate; provide for the guidance and pastoral care of clergy and lay persons who are in positions, paid and unpaid, accountable to the Bishop; and promote the continuing education of clergy and lay professionals employed by the Church.

The COM consists of a chairperson and ten members, five clergy and five lay, all of whom are appointed by the Bishop. Expenses are primarily for travel, lodging and meals for the members who must travel from the non-metro areas.

The Canon to the Ordinary's Executive Administrator serves as a staff coordinator for the Commission on Ministry

The Office of the Bishop - Proposed Operating Budget for 2010

Expenses (Continued)	2008 Actual Results	2009 Revised Budget	2010 Proposed Budget
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Diocesan Mission

Christian Formation			
Staff and Related Costs	\$ 230,804	\$ 213,094	\$ 208,901
Youth Ministry	27,386	5,000	24,000
College/Young Adult Ministry	-	-	-
Adult Ministry	4,015	-	-
Safe Church Expenses	4,176	18,400	7,000
Summer Camp Ministry	57,838	-	-
Other Faith Formation Programs	18,804	-	-
Other Expenses	28,325	22,300	18,893
Total Christian Formation	\$ 371,347	\$ 258,794	\$ 258,794

The Faith Formation Department, formerly the Children's and Youth Departments, reflects the Bishop's commitment to the Church's Mission more clearly than any other..

The Canon for Faith Formation is assisted by a Faith Formation Administrator and a part time Faith Formation Coordinator.

The Canon for Faith Formation travels extensively throughout the Diocese, meeting with congregational youth directors, clergy, parents and lay leadership to help guide and assist them in the development of staff and programs. This Canon also coordinates the work of two newly formed groups -- the Camp and Conference Task Force and the College and Young Adult Ministries Committee.

Diocesan Outreach			
The National Church Pledge	\$ 129,780	\$ 146,500	\$ 159,737
Province VI Pledge	9,780	10,300	11,000
Oakes Home Trust Distribution	105,000	105,000	105,000
Houghton/Douglas Trust Distribution	15,000	15,000	15,000
Other Jubilee Ministries	2,107	4,000	4,000
Anglican Studies	9,616	12,000	12,000
Ecumenical Programs	1,500	1,700	1,700
Total Diocesan Outreach	\$ 272,783	\$ 294,500	\$ 308,437

Support of the Wider Church: The pledge to the National Church is based on 10% of the estimated Diocesan pledge income.

Anglican Studies: This program is sponsored by the Diocese at the Iliff School of Theology.

Funded Program Expenses: The amounts and programs may vary but the funds are a pass-through from restricted Trust and Endowment. Accounts to the beneficiaries and any variation does not affect the diocesan bottom line.

Unfunded Program Expenses: Diocesan support of Jubilee Ministries is a request by the Chairperson of the Jubilee Ministry Commission.

Ecumenical Programs: Represents Diocesan support of Christian initiatives through the Colorado Council of Churches.

The Office of the Bishop - Proposed Operating Budget for 2010

Expenses (Continued)	2008 Actual Results	2009 Revised Budget	2010 Proposed Budget
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Diocesan Mission (Continued)

Congregational Development			
Staff and Related Costs	\$ 144,205	\$ 205,148	\$ 214,928
Church Development Institute	40,902	42,500	42,500
Church Development Institute Revenue	(40,902)	(41,000)	(41,000)
Percept Subscription	3,875	3,750	3,750
Mission Strategy Committee Expense	2,504	2,500	2,500
Travel	10,262	12,000	12,000
Deployment	-	-	3,550
Ethnic Missioner	39,142	-	250
Recently Ordained Clergy Meetings	11,355	10,000	10,000
Other Expenses	3,016	12,850	12,600
Total Congregational Development	\$ 214,359	\$ 247,748	\$ 261,078

This department was created in 2005 as part of the Diocesan reorganization for the purpose of planting and growing churches into healthy, vital, and mission shaped congregations. The department is headed by the Canon Missioner, and supported by an administrative assistant and the five Regional Missioners who also serve their parishes as rector, vicar, or priest in charge.

The Canon Missioner also oversees the work of the Mission Strategy Committee, the Congregational Development Consultants, and the Hispanic Commission. Core programs include the Church Development Institute which is an intensive leadership development course for clergy and lay teams to develop their own congregations, the Empowered Vestry Workshops offered each spring in each region for Vestry and Bishop's Committee members, and clergy networks and affinity groups for ministry support in key areas (resort ministry, priest in charge ministry, rookie rectors, ecumenical congregations, interim ministry, church planters, etc.)

The Canon Missioner is also directly responsible for the clergy transitions in congregations which include working with congregational search committees, clergy deployment functions, and recruiting healthy mission shaped clergy for congregational and diocesan leadership.

Property Management			
Rental Income	\$ (124,800)	\$ (101,200)	\$ (54,000)
Property Insurance, Taxes, Maintenance	47,021	26,900	38,200
Broomfield Mortgage Interest	65,973	50,000	30,000
Other Broomfield Expense	33,833	-	-
Other Mortgage Interest	30,269	21,700	22,500
Total Evangelism: Congregational Development	\$ 52,296	\$ (2,600)	\$ 36,700

This department was created to capture income and expense of missions being supported by the Diocese and other properties. At present these missions include Holy Spirit, Colorado Springs; St. Francis, Colorado Springs; St. Paul's, Fort Collins; Trinity, Trinidad; and Holy Comforter, Broomfield. All of these properties, except for Holy Comforter, are being held for rent or sale. Other properties include land in Lafayette and Colorado Springs.