

THE WIDOWS CORPORATION

Founded 1769



Participant Manual and Annual Report 2014

The Corporation for the Relief of the Widows and Children of Clergymen
in the Communion of the Protestant Episcopal Church
in the Commonwealth of Pennsylvania



President

The Bishop of Pennsylvania (ex officio)

The Right Reverend Clifton Daniel 3rd, Bishop of Pennsylvania, (2013)

Vice-President

James L. Pope (1992)

Other Members of the Corporation

In order of seniority

The Right Reverend Allen L. Bartlett, Jr. (1986)

Paul Spencer Adkins (1993)

Donald H. Roberts, Jr. (1993)

Robert A. Lukens, Esquire (1995)

Helen R. Bosley, CFA (1998)

Roderic H. Ross, CLU, CHFC (1999)

The Reverend Judith L.T. Beck (2002)

The Reverend Rodger C. Broadley (2002)

The Reverend Donald T. Graff (2002)

David P. Hegg, FSA (2002)

James B. Warden (2003)

Nolan N. Atkinson, Jr., Esquire (2004)

Shirley R. Gracie (2004)

The Right Reverend Sean Walter Rowe, *The Bishop of Northwestern Pennsylvania* (2007)

and the Bishop of Bethlehem (2014)

The Reverend E. Clifford Cutler (2007)

Gordon B. Fowler, Jr., CFA (2007)

Susan P. Mucciarone (2007)

Benjamin R. Neilson, Esquire (2007)

Louisa C. Ridgway (2007)

Kathleen A. Stephenson, Esquire (2007)

Andrew B. Williams, CFA (2007)

The Right Reverend Edward L. Lee, Jr. (2012)

The Reverend Thomas L. McClellan (2012)

Mary Campbell, CPA (2012)

Theresa Rollins, Ph.D., CPA (2012)

The Right Reverend Dorsey McConnell, *The Bishop of Pittsburgh* (2012)

The Right Reverend Robert R. Gepert, *The Bishop of Central Pennsylvania* (2014)

The Reverend Richard C. Alton (2014)

The Reverend Dr. Theodore C. Babcock (2014)

Dana B. Hall (2014)

Dear Friends,

The loss of our friend and colleague, Treasurer Rudy Moore, made the past year a trying one in many ways. Rudy was our Treasurer for precisely eighteen years, and over that time more than half of our present community of clergy were enrolled in our programs, largely through Rudy's efforts. His work to increase ways in which the Corporation could be of service to the families of both living and deceased clergy never flagged, and well over \$7 million was distributed in Family and Wellness Fund Grants during his tenure in office. Rudy's passing to that place of "refreshment, light and peace" leaves us all the poorer in this world.

The work of the Corporation goes on, of course, and a little farther along in this Participant Manual and Annual Report 2014 you will "meet" our new Chaplain, the Reverend Sherry A. Deets, who is taking up the work that brought Rudy so close to all of our clergy families. Sherry is now responsible for enrollment of new clergy, increases of insurance coverage to enrolled clergy, and administration of the Wellness and Family Grant programs. I invite and encourage you to reach out to welcome Sherry to her new ministry with us, and of course to be in contact with her for assistance in any of the areas of her work.

As Treasurer, it is my responsibility to manage the business activities of the Corporation and it is my pleasure to report to you that all is well and thoroughly in order in that area. On the next page you will find a summary of our financial and insurance activity for the fiscal year that



John A. Miller
*Treasurer & Executive Director
of The Widows Corporation*

ended on April 30, 2014, and you will be pleased to see that our assets, the earnings of which provide all of the funds for our operations and benefit programs, surpassed \$71.5 million at that date.

The financial details can be found in the abstract of the Audited Financial Statements beginning on Page 8, and the full Audited Financial Statements can be requested from the office at any time. And I invite you to call, write or email me at any time for any sort of information or assistance that we can provide.

Faithfully yours,


John A. Miller
Treasurer & Executive Director

THE PAST YEAR AT A GLANCE: 2013-2014

INSURANCE ACTIVITY:

	<u>Lives</u>	<u>Policies</u>	<u>Death Benefit</u>
New Lives Insured:	32	32	\$ 32,000
Additional Policies Issued:		10	584,000
Voluntary Reduction in Benefit:			- 212,369
Lives Lost:	-20	-44	- 1,494,275
Net Change:	12	-2	\$ 1,090,644
Total Insurance in Force:	1,301	1,932	\$66,156,338

FINANCIAL ACTIVITY:

Interest on Investments (net of Management Fees):	\$1,248,680
Realized Capital Gains:	4,789,428
Unrealized Capital Losses:	- 378,265
Premiums Received:	91,873
Total Receipts:	\$5,751,716

Death Claims Paid:	\$ 1,495,275
Increase in Policy Reserves:	- 171,000
Operating Expenses:	334,738
Premium Refunds:	161,263
Family Grants:	230,251
Wellness Fund Grants:	212,246
Total Expenses:	\$ 2,262,773

Reserve for Future Death Benefit:	\$42,781,000
Reserve for Other Liabilities:	470,150
Reserve for Board Designated Distributions:	381,675
Reserve for Operations:	27,898,242
Total Assets:	\$71,531,067

History



*William Smith, oil on canvas, by the American artist Gilbert Stuart.
Courtesy of the University of Pennsylvania Museum. Image courtesy of The Athenaeum.*

In the 1760's, The Reverend Dr. William Smith, Provost of what would become the University of Pennsylvania and Rector of historic Saint Peter's Church in Philadelphia returned from travels in England and began to encourage fellow clergy leaders to establish a fund to assist the widows and orphaned children of missionary clergy in the American colonies. In February of 1769, Governor John Penn of Pennsylvania granted the original charter and what is now known as The Widows Corporation was officially constituted to serve the clergy of New York, New Jersey and Pennsylvania.

After the rigors of the American Revolution, the remnant of the clergy resumed meetings under the leadership of The Reverend Dr. William White and, as a collateral benefit of these gatherings, a committee was formed to seek the establishment of what became the Episcopal Church in the United States in 1789.

In 1796 the decision was taken to separate into distinct organizations for each of the three original colonies, and The Widows Corporation of Pennsylvania was spun off with

a \$10,390 share of the treasury. While New York and New Jersey remained faithful to the original financial model of providing annuities to all the clergy widows, Pennsylvania opted to follow the model pioneered by the Presbyterian Ministers' Fund as a life insurance organization.

That business model turned out to be fortuitous, as the \$10,390 in 1796 has grown to over \$71,000,000 today, while the original companion societies maintain fund levels that are considerably lower.

This astounding growth of the underlying fund has made possible numerous programs for the benefit of clergy families even during the lifetime of the insured cleric. In 1869 the program now known as Premium Refunds was instituted and remains an important component of our support of clergy families. By 1909 when the Fund had passed the one-million dollar mark, Family Grants over and above the contracted death benefit were already well-established, and they continue today alongside Wellness Fund benefits for living clergy and their families.

Dear Friends,

Greetings! It is with great delight and a sense of excitement that I begin this new ministry as Chaplain of the Widows Corporation. I look forward to continuing in Rudy's efforts to increase ways in which the Corporation can be of service to the families of both living and deceased clergy. The Corporation is an amazing resource and I note that I have met and begun to work with a talented group of people. We would not be where we are today without the dedication, care and concern from the Members of the Corporation and the various standing committees.

A little background information about your new Chaplain: prior to ordination and serving at Church of the Trinity, Coatesville as Vicar and now Rector, I worked as a Vice President (Trust Relationship Manager) in an area bank, handling the administration of various trusts, estates, guardianships and charitable trusts. This will, I hope, translate well into my work with insurance and the administration of Wellness and Family Grant programs. I have also recently completed a Master's Degree in Spiritual Direction from Neumann University, which is indicative of my deep passion and love for seeking an awareness of God's presence in our daily lives; for God is indeed present with us.



The Reverend Sherry Deets
Chaplain

The Widows Corporation has a long and distinguished history of service to the families of clergy of our Church. I look forward to getting to know all of you and learning in what ways I can be of assistance to you and the mission of the Corporation.

God's Peace,

The Reverend Sherry Deets
Chaplain

Insurance Programs

Basic Security for the Future

The basic vehicle for enrollment with The Widows Corporation is the “Free \$1,000” policy of life insurance. This is available to every bishop, priest or deacon (transitional or vocational) of the Episcopal Church canonically resident in any of the five dioceses in Pennsylvania or to any such cleric living within Pennsylvania regardless of canonical residence. This insurance policy opens the door to every other benefit of participation in our programs of assistance; it is completely free of charge and requires only the most basic contact information. Once enrolled, the coverage and eligibility for assistance can never be lost, even by moving out of state or by ceasing to be actively engaged in ministry.

Beyond the basic enrollment policy, premium-based policies of life insurance can be purchased. These policies of up to \$100,000 based on the age at the time of purchase are issued on the basis of a fifteen-year premium payment period at rates that are highly subsidized by the earnings on the Corporation’s investments.

Once the fifteen years of payments have been received, the policy is marked “Paid Up” and no further premiums are charged. It is our very long-standing practice to begin refunding the premiums in annual installments over the next fifteen years, though this program must be approved each year at the Annual Meeting.

Regardless of the Premium Refunds, however, the insurance never ends until the death benefit is paid out to the designated beneficiaries. In this way the policies are closer to the “whole life” model of commercial insurers even though the payment plans are more similar to the “term insurance” model.

Finally, any natural person or persons may be designated as the beneficiary of these policies of insurance; organizations, however, may not be included. In the event that no beneficiary has been named and no legal heirs can be identified at the time of death, proceeds of the insurance are paid to the diocese in which the cleric was resident at the time of initial enrollment.



- Free \$1,000 policy qualifies for all subsequent benefit programs
- Applications at <http://www.thewidowscorporation.org/insurance1.html>
- Additional insurance available without medical examination:

Under age 41:	\$ 150,000	Age 41→50:	\$ 100,000
Age 51 →60:	\$ 75,000	Age 61→72:	\$ 50,000

- Applications at <http://www.thewidowscorporation.org/insurance.html>

Wellness Funds

Help for the Whole Family

During the lifetime of the enrolled clergy person, the Fund for Clergy and Clergy Family Wellness can be accessed for a variety of needs. While the most common uses of these funds are reimbursements of medical, dental and prescription drug expenses that have not been covered by medical insurance programs, they can also be requested for expenses of retreats, counseling, and other similar needs.

In order to request Wellness Fund assistance, a simple application is completed by the cleric and submitted to the diocesan bishop or designated pastoral care officer. This involvement of the bishop is primarily to enable the bishop to fulfill the obligation to see to the well-being of the local clergy.

When a Wellness Fund request is made, the bishop can see if other diocesan funds may be used to address the need and also can exercise such pastoral care as may be indicated by the situation at hand.

When the bishop has signed the application, it is submitted to the Corporation's office for payment.

Payments can be made to the cleric as reimbursement for funds already disbursed or directly to service or care providers for fees yet to be billed.



- Wellness Funds are for
 - insured clergy and their immediate families
 - medical expenses not covered by insurance
 - other costs to support the general well-being of the clergy
- Wellness Funds are routed to the Corporation through the office of the diocesan bishop
- Application forms may be obtained at <http://www.thewidowscorporation.org/funds.html>

Family Grants

“... the orphans and widows in their distress...”

When the insured clergyperson dies, the first step for the surviving family to take is to contact the office of the Corporation to report the death. A copy of the death certificate is required in order to release the death benefit to the designated beneficiaries which is normally accomplished within a week of receiving the certificate.

After that, however, the surviving spouse is eligible to apply for need-based assistance for life or until re-marriage. This assistance is administered in three ways. The primary program is grants of Supplemental Income. These grants are intended to help provide a margin of income in excess of what is needed to cover fixed expenses such as housing and medical care. While the amount of this margin differs depending on the living circumstances (for example a young widow with minor children versus an older widow in a retirement community) the process begins with a simple application submitted in March for grants that are determined in April and distributed quarterly beginning in May.

Educational Assistance grants of up to \$5,000 per year can be made to the children of deceased insured clergy through the completion of their professional level education. These are also

generally approved in April although requests can be submitted at other times as needed.

Finally, Emergency Aid can be provided to widowed spouses for any purpose at all. These are based on need and are highly individualized depending on the unique circumstances. It is important for all surviving spouses to remember that they may always inquire about the availability of assistance for any type of financial need that arises. These grants are made throughout the year as needed.



- Supplemental Income grant applications are due in March each year.
- Educational Assistance grants of up to \$5,000 are available to children of deceased clergy through completion of professional education.
- Emergency Aid can be requested at any time of the year for any purpose.
- Applications are available at <http://www.thewidowscorporation.org/other.html>



BRIGGS
BUNTING &
DOUGHERTY, LLP
CERTIFIED
PUBLIC
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Members of The Corporation for the Relief of the Widows and Children of Clergymen in the Communion of the Protestant Episcopal Church in the Commonwealth of Pennsylvania Philadelphia, Pennsylvania

We have audited the accompanying financial statements of The Corporation for the Relief of the Widows and Children of Clergymen in the Communion of the Protestant Episcopal Church in the Commonwealth of Pennsylvania, d/b/a The Widows Corporation (a nonprofit organization), which comprise the statements of financial position as of April 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Widows Corporation as of April 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Philadelphia, Pennsylvania
June 16, 2014

Briggs, Bunting & Dougherty, LLP

STATEMENTS OF FINANCIAL POSITION

April 30, 2014 and 2013

ASSETS	2014	2013
Cash	\$ 102,548	\$ 26,045
Investments	71,395,278	68,153,791
Investment income receivable	12,123	26,683
Premiums due and deferred	21,118	29,337
Total assets	<u>\$ 71,531,067</u>	<u>\$ 68,235,856</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Policy reserves for payment of future benefits	\$ 42,781,000	\$ 42,952,000
Accrued expenses	46,303	34,811
Grants payable	413,847	448,071
Total liabilities	<u>43,241,150</u>	<u>43,434,882</u>

NET ASSETS

Unrestricted		
Operating	27,898,242	24,458,799
Board designated		
Premium refunds	188,000	166,000
Grants	135,000	120,000
Anniversary reserve	56,000	44,000
Yeates trust	2,675	2,175
	<u>28,279,917</u>	<u>24,790,974</u>
Permanently restricted	10,000	10,000
Total net assets	<u>28,289,917</u>	<u>24,800,974</u>
Total liabilities and net assets	<u>\$ 71,531,067</u>	<u>\$ 68,235,856</u>

STATEMENTS OF ACTIVITIES

Years ended April 30, 2014 with comparative total for 2013

	Permanently		Totals	
	Unrestricted	Restricted	2014	2013
REVENUE				
Premiums	\$ 91,873	\$ -	\$ 91,873	\$ 138,283
Investment income	5,659,843	-	5,659,843	6,231,143
Other income	-	-	-	11,675
Total revenue	<u>5,751,716</u>	<u>-</u>	<u>5,751,716</u>	<u>6,381,101</u>
BENEFITS AND OTHER EXPENSES				
Death claims	1,495,275	-	1,495,275	780,566
Actuarially required increase (decrease) in policy reserves	(171,000)	-	(171,000)	794,000
Operating expenses	334,738	-	334,738	336,265
Premium refunds	161,263	-	161,263	151,700
Grants	442,497	-	442,497	492,284
Total benefits and other expenses	<u>2,262,773</u>	<u>-</u>	<u>2,262,773</u>	<u>2,554,815</u>
CHANGE IN NET ASSETS	3,488,943	-	3,488,943	3,826,286
NET ASSETS				
Beginning of year	24,790,974	10,000	24,800,974	20,974,688
End of year	<u>\$28,279,917</u>	<u>\$10,000</u>	<u>\$28,289,917</u>	<u>\$24,800,974</u>

STATEMENTS OF ACTIVITIES

Years ended April 30, 2013

	Unrestricted	Permanently Restricted	Total
	REVENUE		
Premiums	\$ 138,020	\$ -	\$ 138,283
Investment income	6,231,406	-	6,231,143
Other income	1,675	10,000	11,675
Total revenue	<u>6,371,101</u>	<u>10,000</u>	<u>6,381,101</u>
BENEFITS AND OTHER EXPENSES			
Death claims	780,566	-	780,566
Actuarially required increase in policy reserves	794,000	-	794,000
Operating expenses	336,265	-	336,265
Premium refunds	151,700	-	151,700
Grants	492,284	-	492,284
Total benefits and other expenses	<u>2,554,815</u>	<u>-</u>	<u>2,554,815</u>
CHANGE IN NET ASSETS	3,816,286	10,000	3,826,286
NET ASSETS			
Beginning of year	20,974,688	-	20,974,688
End of year	<u>\$24,790,974</u>	<u>\$10,000</u>	<u>\$24,800,974</u>

STATEMENTS OF CASH FLOWS
Years ended April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 3,488,943	\$ 3,826,286
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Net unrealized (gains) losses on investments	378,265	(2,823,891)
Net realized gains on investments	(4,789,428)	(2,305,563)
(Increase) decrease in		
Investment income receivable	14,560	(725)
Premiums due and deferred	8,219	918
Increase (decrease) in		
Policy reserves for payment of future benefits	(171,000)	794,000
Accrued expenses	11,492	(103,080)
Grants payable	<u>(34,224)</u>	<u>60,532</u>
Net cash used for operating activities	<u>(1,093,173)</u>	<u>(551,523)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	34,108,464	20,414,228
Purchases of investments	<u>(32,938,788)</u>	<u>(19,984,104)</u>
Net cash provided by investing activities	<u>1,169,676</u>	<u>430,124</u>
Net increase (decrease) in cash	76,503	(121,399)
CASH		
Beginning of year	<u>26,045</u>	<u>147,444</u>
End of year	<u>\$ 102,548</u>	<u>\$ 26,045</u>

The Financial Statements that follow are abstracts from the full Audited Financial Statements. The full Audited Financial Statements are available upon request from the Treasurer.

THE WIDOWS CORPORATION

Acting Committee

James L. Pope, Chair (*ex officio*)

President, Caringli Corporation

Nolan N. Atkinson, Jr., Esquire (term expires 2016)

Partner, Duane Morris. LLP

Helen R. Bosley, CFA (term expires 2018)

Principal, Corporate Financial Management, Inc.

The Reverend Rodger C. Broadley (term expires 2018)

Rector, Church of Saint Luke & The Epiphany

Gordon B. Fowler, Jr. (term expires 2016)

CEO, Glenmede Trust Company

The Reverend Donald T. Graff (term expires 2015)

Priest, Diocese of Pennsylvania

The Right Reverend Edward L. Lee, Jr. (term expires 2017)

Assisting Bishop in Pennsylvania

Louisa C. Ridgway (term expires 2015)

Retired Senior Investment Officer, Swarthmore College

Roderic H. Ross, CLU, CHFC (term expires 2017)

Retired Chairman & CEO, Keystone State Life Insurance Company



Audit Committee

Theresa Rollins, Ph.D., CPA, Chair

Paul Spencer Adkins

Mary Campbell, CPA

Donald H. Roberts, Jr.

Kathleen A. Stephenson, Esquire

James B. Warden

Secretary

Nolan N. Atkinson, Jr., Esquire

Duane Morris LLP

30 South 17th Street

Philadelphia PA 19103

Assistant Secretary

Robert A. Lukens, Esquire

8221 Ardmore Avenue

Wyndmoor, PA 19038-8401

Actuary

CPS Actuaries

Chief Examining Physician

Thomas F. Gumina, MD

Nominating Committee

The Reverend Donald T. Graff, Chair

The Reverend Dr. Theodore Babcock

The Reverend Rodger C. Broadley

The Reverend E. Clifford Cutler

Shirley R. Gracie

The Reverend Thomas L. McClellan

Roderic H. Ross, CLU, CHFC

Chaplain

The Reverend Sherry Deets

610-213-7843 or 215-557-6960

chaplain@thewidowscorporation.org

Treasurer and Executive Director

John A. Miller

Suite 303

1819 John F. Kennedy Boulevard

Philadelphia PA 19103

800 882-0221 or 215 557-6960

office@thewidowscorporation.org

Certified Public Accountants

Briggs, Bunting & Dougherty, LLP

Firm of Solicitors

Dechert LLP



THE WIDOWS CORPORATION

1819 John F. Kennedy Boulevard, Suite 303 • Philadelphia, PA 19103

☎ 215 557.6960 Fax: 215 557.8614

www.thewidowscorporation.org