

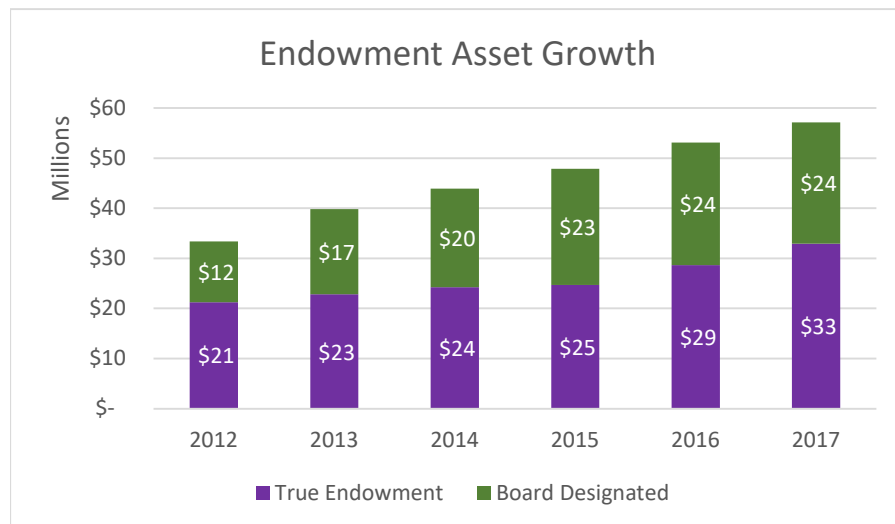


Benchmark Report

The news related to the benchmarks and statistics for the churches of Southwest Florida

2018

Endowments



Invested assets have grown 71% over the last five years - not only due to positive returns in the market, but also \$20.8M of contributions. Since 2014, 23 churches have started endowments in the DEMP. Their combined value is now over \$3.1M.

Endowment Policy

An important governing document which outlines the process and people involved in receiving legacy gifts, monitoring investment performance, and managing distributions.

What's DEMP?

23 of our churches participate in the Diocesan Endowment Management Program (DEMP). "Piggy back" along with the diocesan endowment management function to learn, save on fees and gain confidence in your endowment.

WANTED

Remaining Churches to Start Endowments:

Good Shepherd-Labelle
Holy Spirit-Safety Harbor
Iona Hope
Nativity
St. Anselm
St. Bede
St. Francis
St. Mary Magdalene
St. Matthew
St. Vincent

Laws Related to Fiduciary Responsibility

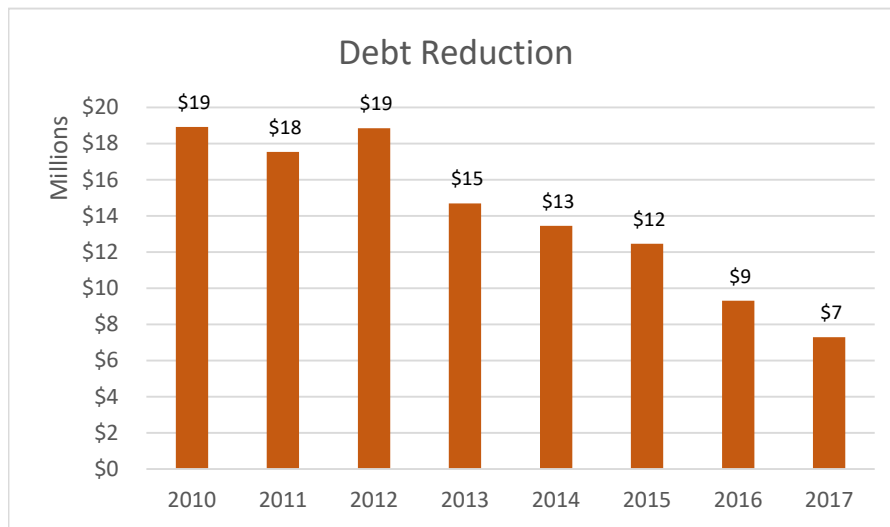
Florida Statute 617.2104 Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) adopted in 2012



Investment Management Firms Serving Us

Firm	# churches	\$ Million
ECF/State Street (DEMP)	23	\$3.1
ECF/State Street (direct)	13	\$4.7
Northern Trust	8	\$14.6
RBC Wealth Management	2	\$1.8
SEI	1	\$6.9
SunTrust	1	\$2.5
Provisio Management	1	\$1.9
Wells Fargo	2	\$3.9
Local Broker	12	\$8.4
Local Bank	5	\$1.1

Debt



This decade has seen a steady reduction of debt. Our churches have worked to reduce their debt burden with capital campaigns and ongoing mortgage payments from their operating budgets. Five new loans in 2017 ranged in size from \$40,000 to \$200,000 – each was carefully considered in the context of sustainability.

Diocesan Revolving Loan Fund (RLF) Facts

- 20 loans totaling **\$3,463,397**
- Available Funds **\$2,300,000**
- **\$75,000** of annual interest income grows the fund for the future

Contact Diocesan House for details about the Revolving Loan Fund.

Other Lenders

Bank of Tampa, BB&T, Capital Bank, Charlotte State Bank, Iberia Bank, Jefferson Bank, Regions Bank, Synovus Bank, Thrivent Bank, USAmeriBank, Whitney Bank

Canon Law for Debt

TEC Canon I.7.4:

All real and personal property held by any congregation is held in trust for this Church and the Diocese thereof.

Diocesan Canon XIX.2.b:

No real property shall be encumbered, sold, alienated, transferred or conveyed without the prior consent and approval of the Bishop and Diocesan Council.

Biggest Reducers of Debt in the last year

Iona Hope:	\$422k
Epiphany:	\$138k
Holy Trinity:	\$115k
GS Dunedin:	\$93k
St. Mary, Bonita:	\$88k
St. Andrew, Spring Hill:	\$79k
Good Shepherd, Venice:	\$74k
St. Hilary:	\$62k
Resurrection:	\$60k
St. Wilfred:	\$51k

**Total Reduction of Debt
\$1,340,000 in 2017**

The “1/3 Principal” for Debt

The “1/3 Principal” is a primary factor used by the diocesan Finance Committee in the approval of loan proposals. According to this principal, the amount of debt incurred should not exceed 1/3 of the total cost of the project. At least 1/3 of the project’s total cost should be held by the congregation/institution as cash in the bank before the project begins. Another 1/3 of the project’s total cost may be pledged amounts.



St. Andrew, Spring Hill Mortgage Burning

Property Usage

By Type, (# churches, annual income to church budget)



Preschool/After Care
(13, \$0-57k)
K-8/12 School (9, \$0-151k)

Thrift Shop
(13, \$0-148k)



Rental Houses/Rectory
(26, \$0 - 22k)

Parking Lot
(4, \$1-43k)



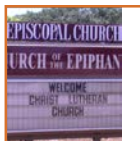
Cell Tower
(2, \$19-24k)

Group Meetings
(41, \$0-22k)



Community Garden/
Farmers Market
(2, \$2-47k)

Hosting Other
Worshipping Community
(3, \$10-48k)



These are the many ways in which congregations can utilize their church buildings for ministry and to enhance operating income and outreach funds. Call Diocesan House for best practices examples.

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Lease Approval

Every lease must have the prior written consent and approval of Diocesan Council. Refer to the *Diocesan Lease Guidelines* for more details and best practices related to lease.

Rectories

15 of our congregations utilize rectories to house their clergy; 2 church-owned homes are used for sexton housing.



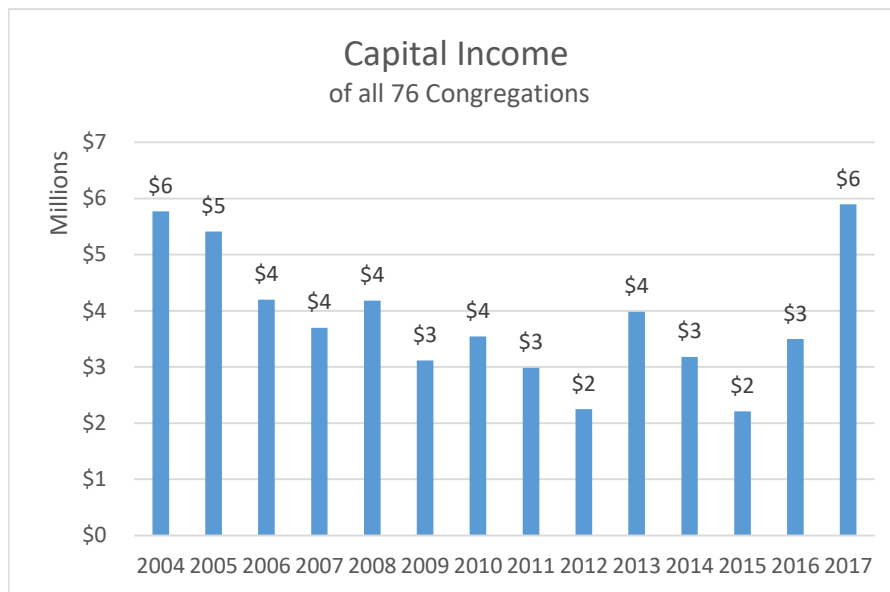
Good Shepherd, Dunedin
Furniture Thrift Shop at Sunshine Plaza

Schools “Under the Authority” of TEC

Preschools (7): Ascension, Lamb of God, St. Alban, St. Boniface, St. Mark-Venice, St. Wilfred, St. Mark-Marco Island

Schools (7): Good Shepherd Day School, St. Stephen’s, St. John-Tampa, St. Mary-Tampa, Berkeley, St. Paul’s School, Canterbury

Capital Budgets and Campaigns



Capital projects and campaigns have increased dramatically in the last two years, matching the level last spent in 2004. Projects range from \$50,000 to \$10M. Many are phased master plans and others are specific projects such as solar power installations. Most congregations are meeting capital needs in some way, as 59 of 76 congregations (77%) raised capital funds in 2016-2017.

ECF Consultants

Our partners at the Episcopal Church Foundation facilitate the capital campaign process with their Discern-Study-Ask methodology. Learn more at www.episcopalchurchfoundation.org



Hurricane Irma in 2017

Hurricane Irma travelled straight through our diocesan boundaries cancelling Sunday services at every congregation. Yet, miraculously, only 25 insurance claims were filed as a result of Irma damage. Of these, 10 received a payout from their Church Insurance Agency policy, totaling \$375,000. In December 2017, Diocesan Council voted to distribute \$200,000 to all 76 congregations for aid in meeting hurricane deductibles and cleaning up/repairing our church buildings. The experience has highlighted the importance of having capital reserves to meet hurricane deductibles and extraordinary repairs.

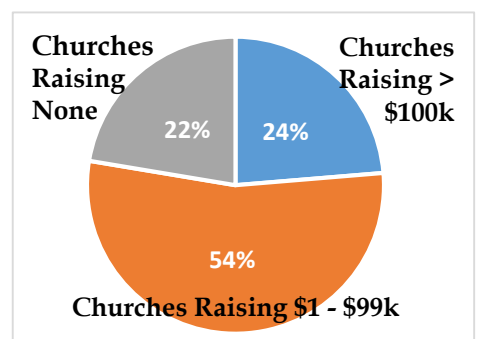
Canon Law for Capital Projects

Capital Apportionment:

Since adopted by a resolution of the 1999 Diocesan Convention, Capital Apportionment is calculated as 10% of the congregation's "Funds Received for Capital Projects", reported on Line 8 of the Parochial Report. These apportionment dollars are directed to the capital needs of the diocese and the support of new missions.

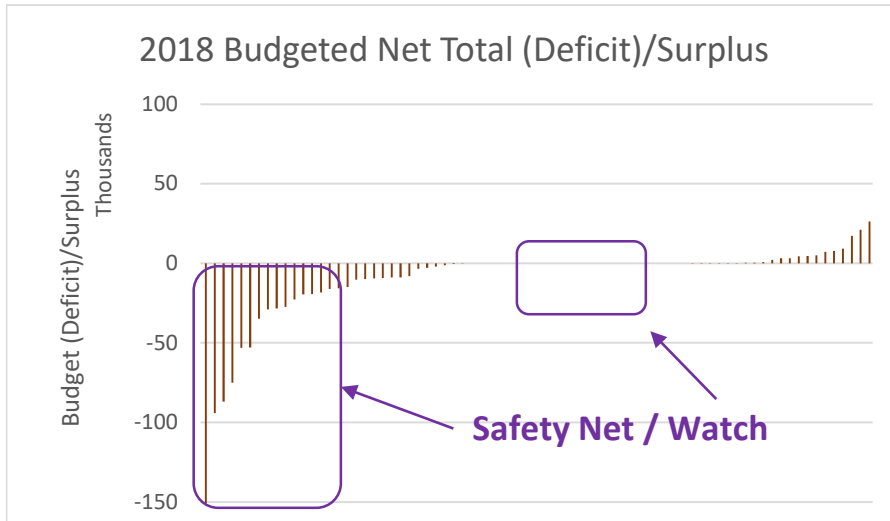
Recent Capital Income Raised (2016-2017)

Redeemer, Sarasota	\$2.5M
St. Michael & All Angels, Sanibel	\$628k
St. John, Tampa	\$608k
Iona Hope, Fort Myers	\$537k
St. Peter, Plant City	\$528k



St. Peter, Plant City Capital Project Team

Operating Budgets



In reviewing the annual budgets, the diocesan staff look for deficits as well as situations where a budget deficit is funded with reserves. A sustainable budget is based on operating income that can continue for the long term – from plate & pledge, appropriate distributions from endowments/ designated funds, income from building use or fundraisers. Plugging a deficit with reserves is an indicator of distress. When the reserves/cash are gone, options are limited and consequences are extreme. This is a situation where the diocesan staff takes care to intervene, so that the leaders can have time and necessary expertise to plan and act well in advance of a crisis.



Holy Trinity, Clearwater 2018 Annual Meeting

Mind The Gap

When the diocesan staff reviews the submitted budgets, we separate out any so-called plugs to reveal the true budget status. 'Faith budget', 'additional gifts', loans from reserves, and non-specific fundraising are just a few examples that should not be included in an approved budget. A seemingly balanced budget using such plugs can be misleading to the general congregation.

Canon Law for Budgets

Diocesan Canon VII.5.b:

It shall be the duty of the congregational council to ...prepare a budget providing for the necessary requirements and expenditures of the Congregation.

Diocesan Canon VII.1:

Annual Meeting. A Congregation shall hold an annual meeting every year....shall be within 120 days before or on the 28th of February.

Church Budget Expense Category Check

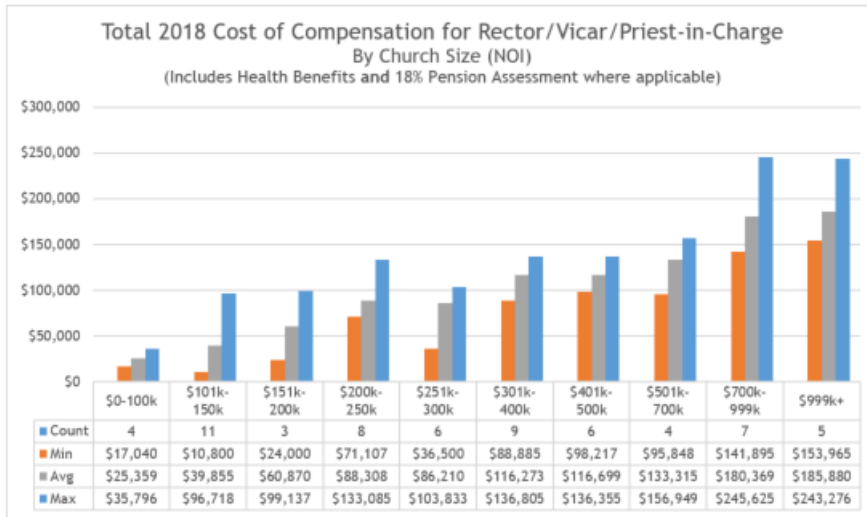
% of total expenses

	Min	Avg	Max
Staff	27%	56%	75%
Building & Grounds	12%	21%	47%
Debt Service	0%	2%	16%
Budgeted Outreach	0%	2%	11%
Other	14%	22%	35%

Deacons Serving SWFL

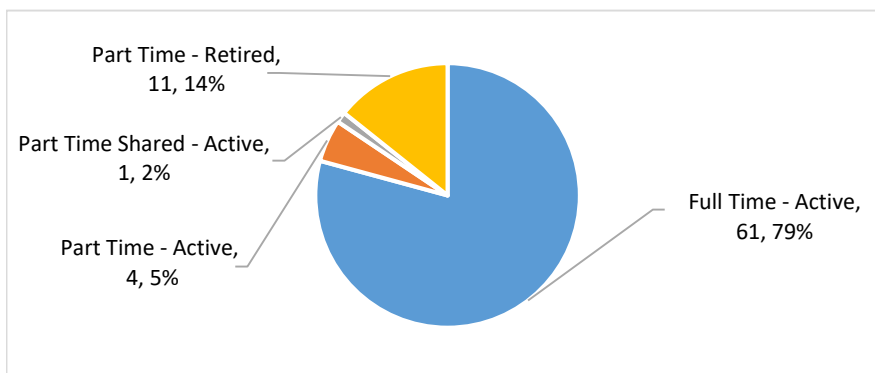
A total of 44 deacons serve our congregations: 25 churches have one deacon; 9 churches have more than one; 43 have none. The diaconate is manifested in multiple ways in the life of the diocese.

Staff and Compensation



Compensation involves more than a salary figure, as legal and canonical requirements make every compensation package unique. Diocesan staff are involved in clergy transitions from the initial search committee discussions about budget to the final details of the letter of agreements signed. Each congregation is an individual employer facing a constantly changing human resources environment. Compliance to government and canonical laws is one of the most important oversight roles of the Office of the Bishop. Compensation benchmarks and illustrations of alternative models for clergy and lay staffing are ready and available for vestries at the time of transition.

Full time vs. Part time Priest-In-Charge



Working While Pensioned

11 of our 76 churches (14%) and 5 interim positions are served by a retired clergy receiving pension benefits from the Church Pension Fund. The maximum amount a retired cleric can earn is \$38,250.

Canon Law for Church Staff: Clergy and Lay Pension and Health Plan

TEC Canon I.8.Sec. 1-3:

The Church Pension Fund is authorized to establish and administer the clergy pension system... and also the lay employee pension system and denominational health plan of the Church

Gen Convention Resolution A177:

All clergy and lay employees who work minimum of 1500 hours annually (30 hr/wk) are required to participate in the Episcopal Church Denominational Health Plan (DHP).

Gen Convention Resolution A138:

All lay employees who work 1000 hours annually (20 hr/wk) shall be provided a pension benefit.

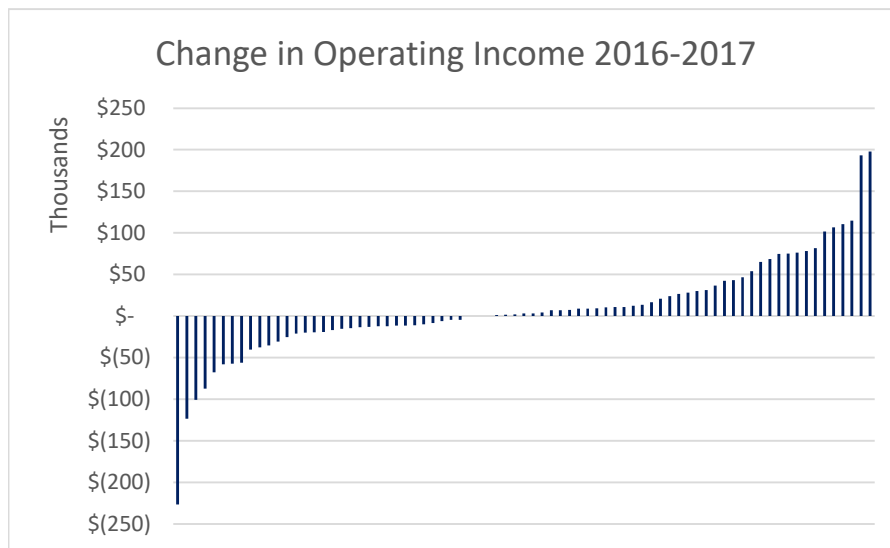
US Laws Affecting Church Staff

- ❖ IRS
- ❖ Medicare
- ❖ Affordable Care Act
- ❖ Department of Labor



Veteran Interim Rectors
Ed Henley and Dee de Montmollin

Operating Income Trends



Normal Operating Income (NOI) defines the size of the church operating budget and is therefore a measure of church size and financial capacity. From 2016-17, the total Operating Income of our churches increased by 2.2% overall - 32 decreased and 42 increased.

Other important measures tell a story as well – such as average Sunday attendance, plate and pledge (stewardship), and the number of people served in community outreach programs.

The Diocesan Office can provide individual *Financial Health Snapshots* for your congregation to study these metrics over time.

Audits

Audits come in many forms. The annual financial audit required by canons can be performed by an independent licensed CPA firm, however due to the high cost of this annual report, there is another option.

The **Audit Committee Program** is a step-by-step questionnaire for non-accountants to easily perform this important task. The Diocesan Office offers a workshop in January for new Audit Committee members. Once complete, this document also serves as a procedure manual and valuable reference for transitioning vestry roles.

In addition, the **Risk Management Visitation and Report** is an onsite visitation to assess the most common risks and educate local leaders about insurance coverage. Congregations receive a written report summarizing the recommended improvements for safety.

Canon Law for Parochial Reporting

TEC Title I Canon 6.1: Of the Mode of Securing an Accurate View of the State of This Church

A report shall be prepared annually in the form authorized by Executive Council,... shall be filed not later than March 1 with the Bishop of the Diocese.

Diocesan Canon VIII.3.a-h:

No later than March 1 of each year, the Congregation shall file an annual report, including the parochial report, vestry and delegate listings, and other information requested by Diocesan Council.

Canon Law for Audits

Diocesan Canon XIV.2.a-b:

a. The fiscal records of every congregation and related organization shall be audited annually by a CPA or audit committee. The audit committee shall be formed in compliance with guidelines established by the Diocesan Council.

b. Annual audit report shall be filed with the Office of the Bishop not later than September 1 of each year.



Financial Management Lunch 'N Learn

Measuring Mission

		Estimated Number of People Served Each Month in 2017			
Type	Nbr of Churches	Total	Avg	Max	Max is:
Food pantry, soup kitchen, or meal projects	49	32,681	726	7,000	St Nathaniel
Sustainable food garden/cooperative (such as "Farm to Tray")	1	10	10	10	St. John, Clearwater
Cash, vouchers, or help with rent/utilities	31	985	33	536	Christ Church, Bradenton
Day care, preschool, before- or after-school programs	9	769	96	600	St. Catherine, Temple Terrace
Tutoring or literacy programs	9	195	28	60	Annunciation, Holmes Beach
Health programs (parish nurse, clinics, health education, etc.)	17	1,110	79	360	St. Mark's, Venice
Community organizing, organized social issue advocacy	13	163	27	50	St. Mark's, Venice
Job placement, job training, employment counseling	1	75	75	75	All Angels, Longboat Key
Building projects (such as Habitat for Humanity)	10	225	28	100	St John Divine, Sun City Center
Support groups (bereavement, divorce, job loss, 12-step, etc.)	30	3,517	135	1,000	St. John, Clearwater
Programs for the elderly and homebound persons	18	1,453	97	901	St. Andrew, Spring Hill
Clothes closet, thrift store	30	30,370	1,168	12,000	St. Mary, Bonita
Homeless or no-freeze shelter	7	1,621	232	700	St. John, Naples
Overseas sponsorships, microloans, Heifer Project, Haiti relief	25	1,428	79	500	All Angels, Longboat Key
Other	26	6,394	304	1,300	
Total Diocese of Southwest Florida	276	80,996	348	12,000	

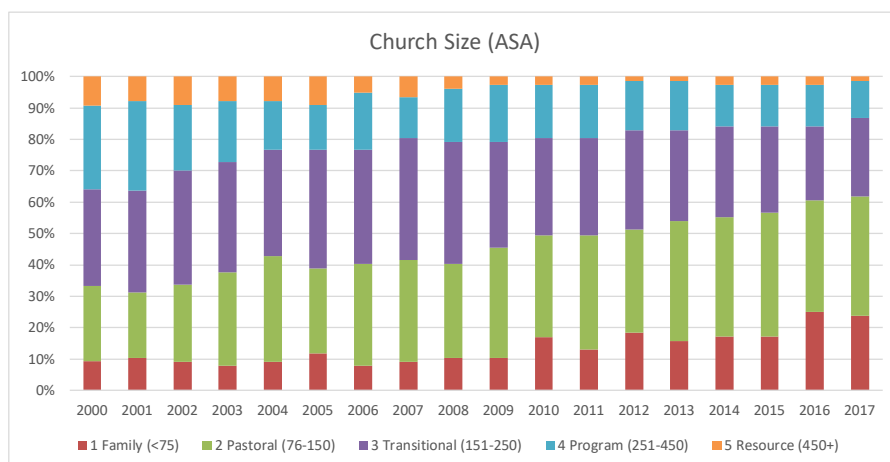
The most common categories for outreach in Southwest Florida relate to clothing, food and support groups. In addition to hands-on outreach efforts, many of our churches and their affiliated groups fund financial grants to agencies that extend the impact within and beyond our diocesan boundaries.

Numbers are helpful for benchmarking, however nothing beats an inspiring example. The Diocesan Office collects details and stories of the impact of our congregations' outreach efforts so we can leverage their success and offer inspiring ideas and best practices across our diocesan community. Look for publications, news stories and videos throughout the year.

Congregation-based ministries are at the heart of our diocesan Episcopal Charities Endowment, which has granted \$186k over the last 6 years. Apply for a grant to kick start your outreach project – applications are at www.episcopalswfl.org – keyword 'Episcopal Charities'.

Trends in Church Size

The nature of diocesan support is based on the needs of our churches.



TEC Updates Parochial Report Metrics

The State of the Church Committee of the Episcopal Church General Convention implemented new metrics to measure mission, starting with the 2017 Parochial Report.

As this is the first year in which the data is collected, we anticipate the need for data validation efforts to ensure the information is consistently quantified and reported. For now, we are thrilled to have a first look at these measures of mission in our communities.

Our Neighborhoods

We study the characteristics and trends of our neighborhoods using available public research via **MissionInsite**, a demographic tool that incorporates census and other psychological data to define a geographic area or collection of addresses (using your congregation's membership database). Our congregations have access to this resource through a diocesan license:

<http://www.dioswfl.org/Congregations/MissionInsite.html>

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