

2016 Strategic Plan Progress Report

Task Force C – Financial Matters

Task Force C was instructed to make recommendations covering the following topics

- Budget, Transparency, Assessment Model, Other Sources of Income

Summary of current budget process and current financial transparency & Recommendations

1. The Task Force notes that the Assessment Budget is well organized and clearly presented, and the Task Force has recommended specific steps to the Budget Committee to bring additional clarity.
2. The Task Force recognizes that the Trustees have the responsibility of overseeing the regular financials of the diocese including the Assessment Budget, General Endowment Fund, and Restricted Funds, and the Task Force has recommended specific steps to the diocesan finance office and the Trustees to provide further transparency to the diocese as a whole.
3. The Task Force recognizes that there are detailed financial reports available online (<http://www.diocesenyc.org/the-diocese/diocesan-budget/>) and recommends that the Trustees and diocesan finance office further publish an annual report of the restricted endowment funds that supplement mission expenses of the Diocese of New York.

Summary of our Assessment Model (Canon 18 of the Canons of the Diocese of New) & Next Steps

1. The Task Force is studying Canon 18 and Assessment models from comparable Dioceses.
 - a. Canon 18 was approved in 2009 by Convention
 - b. Canon 18 describes the Budget process; the formula determining each Congregation's Assessment; the Adjustment and Appeal process; the Congregational Support Plan (CSP); and Remedies for nonpayment.
 - c. The assessment formula detailed in Canon 18 is tiered so that congregations with higher Normal Operating Incomes pay at a significantly higher percentage than congregations with smaller Normal Operating Incomes (see the tier structure and examples on reverse page)
2. The Task Force recognizes that the Assessment Canon has numerous parts, some of which (e.g. CSP) must be modified, and others (Formula, Remedies, Adjustment Board) which require more study.
3. The Task Force aims to recommend a modified Assessment Canon for adoption in 2016 or 2017:
 - a. That is fair to congregations, fair as among congregations, and fair to the Diocese by raising enough Diocesan income toward the expenses necessary to carry out the mission of the Diocese and the structure that enables that mission as it will be expressed in the Strategic Plan.
 - b. That includes incentives for payment and realistic consequences for nonpayment that are easily acted upon and serve the purpose of ensuring that every congregation is fully participating in the funding of the diocesan Assessment Budget.
4. The Task Force recommends continued study of how the financial, physical, and human resources of our congregations can be used to for the common good of our entire diocese and the wider church.

Examples of how Our Assessment Formula Works

- Our current assessment formula is tiered so that congregations with smaller Normal Operating Incomes pay a significantly smaller percentage of their Normal Operating Income to the Diocese of New York. The formula is:
 - 4% of income from \$1 to \$50,000, plus
 - 10% of income from \$50,000 to \$200,000, plus
 - 15% of income from \$200,000 to \$500,000, plus
 - 20% of all income above \$500,000
- Three Examples of how our tiered formula works:
 - If Saint Swithin's in the Swamp has a Normal Operating Income (NOI) of **\$1,500,000** its assessment would be **\$262,000** or **17.5%** of NOI. Broken out according to the tiers above that would be: **\$2000** (which is 4% of \$50,000) + **\$15,000** (which is 10% of \$150,000) + **\$45,000** (which is 15% of \$300,000) + **\$200,000** (which is 20% of \$1,000,000).
 - If Saint Penny's on the Plain has a normal operating income of **\$250,000** its assessment would be **\$24,500** or **9.8%** of NOI. Broken out according to the tiers above that would be: **\$2000** (which is 4% of \$50,000) + **\$15,000** (which is 10% of \$150,000) + **\$7,500** (which is 15% of \$50,000) + **\$0** (which is 20% of \$0).
 - If Saint Terry's near the Train Station has a normal operating income of **\$55,000** its assessment would be **\$2,500** or **4.5%** of NOI. . Broken out according to the tiers above that would be: **\$2000** (which is 4% of \$50,000) + **\$500** (which is 10% of \$5000) + **\$0** (which is 15% of \$0) + **\$0** (which is 20% of \$0).