



The Episcopal Diocese of Central Pennsylvania



To: Annual Convention

From: Finance Committee

Subject: Year-End 2019 - Treasurer's Report

Date: February 25, 2020

The fiscal year ending December 31, 2019 reported total income of \$2,559,454 (23% over budget) and total expenses of \$2,141,422 (2% over budget). This resulted in a net surplus of \$418,032 compared to a forecast of (\$24,730) before one-time, non-reoccurring adjustments.

There were two significant income events that overinflated operating income. In order to provide a more comparative reflection of traditional operating income, several adjustments were included on page 3 of the 2019 Summary Financial Results report.

The first adjustment was an income reduction of \$390,912 draw from investments that were requested in FY2018 but did not hit our accounts until January of 2019. The second income reduction was a \$200,279 estate gift. The total of these two events amounts to \$591,191.

There were additions to income entries added to the adjustment section of the Summary Financial Results report. The first was \$61,197 for Leadership Support. These funds were previously designated from cash reserves to be applied to expenses related to three Curate positions in the Diocese. The second entry added was \$57,788 for expenses related to Shaped by Faith. These funds were also designated from cash reserves to cover such costs. The total of these two adjustments is \$118,985.

With the above mentioned adjustments, the Net Adjusted Surplus / Deficit was (\$54,173) compared to a budgeted deficit of (\$24,730). These results more accurately reflect the daily operations of the Diocese along with budget versus actual results.



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For 2019, the Diocese's contribution income was over \$230,000. Included in this number was a \$200,279 estate gift, \$10,000 from the Episcopal Foundation of Texas supporting Shaped by Faith, and numerous contributions supporting the Bishop's trip to Sri Lanka.

Another significant source of income for the Diocese included three grants received by the Stevenson School for Ministry (SSFM) amounting to \$26,500.

Three areas that income was significantly below budget were tuition and fees for SSFM, event fees for Children, Youth, and Young Adult programs, and funding from the Widow's Corp. used for clergy wellness initiatives. It was determined that further refinement of the budgeting process was needed for SSFM and C, Y, YA. These refinements reflected in the 2020 budget should yield more accurate and realistic income expectations.

Total expenses for the Diocese in 2019 were \$2,141,422, or approximately 2% above budget. Technology expenses were 32% over budget due to pricing increases, hardware replacement, and transition between services. Building and Grounds was also higher than budgeted due to \$18,905 in office improvements, temporary insurance costs related to closed parishes, and higher utility costs.

One expense item of note that was below budget was Diocese Grants. Operating grants were about 38% below budget due to fewer applications and the previous years' refinement of the guidelines.

The Diocese's investments for 2019 had a very strong year with a 18.94% return. As of December 31, 2019, investment allocation was 74% equities, 25% fixed income, and 1% cash equivalents. The portfolio's current 3-Year Average Annual Return is 8.40%.

The total assets under management in the Diocesan pooled portfolio was \$26,465,250, of which \$10,500,177 are assets of the Diocese and \$15,965,073 are parish assets from 38 parishes.