

Episcopal Diocese of Montana
Minutes of Diocesan Council Conference Call
April 30, 2011

Diocesan Council held its quarterly meeting via conference call, beginning at 10:00 o'clock a.m. on Saturday, April 30, 2011.

Attendance. Council members participating were: Bishop C. Franklin Brookhart, Jr., Louis Bowne, Clark Sherman, Tim Ljunggren, George Walter, Ginnie Lane, David Gunderson, Sandy Williams, Robyn Toles, Carol Goddard and Jane Shipp. Council members Gayle Gransbery and Robyn Barnes were absent. Also participating in the call were: Barb Hagen, Canon for Finance; Beth Baker, Diocesan Treasurer; and Gayle Gallik Archey, Diocesan Secretary.

Call to Order. Bishop Brookhart opened the conference call meeting with prayer. With a quorum participating, the meeting was called to order. The agenda was adopted as presented.

OLD BUSINESS.

Minutes of January 29, 2011 Diocesan Council Conference Call. It was noted that St. Alban's Church in Laurel gave Joan Yetter \$375.00 for her discretionary fund, not \$5,000.00, as referenced in the January 29, 2011 Minutes. By motion duly made by Sandy Williams and seconded, the Minutes of the January 29, 2011 Diocesan Council conference call were approved as corrected.

Financial Reports. Barb Hagen and Beth Baker presented the financial statements for the months of January, February and March, 2011. Beth Baker reported income is down a little, but the current finances of the Diocese are satisfactory. Additionally, Barb Hagen reported the investments of the Diocese have been doing very well. Upon motion duly made and seconded, the financial statements for January, February and March, 2011 were approved as presented.

Annual Parish Audit Report Update. Barb Hagen reported the Diocesan office has received 2009 Audit reports from all parishes. Also, although not due until September 2011, the Diocesan office has begun to receive Parish Audit Reports for 2010.

Update on Christmas Appeal. The Christmas Appeal has been a success. To date donations of \$35,163.72 have been received, which is \$1,214.58 more than the \$33,949.14 needed to cover the budget deficit. Therefore, all monies taken from the Diocesan investment accounts to cover the budget deficit have been repaid.

Loan to St. John's, Emigrant. David Gunderson reported St. John's Church in Emigrant has not started work to repair the Church's roof, and therefore, has not spent the money received from the Faber Fund for this purpose. David will provide Council with a update on this matter at the July meeting.

NEW BUSINESS.

2012 Diocesan Budget. Treasurer, Beth Baker stated Finance Department has begun work on the 2012 Diocesan budget. Beth announced preliminary work on the budget indicates an extra \$20,000.00 will be needed to pay expenses associated with deputies attending General Convention and also attending the Provincial Synod meeting prior to Convention. General Convention is scheduled for July 2012 at Indianapolis. In an attempt to obtain \$20,000.00 to pay these additional expenditures, it was suggested to either decrease the amount of money allocated to the National Church and to Diocesan programs, or to increase the assessment by 1.5%, resulting in a 20% assessment for 2012. Beth indicated a 1% increase in assessment equals an additional \$15,000.00 of income for the Diocesan budget. A suggestion was made to send one General Convention deputy to the Provincial Synod meeting in Minneapolis, then that deputy would provide "in-house training" to inform the other General Convention deputies. Having attended several General Conventions, Sandy Williams offered to do this training.

Jane Shipp moved that Council give Finance Department approval to raise the assessment by 1.5%, resulting in a 20% assessment for the 2012 budget. Following discussion and vote, the motion was defeated. Another motion was duly made and seconded to raise the assessment by 1.0%, resulting in a 19.5% assessment for the 2012 budget. A vote of Council members resulted in a tie, therefore, the motion was defeated. As a result, the assessment for the 2012 budget will remain at 18.5%.

Reimbursement Policy. Upon motion duly made and seconded, the following resolution was duly adopted by the Diocesan Council of the Diocese of Montana at a regularly scheduled meeting held on April 30, 2011, a quorum being present:

Whereas, income tax regulations 1.162-17 and 1.274-5T(f) provide that employees need not report on their tax return expenses paid or incurred by them solely for the benefit of their employer for which they are required to account and do account to their employer and which are charged directly or indirectly to the employer; and

Whereas, income tax regulation 1.274-5T(f) further provides that an adequate accounting means the submission to the employer of an account book, diary, statement of expense, or similar record maintained by the employee in which the information as to each element of expenditure (amount, date and place, business purpose, and business relationship) is recorded at or near the time of expenditure, together with supporting documentary evidence, in a manner which

conforms to all the “adequate records” requirements set forth in the regulation;
and

Whereas, the Diocesan Council desire to establish a reimbursement policy pursuant to the regulations mentioned above; be it therefore

Resolved, that the Diocesan Council hereby adopts an accountable reimbursement policy pursuant to income tax regulations 1.162-17 and 1.274-5T(f), upon the following terms and conditions:

1. Adequate accounting for reimbursed expenses. Any “employee” (as defined below) employed by the Diocese shall be reimbursed for any ordinary and necessary business and professional expenses incurred on behalf of the Diocese, if the following conditions are satisfied: (1) the expenses are reasonable in amount; (2) the employee documents the amount, date, place, business purpose (and in the case of entertainment expenses, the business relationship of the person or persons entertained) of each such expense with the same kind of documentary evidence as would be required to support a deduction of the expense on the employee’s federal tax return; and (3) the employee substantiates such expenses by providing the Canon for Finance with an accounting of such expenses no less frequently than monthly (in no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by an employee). Examples of reimbursable business expenses include local transportation, overnight travel (including lodging and meals), entertainment, books and subscriptions, education, vestments, and professional dues. Under no circumstances will the Diocese reimburse an employee for business or professional expenses incurred on behalf of the Diocese that are not properly substantiated according to this policy. Diocesan staff understands that this requirement is necessary to prevent the Diocesan reimbursement plan from being classified as a non-accountable plan.
2. Excess reimbursements. Any Diocesan reimbursement that exceeds the amount of business or professional expenses properly accounted for by an employee pursuant to this policy must be returned to the Diocese within 120 days after the associated expenses are paid or incurred by the employee, and shall not be retained by the employee.
3. Reimbursements not funded out of salary reductions. Reimbursements shall be paid out of Diocesan funds, and not by reducing pay checks by the amount of business expenses reimbursements.
4. Cellular phones and personal computers. The Diocese will not reimburse cellular phone or personal computer expenses of an employee who is

treated as a employee for federal income tax reporting purposes, unless the employee's use of a cellular phone or personal computer (each referred to below as "equipment") meets the following two tests:

- (1) Convenience of the employer. Use of the equipment must be "for the convenience of the employer." This means that the employee cannot perform his or her job without the equipment. The fact that the equipment enables an employee to perform his or her work more easily and efficiently is not enough. Further, it must be demonstrated that computers and telephones available at the Diocesan Office are insufficient to enable the employee to properly perform his or her job.
 - (2) Condition of employment. Use of the equipment must be required as a "condition of employment." It is not necessary that the Diocese specifically requires use of the equipment. On the other hand, it is not enough that the Diocese merely states that the use of the equipment is a condition of employment.
5. Tax reporting. The Diocese will not include in an employee's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this policy, and the employee should not report the amount of any such reimbursement as income on Form 1040.
 6. Retention of records. All receipts and other documentary evidence used by an employee to substantiate business and professional expenses reimbursed under this policy will be retained by the Diocese.
 7. Employees. For purposes of this policy, the term "employee" shall include the following persons:

C. Franklin Brookhart, Jr., J. Christopher Roberts, David Campbell, Barbara Hagen, Julie Sisler and Roger Stone.

Housing Resolution. Although the amount to be paid to the Rev. James Christopher Roberts as a parsonage allowance was designated in his Employment Agreement with the Diocese, upon motion duly made and seconded, the following housing resolution was unanimously approved:

The Diocesan Council on April 30, 2011, after discussing the amount to be paid to the Rev. James Christopher Roberts, as a parsonage allowance, on motion duly made and seconded, adopted the following resolution:

Whereas, the Rev. James Christopher Roberts is employed as a minister of The Episcopal Diocese of Montana, which does not provide a residence for him, the Council resolves that of the total compensation of \$32,000.00 to be paid to the Rev. James Christopher Roberts in 2011, that \$10,000.00 be designated as a parsonage allowance within the meaning of that term as used in Section 107 of the Internal Revenue Code of 1986.

Vehicle for Bishop Brookhart. Bishop Brookhart stated the vehicle purchased last year for his use (Pontiac Torrent) turned out to be a lemon, therefore, a more reliable vehicle (Dodge Nitro) has been purchased for the Bishop's use.

2010 Diocesan Audit. Barb Hagen announced the 2010 Diocesan Audit has been completed by the accounting firm of Galusha, Higgins and Galusha. Copies of the final Diocesan Audit Report have been distributed to all Council members. Upon motion duly made and seconded, members of Diocesan Council acknowledged receipt and acceptance of the 2010 Diocesan Audit.

Faber Fund Grant/Loan Application. Upon motion duly made and seconded, Council members approved a Faber Fund Application submitted by Emmanuel Episcopal Church in Miles City. Emmanuel Church requests a grant of \$9,980.00 to have a new energy efficient furnace installed in the Church.

Social Outreach Committee. Bishop Brookhart announced the formation of a new Diocesan committee: The Social Outreach Committee. The Social Outreach Committee, co-chaired by Donna Gleaves and Martha Winford, will work to raise awareness of the issues of society, provide educational resources, and work with Diocesan staff to provide anti-racism training. Upon motion duly made and seconded, Council unanimously approve The Social Outreach Committee.

Notes from Bishop Brookhart. Bishop Brookhart announced The Rev. Karen King will be ordained as priest in Miles City on May 1, 2011. Karen will serve the congregations of Emmanuel in Miles City, and Ascension in Forsyth.

Bishop Brookhart reported the National Episcopal Church has committed itself to help rebuild the Diocese of Haiti, the largest Episcopal Diocese in the world. The goal of the campaign is ten-million dollars.

Bishop Brookhart reminded Council members he will lead a pilgrimage, limited to 30 people, to the Holy Land November 4-13, 2011, entitled "Walking in the Footsteps of Jesus."

Next Diocesan Council Meeting. Council's next meeting will be Saturday, July 16, 2011 from 10:00 a.m. to 3:00 p.m. at St. Peter's Cathedral in Helena. The agenda for the July meeting will include a review of the proposed 2012 Diocesan Budget, and a report by RBC Wealth Management with respect to the investments of the Diocese of

Montana Foundation. Clark Sherman stated he will be on vacation and unable to attend the July meeting.

Adjournment. There being no further business to come before Council, on motion duly made and seconded, the conference call was adjourned at 11:15 a.m.

Respectfully submitted,
Gayle Gallik Archey, Diocesan Secretary.