

2021 PROPOSED BUDGET NARRATIVE

INCOME

Page 3, Line 1a: Assessments

Assessment income is the amount levied by the Convention (as authorized by Article XII of the Constitution of the Diocese) on each congregation in the Diocese of Hawai'i to support the programs and expenses of the Diocese. The projected income shown in this budget is based on a 2021 assessment rate of 18% of each congregation's operating income, as shown on the 2019 parochial report, page 3, line B. 2022 and 2023 will see a significant drop due to the projected reduced operating income for years 2020 and 2021.

Page 3, Line 1b: COVID-19 Assessment Waiver

This is a 2-month waiver of assessment payments to the Diocese to help congregations with loss of income due to the COVID-19 pandemic. No waivers are projected for 2022 and 2023.

Page 3, Line 1c: Investment Income

All projected investment income is net of investment fees, both managerial and custodial.

Endowment Funds: To estimate income from investments for 2021, the Diocese budgets and will draw 5% of each restricted and unrestricted endowment fund's average market value over the prior twelve quarters.

Endowment funds with 2021 distributions budgeted at 5% are:

- Portfolio (restricted) – Income from this fund is primarily from the Episcopate Endowment Fund, and distributions are limited to the expenses related to the “Episcopate” (the Bishop.)
- Portfolio (unrestricted); increase due to new endowment funds
- Von Holt Fund (unrestricted)
- Helen Hagemeyer Fund (restricted) – Income from this fund is restricted by the donor for support of mission churches.
- Ing Fund (unrestricted)

Trust Funds: There are four non-endowment funds of which the Diocese is the beneficiary of investment income but has no investment management oversight. The 2021 distribution from these funds is budgeted at 5%:

- Catton Fund – Income is restricted by the donor for retired church workers.
- Parke Trust Fund (Unrestricted)
- Prisanlee Fund (Unrestricted)
- Valvon Fund (Unrestricted)
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MacCray Fund (Council Restricted) – Youth Missioner: These funds are drawn from the endowment fund to pay for the compensation and benefits of the Youth Missioner part time position and partially cover the Youth Ministry Program expenses

Page 3, Line 1d: Rental Income - Cluett Apartments

Rental income comes from the five-six units in the Diocesan-owned Cluett Apartments on the mauka side of Queen Emma Square next to St. Peter's Church. Management and tenant oversight of the Cluett Apartments is currently outsourced. Five or six units are rented to tenants (one unit may be provided to the Chaplain of St. Andrew's Schools in lieu of a housing allowance). Due to the COVID-19 caused loss of income, the Cluett Apartments will NOT be torn down in 2020, and will remain status quo until the economy stabilizes

Page 3, Line 1e: Parking

Parking income is from the rental of Diocesan parking spaces on Queen Emma Square which are rented to St. Andrew's Schools and four-seven individuals.

Page 3, Line 1f: Restricted donation- Waiolaihui'ia

This represents a restricted donation received for Waiolaihui'ia. (The Diocesan Local Ordination Formation Program).

Page 3, Line 1g: Interest

This represents the interest earned on Diocesan cash accounts and Certificates of Deposits (CDs). This number is decreased in 2021-2023 because the Diocese will not be renewing the CDs to help with cash flow.

Page 3, Line 1h: Miscellaneous

Miscellaneous gifts and other income are included in this line item. This number is a guesstimate based on previous years actual. There are no steady, consistent numbers for this line item.

Page 3, Line 1i: Reserves from prior years

The amount budgeted in 2020 is used to balance the budget.

EXPENSES

Page 5, Line 2a: Native Hawaiian Ministry Committee

This line item is usually used for travel for individuals to attend meetings of the Anglican Indigenous Network (AIN) and other local- and church-wide indigenous ministry events. Since no travel is budgeted for 2021-2023, these numbers have been reduced. This Committee maintains close contact with other indigenous peoples and their faith communities throughout the Worldwide Anglican Communion. The every 2-year meeting was held in Hawai'i in 2019.

Page 5, Line 2b: Tongan Ministry

This line item is used to pay for a Tongan-speaking priest for the Tongan congregation at St. Elizabeth's.

Page 5, Line 3a: Agreed Upon Procedures (“Audit” Expenses)– Missions

The Diocese includes in its budget the funds to pay for annual agreed upon procedures “audits” for missions. This is a national canonical requirement, coming from an action of the General Convention of the Episcopal Church. (Parishes also are canonically required to have an annual audit, but at their own expense.) Agreed upon procedures is work agreed upon between the Diocese and the auditor to review control procedures over financial and other transactions. Due to the high cost of this service and the reduced income, this line item was reduced to zero in 2019 and for 2020. The Commission on Finance and Administration is working on a more economical method.

Page 5, Line 3b: Calvary

The purpose of this financial support is to assist in re-establishing Calvary as a viable Episcopal Church in Kaneohe (see www.calvarykaneohe.org). Their vicar since 2018 is 3/4-time, and their 2018 Average Sunday Attendance (ASA) was 42. The ASA for 2019 was 31. No increases are projected for 2022-2023.

Page 5, Line 3c: Grace, Moloka'i

This line item supports the ministry of Grace Church on Moloka'i. The Council has determined that this is an essential ministry of the Diocese of Hawai'i. Council encourages other churches in the Diocese to greater engagement with Grace Church, including urging support of their thrift shop and consciously visiting the congregation when possible. (www.gracechurchmolokai.com). No increases are projected for 2022-2023.

Page 5, Line 3d: St. Jude's, Ocean View

St. Jude's is self-supporting, and no longer needs assistance, so the budget for this line item has been removed.

Page 5, Line 3e: West O'ahu

This budget allocation supports the planting of a viable Episcopal congregation in the area of west O'ahu (part of the Ahupua'a of Hono'uliuli) in the area between Iroquois Point and Ko Olina that includes Kapolei, Makakilo and Ewa Villages. The Episcopal Church in Hawai'i owns land near Kapolei Elementary School. The projected increases for 2022-2023 reflect a 2% estimated cost of living increase.

Page 5, Line 4a: Camp Mokulē'ia

Camp Mokulē'ia operates as a subsidiary of the Diocese. Historically, programs include summer camps consisting of a high school program, a middle school program, and a shorter elementary school (entering grades 4-6) program. In addition, there have recently been new initiatives: (1) Camps on neighbor islands and sites on Oahu outside of the Camp, and (2) youth events. As can be expected, the COVID-19 pandemic has had a negative financial and programmatic impact on the Camp. The 2021 budget includes an allocation of \$70,000 for the ongoing maintenance and programs of the Camp looking to recovery and rebuilding. The funds provide support for the mission of the Diocese as a whole through our Camp. (See <https://www.campmokuleia.org>). At this time, there are no projected increases for 2021-2023.

Page 5, Line 4b: Christian Formation

Christian formation is most effectively done on the congregational level, but this line item helps to support those efforts by funding Diocesan membership fees for programs such as Education for Ministry (EfM) and Godly Play. Training for clergy and lay leaders is funded elsewhere in this budget (6a and 6b)

Page 5, Line 4c: Diversity Training

This funding is to assist in diversity training, communication, and resource development for congregations and individuals. The training was mandated by resolution of the General Convention. Based on the promises in our Baptismal Covenant to "seek and serve Christ in all persons, loving [our] neighbors as [ourselves]" and to "respect the dignity of every human being," we must seek to create dialogue on racism; to facilitate respect for diversity; and to promote healing, reconciliation, and transformation in our members and institutions. The Diocese continues to seek a contextually appropriate and volunteer-friendly means for such training on a broad level. The line item would cover transportation, and other meeting costs.

Page 5, Line 4d: EYE Travel Fund

Every three years, there is a nation-wide Episcopal Youth Event. The last one was July 10-14, 2017 on the campus of the University of Central Oklahoma in Edmond. The 2020 event was rescheduled for summer 2021. It is the Diocese's policy to fund one-third of the cost, while expecting congregations and individuals to support the balance. This amount will go into the reserve fund for the next EYE just as the Diocese reserves funds each year for General Convention. Because the 2020 event was rescheduled, no funds were reserved for 2020 and none are budgeted for 2021. 2022 and 2023 projected numbers are higher to make up for the zero budgets of 2020 and 2021.

Page 5, Line 4e: Planned Giving

This funding is to help congregations encourage members and friends to remember the Church in their wills or estate plans. The Diocese offers a program of education for congregations' leaders and direct support for congregations, and works with the Episcopal Church Foundation (ECF) on marketing, training, and gift planning. This line item also funds Ho'ike Ulu Legacy Society events that honor good stewards who have remembered their congregations, the Diocese, or another ministry in their wills or estate plans. Due to reduced income, this line item was reduced in 2020 and only moderate increases for 2021-2023.

Page 5, Line 4f: Safe Church Trainings

This line item funds training required by General Convention resolutions and by Diocesan policy for educating church leaders and volunteers about sexual misconduct and to promote a Safe Church environment. In 2017, the Diocese moved to individual online training. The online training is less costly than hiring local trainers. At the 2019 Annual Meeting, the budget was amended to increase the funding to allow for in-person training for those for whom online training is difficult. Due to reduction in income, and a need for Standing Committee to develop an in-person policy, Council decided to return the budget to online training in 2020 and leave it as online for 2021-2023. (See <https://www.episcopalhawaii.org/safe-church-trainings.html>)

Page 5, Line 4g: St. Andrew's Schools: Chaplain Support

Because St. Andrew's School is on land owned by the Episcopal Church in Hawai'i, it is essential that a qualified Episcopal Chaplain be in place to liaison with the Diocese and the Cathedral. To ensure the Chaplain is compensated at the same rate as those serving at congregations, the Diocesan Council has decided to help St. Andrew's Schools with the Chaplain's compensation package. The 2020 budget was reduced because there was no Chaplain during the first half of the year. For the second half of the year, the Chaplain serves one-third time at the Cathedral of St. Andrew as Vicar, one-third time at St. Andrew's Schools as Chaplain, and one-third time as liaison to the Episcopal institutions on Queen Emma Square to enhance the communication between and engage the ministry opportunities among the Schools, the Cathedral, St. Paul's Church, and St. Peter's Church. The budgets for 2021-2023 reflect the one-third split for compensation as the liaison to the Episcopal institutions on Queen Emma Square.

Page 5, Line 4h: Diocesan Youth Missioner

The Rev. Jar Pasalo was hired in 2020 using funds from the Rev. George W. MacCray Fund that is designated by Council for youth and young adult ministries. This is a part-time position whose primary purpose is to support congregations in their individual ongoing Youth (7th to 18th grade) and college campus programs, and to help create a network of youth and youth workers and a feeling of community within the Diocese in cooperation with the Diocesan Youth Ministry Design Team. In 2021-2023, this position is projected to continue to be funded by the Rev. George W. MacCray Fund and not any other income. This salary, as with Diocesan Support Center salaries, is being frozen at the 2020 level. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 5, Line 4i: Diocesan Youth Ministry-Program

This fund provides basic financial support for Diocesan Youth programs and activities in 2021. For example, two regional events (on two different islands -- \$1,500), some type of Youth retreat (\$5,000), and some Youth leader/worker training (\$500). Money for program expenses for youth ministries are partially funded by the Rev. George W. MacCray Fund.

Page 5, Line 4j: Presiding Bishop Visit (2019)

The Presiding Bishop visited Hawai'i March 22-24, 2019. These funds were used to pay for the various events that were planned for his visit and our 50th anniversary as a Diocese.

Page 6, Line 5a: A Cup of Cold Water

A Cup of Cold Water (ACCW) is a community-based Care-Van outreach program on the island of Maui, formed by a group of committed Episcopalians from all Maui congregations. Like Camp Mokulē'ia and St. Andrew's Schools, ACCW is a subsidiary of the Episcopal Church in Hawai'i. The program uses the care-van to deliver essential food, hygiene and clothing items throughout the island. With a strong volunteer base from the Episcopal Churches on Maui, the program is growing and now includes other churches and other religious communities. (See www.episcopalhawaii.org/a-cup-of-cold-water.html)

Page 6, Line 5b: Ecumenical/Interfaith Relations

This line item supports efforts to build relationships with other faiths through shared communication and participation in the areas of faith-based, spiritual, and social issues aligned with the mission of our Diocese. Institutional membership in The Interfaith Alliance Hawai'i (TIAH) and representation on the Board of Hawai'i Council of Churches Fund (HCCF) are part of this support. The budget also includes funds for Pacific Health Ministries and the Samaritan Counseling Center.

Page 6, Line 5c: Prison Chaplaincy

This line item is to pay for a part-time chaplain for a prison ministry in the State of Hawai'i. This salary, as with Diocesan Support Center salaries, is being frozen at the 2020 level. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 6, Line 5d: Prison Ministry

This line item provides funds related to prison ministry expenses such as public storage and supplies needed for Makahiki, Baibala, and Bacpac programs, which seek to facilitate a fruitful reentry to society of the pa'ahao (prisoners) in Hawai'i's prisons. Diocesan Council views this as an important living out of the gospel, "...I was in prison and you visited me." (NRSV, Matthew 25: 36) 2021 budget is slightly higher to reflect the growing needs of this ministry. 2022 and 2023 is projected to stabilize with hopes of securing funding from other sources.

Page 6, Line 6a: Lay Leadership Development

This is for training and/or conferences for church administrative staff and other types of lay leadership such as wardens, vestry members, bishop's committee members, and treasurers. Most, if not all, of this training is conducted by Diocesan Support Center staff and other local presenters. 2020's budget was reduced due to the air travel restrictions during the pandemic. 2021 through 2023 levels are projected to return to pre-pandemic levels with the return of inter-island air travel.

Page 6, Line 6b: Clergy Leadership Development

This line item funds the expenses, mostly airfare, for Clergy Education Days and provides a substantial subsidy for the annual clergy retreat. Most, if not all, of this training is conducted by someone from the mainland which means airfare, hotel, and grand transportation needs to be covered in addition to their speaking fees or honorarium. It also includes funding for annual membership dues in the Association of Episcopal Deacons (AED) plus attendance by a Deacon from the Diocese at an AED conference. This line item also can cover the airfare for clergy spouses to attend planned Clergy Spouse events, if any. 2020's budget was reduced due to the air travel restrictions during the pandemic. 2021 through 2023 levels are projected to return to pre-pandemic levels with the return of air travel.

Page 6, Line 6c: Curacy Support

This account continues to fund the opportunity for newly graduated seminarians from the Diocese to return to Hawai'i after ordination. The intent is to make it possible for newly ordained seminary graduates from Hawai'i to serve at least two years under the mentorship of an experienced priest. There is currently one curate serving in the Episcopal Church in Europe. That curacy ends in the fall of 2020. There are no curacies from 2021 through 2023. The Diocese supports the curate's compensation package by paying \$60,000 per year per curate to the church at which the curate is serving.

Page 6, Line 6d: Commission on Ministry (COM)

This line item includes expenses such as:

- Psychological testing and background checks for those in the ordination process (both of which are required by church canon) and background checks for candidates for positions as priests in mission congregations.
- Any costs associated with the training and licensing of laypersons to the licensed ministries spelled out in Title III of the Canons of The Episcopal Church.
- The cost of various books, periodicals, and other resources intended to promote leadership or ministry development and discernment throughout the Diocese.

The reduction in the amount reflects an estimation consistent with actual expenses of past years.

Page 6, Line 6e: Waiolaihui'ia, The Diocesan Local Ordination Formation Program

Waiolaihui'ia is Hawai'i's program for those being formed for ordination to the priesthood or vocational diaconate. 2021-2023 is projected to be funded by a donor-restricted reserve fund. This program is intended to provide training and formation for mature persons, established in the local life of Hawai'i, for whom the disruption and cost of mainland seminary is not feasible. These individuals have the flexibility and stability to serve a congregation. Graduates of Waiolaihui'ia are expected to meet all canonical requirements for ordination. There is a one-year preparatory program followed by the three-year Waiolaihui'ia. There are currently 4 students in the 2020-2021 academic year and none in the preparatory program.

Page 6, Line 6f: Waiolaihui'ia Academic Dean

This represents the compensation and benefits paid to the Academic Dean who oversees the Waiolaihui'ia formation program. This salary, as with Diocesan Support Center salaries, is being frozen at the 2020 level. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 6, Line 7a: Bishop's Emergency Grants

Diocesan Council Grants have been rolled into this line item for 2021. These monies are used to help fund congregations with unplanned/unforeseen expenses such as retaining walls, sewer systems, plumbing, electrical, etc. and ministries that support the vision and goals of the Episcopal Church in Hawai'i. These grants are approved by Diocesan Council on the recommendation of the Bishop.

Page 7, Line 8a: Bishop

This line item includes the compensation and benefits (such as health insurance and pension) for the Diocesan Bishop. 2021 compensation will remain the same as 2020. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 7, Line 8b: Bishop's General Convention Travel Fund

This line item provides the annual allocation to a reserve fund to be held over three years to support the travel and meeting costs for the Bishop and his spouse to attend the triennial General Convention of the Episcopal Church. There is currently enough in reserves for the 2021 General Convention, so the 2020 budgeted amount was reduced to zero. The 2021 amount is at zero due to reduced income. Amounts in 2022 and 2023 are projected slightly higher to help make up for the zero amount in 2021 and anticipated higher costs.

Page 7, Line 8c: Hospitality

This supports the Bishop's ministry of hospitality. As part of his episcopal responsibilities, he exhibits Hawai'i's aloha spirit and hosts individuals and groups, reciprocates hospitality, and develops partnerships. This also includes funding for the Bishop to support the fundraising activities of the entities on whose board of directors he serves by virtue of the office (St. Andrew's Schools, 'Iolani School, Seabury Hall, and Camp Mokulē'ia). The 2021 budgeted amount includes a cost reduction of approximately \$3,300/year due to the cancellation of the Bishop's membership to the Pacific Club.

Page 7, Line 8d: Keyman insurance

This line item pays for the insurance premium for the Bishop's life insurance benefitting the Diocese in the event of the Bishop's death.

Page 7, Line 8e: Travel and Continuing Education

This covers the Bishop's and spouse's travel expenses (transportation, meals, lodging, etc.) for church visitations, meetings, conferences, etc.). It also covers the Bishop's continuing education. The amount has been lowered in expectation that in-person neighbor island meetings will be replaced by virtual meetings.

Page 7, Line 8f: Lambeth Conference Travel Fund

This line item funds a reserve to pay for the Bishop's and spouse's attendance at future Lambeth conferences. The amount in the reserve account (Lambeth Conference Travel Fund) as of March 2020 was approximately \$12,478+\$25,900 in prepaid expenses. The prepaid expenses are non-refundable payments made such as airfare which can be used once a new date has been set. The Lambeth Conference scheduled for the summer of 2020 was rescheduled for 2022. (see <https://www.lambethconference.org/announcements/rescheduling-the-lambeth-conference-to-2022/>)

Since there is enough in reserves right now, the 2020 budget was reduced to zero and the 2021 amount is also zero. Funding is projected to resume in 2022.

Page 7, Line 8g: Future Bishops' Transition Fund (formerly known as Election Process Fund) This line item funds a reserve to cover the costs of transitions of future bishops. The amount in the reserve account (Election Process Fund) as of Mar 2020 was approximately \$200,331. This amount is good right now, so the 2020 amount was reduced to zero and the 2021 amount is also zero. Funding is projected to resume in 2022.

Page 7, Line 9a: Executive Assistant to the Bishop

In 2019, this line item was moved from the Episcopate section into the Diocesan Support Center Staff section. This line item includes the compensation and benefits (health insurance, pension, etc.) for the Bishop's Executive Assistant. The Executive Assistant provides administrative support to the Bishop and the Diocese. 2021 compensation will remain the same as 2020. Modest estimated cost of living increases are projected for 2022 & 2023. The reduction in 2020 onward reflects a change in health insurance coverage from a 2-person plan to an individual plan.

Page 7, Line 9b: Accountant

This line item represents the compensation and benefits (health insurance, pension, etc.) for the Diocesan accountant. The accountant performs general accounting duties, maintains computer records of financial transactions, keeps track of accounts, and verifies the accuracy of procedures used for recording financial transactions. This position was previously designated as "Bookkeeper," but with increased responsibilities for oversight of the accounts and increased duties, it was changed to "Accountant" in 2020. 2021 compensation will remain the same as 2020. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 7, Line 9c: Business Manager

This line represents the compensation and benefits (health insurance, pension, etc.) for the Business Manager. This position is responsible for contracts, leases, licenses, some insurance and property tasks, and assisting the treasurer on business-related tasks. This position also coordinates Education Day and Annual Meeting. 2021 compensation will remain the same as 2020. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 7, Line 9d: Canon for Congregational Life and Leadership

This line represents the compensation and benefits (such as health insurance and pension) for the Canon for Congregational Life and Leadership. This staff position focuses on working with regions and congregations to equip leaders (lay and ordained) to engage in God's mission in these islands. Particular focus is given to congregational development, stewardship and formation (especially as it strengthens lay and clergy leaders and advances the mission of the Church to make disciples.) This staff person will also encourage and help equip congregations to establish alternative Christian communities and reach new populations. 2021 compensation will remain the same as 2020. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 7, Line 9e: Office Support (Part-time)

2021 compensation will remain the same as 2020. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 7, Line 9f: Strategic Planning Manager (Part-time)

This position ended in March of 2019.

Page 7, Line 9g: Treasurer and Planned Giving Officer

This line represents the compensation and benefits (health insurance, pension, etc.) for the Treasurer, who oversees investments, finances, accounting, real estate, insurance, and taxes. In addition to duties as the Treasurer, the person currently filling the position also coordinates the planned giving program of the Diocese. 2021 compensation will remain the same as 2020. Modest estimated cost of living increases are projected for 2022 & 2023.

Page 7, Line 10a: Archives

This line item covers the cost to maintain the archives for the Diocese of Hawai'i, including archival supplies, pest management, reproduction of images from other institutions, exhibits, and attendance by our volunteer Diocesan Historiographer at a professional development conference. The current archives location is too small. Because of that, supplies cannot be purchased because there is nowhere to store them.

Page 7, Line 10b: Audit Expenses – Diocese

This line item covers the cost of contracting with a certified public accounting firm to conduct an audit of the Diocesan financial records and to prepare a report as annually required by the Canons of the Episcopal Church.

Page 7, Line 10c: Chancellor's Expenses

This line item allows the Chancellor to participate in the Western Chancellors' Conference, and provides access to a computer research service and certain publications in support of the legal assistance that the Chancellor gives to the Diocese and its congregations and institutions.

Page 7, Line 10d: Church Internet/Website support

This line item provides for assistance with the costs of maintaining the websites for Churches.

Page 7, Line 10e: Contract Communications Coordinator

This covers the contract for the Editor of the e-News/e-Chronicle and Webmaster of the Diocesan website. 2021 compensation will remain the same as 2020. Increased amounts in 2022 and 2023 is to start to bring this contractor's fees in line with market rates. NOTE: This amount does not cover contractor's work for individual churches.

Page 7, Line 10f: Diocesan Annual Meeting of the Convention

This line item covers unreimbursed costs of holding the Annual Meeting of Diocesan Convention, including venue costs, supplies, materials, and postage. This cost is net of registration fees/meals.

Page 7, Line 10g: Directors & Officers Insurance

This is used to pay the premiums for liability insurance for The Episcopal Church in Hawai'i from errors and omissions by its directors, officers and volunteers. The insurance premium is based on claims experiences and market conditions.

Page 7, Line 10h: General Convention Deputy Support Fund

This line item provides the annual allocation to a reserve fund to be held over three years to support the eight deputies (four clergy and four lay), the first alternate for clergy, and first alternate for lay from our Diocese who attend the triennial General Convention of the Episcopal Church. The next one is scheduled for July 2021 in Baltimore, Maryland. The 2020 budget was suspended due to income drop, so 2021 is budgeted double to make up for zero in 2020.

Page 7, Line 10i: Legal and Related Expenses

This represents legal, ethical, Disciplinary Board, and related costs incurred by the Diocese. Unexpended legal expenses up to \$5,000 per year will be set aside as a reserve to cover potential future legal expenses.

Page 7, Line 10j: Meeting Costs: Other

This line item provides funds for incidental and travel costs for meetings that arise outside of regularly scheduled meetings. In 2020 this funding was moved to other line items.

Page 7, Line 10k: Strategic Initiatives

The continued work by Design Teams II is covered in other parts of the budget.

Page 7, Line 10l: Office Expenses

This line item includes telephone, copying costs, equipment maintenance, subscriptions, postage, equipment purchase, supplies, etc. The reduced amount includes savings from termination of the postage machine lease (\$900/yr.), reduced cost for copy paper (\$200/yr.), new copier lease (\$1200/yr.), termination of duplicate Employee Assistance Program (\$400/yr.), and termination of an unused analog phone line (\$800/yr.).

Page 7, Line 10m: Property - Cluett

The Diocese owns the Cluett apartments located on Queen Emma Square. Management of the apartments is contracted out to a property manager. This account covers the cost of water, repairs of the apartments, property and liability insurance, property management fees, general excise tax, etc.. The budgeted amount reflects estimates based on previous years' actual costs.

Page 7, Line 10n: Property - Diocese

This account covers expenses related to Queen Emma Square, such as general liability and umbrella insurance and the cost of maintenance of the trees on the Diocesan parking lot.

Page 7, Line 10o: Property Taxes – Cluett Apartments and Parking Lot

This line item pays the property taxes on the parking lot and the Cluett apartments rented for income by the Diocese.

Page 7, Line 10p: Province VIII Quota

This line item funds the voluntary assessment the Diocese pays to the Province. Hawai'i is part of Province VIII of the Episcopal Church, and this is the amount the Diocese pays to help with Provincial programs and administration. The Executive Committee of Province VIII, in accordance with Ordinance IX, Section 6 of the Ordinances of the Province, determined that the asking/assessment rate to support the activities of the Province for the 2019/2021 triennium will be 0.35% of net disposable income. This line item reflects that amount.

Page 7, Line 10q: Staff Continuing Education

This line item covers the cost of continuing education for the Diocesan Support Center staff. The budgeted amount for 2020 was reduced to account for the travel bans during the pandemic. Due to reduced income, the Diocesan Support Center staff will be significantly reducing overseas travel for continuing education. Online and virtual education will continue to be supported.

Page 7, Line 10r: Temporary Staffing

No temporary staffing needs are anticipated.

Page 7, Line 10s: Storage

This budget item covers the cost of storing records in a secure, off-site location due to space limitations in current office quarters. Reduced budget amount is due to a change in location from Lock-Up Self Storage to Public Self Storage.

Page 7, Line 10t: Technology Support

Included in this line item is the contract for outsourced IT support, software, computer upgrades and the purchase of needed technology. Reduced amount includes savings from reduced costs for Microsoft licenses (\$400/yr.) and change from ACS database to Tithe.ly (\$3,000/yr.).

Page 7, Line 10u: The Episcopal Church Quota (Assessment)

This funds the assessment the Diocese pays to The Episcopal Church nationally to contribute toward its work and ministry. The 2021 assessment is 15% of the 2019 Diocesan income, which includes parochial giving, unrestricted operating investment income, and restricted investment income used to pay operating expenses, minus a \$140,000 exemption. Prior to 2019, the exemption amount was \$150,000. The exemption amount of \$140,000 will be in effect 2019- 2021. The Diocese of Hawai'i always pays the full ask amount of the General Convention.

Page 8, Line 11a: Memorial Building Capital Fund

This line item funds the Diocesan Capital Reserve to share costs of capital improvements of the Memorial Building (for example, the roof), where the Diocesan Support Center is housed. The 2020 amount was eliminated due to pandemic related reduction in income. The 2021 amount is lower due to reduced income. In 2022 it is anticipated that the amount can incrementally increase so that by 2023 the amount can go back to what it was pre-COVID-19.

Page 8, Line 11b: Diocesan Office Cleaning Expense

This budget item covers the cost for cleaning of the Diocesan Support Center. The office reduced the cleaning schedule from 4 days per week to 2 days per week saving approximately \$1,500/yr.

Page 8, Line 11c: Security Shared with the Queen Emma Square

This is the Diocese's portion of the cost of maintaining security for Queen Emma Square. The other Episcopal entities on the Square also share in the cost of these services. The increase to the 2020 budget was to help cover 24/7 guards during the Governor's stay-at-home orders. All the Square constituents are meeting weekly to discuss this issue and how best to fairly share and/or reduce this cost.

Page 8, Line 11d: Shared Cathedral Expenses

The Diocese pays a portion of the Cathedral's maintenance budget because of the presence of the Diocesan Support Center on the second floor of the Memorial Building. This is a non-assessable building use expense reimbursement.

Page 8, Line 12a: Governance Groups Travel

This line covers the cost of travel for meetings of the governance groups of the Diocese, including Standing Committee, Diocesan Council, Compensation Review Committee, Commission on Ministry, and for clergy and warden meetings with the Bishop. This line item has been significantly reduced due to in-person meetings being replaced by Zoom meetings.

Page 8, 12b: Staff Travel

This line item supports the ministries of members of the Diocesan Support Center by funding travel for meetings, consultations, conferences, and church-related programs. This line item is being reduced as off-island conferences and meetings are being suspended and online/virtual conferences and meetings are being encouraged.

Page 8, Line 13a: Kapolei land

This budget line pays the property taxes and other expenses to maintain property in Kapolei for future construction of a church in this growing area of O'ahu. Until a church facility is built on the site, the Diocese must pay property taxes.

Page 8, Line 13b: Medigap Program

This line item provides a subsidy to eligible qualified retired clergy (and their spouses) and qualified lay employees to cover a portion of their Medigap insurance costs. The guidelines for eligibility are currently based on employment status in a compensated position and years of service in the Diocese (at least 10 years before the date of retirement or 20 years in the Diocese even if retiring while serving in another Diocese). This benefit will be reviewed by Diocesan Council in 2020.