

THE WIDOWS CORPORATION

Serving the Episcopal Clergy of Pennsylvania since 1769

Participant Manual and Annual Report 2015



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 (ex officio)
The Bishop of Pennsylvania
The Right Reverend Clifton Daniel 3rd
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)
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 Reverend Richard C. Alton (2014)
The Reverend Dr. Theodore C. Babcock (2014)
Dana B. Hall (2014)
SooHee Lee Lim (2015)
The Reverend Canon Scott T. Quinn (2015)
The Right Reverend Audrey Cady Scanlan, *The Bishop of Central Pennsylvania* (2015)

Dear Friends,

This letter comes a short time after the end of my first year as your Chaplain and I thank all of those who have wished me well in this work for your comments and support. It has been a busy year but one that has been full of interest and grace.

I was very happy, for instance, to be able to attend clergy conferences in Pittsburgh, Central Pennsylvania, my own Diocese of Pennsylvania, and to meet with the bishops of Northwestern Pennsylvania and Central Pennsylvania during the course of the year. These opportunities to meet you in person, to connect faces to names, and to discuss the mission and ministry of The Widows Corporation are very enriching to me and, I hope, helpful to you as well.

I was also able to speak with each of the clergy widows who receive on-going assistance in our Family Grants programs and found that experience to be an excellent opportunity to realize how much our assistance means in individual person's lives.

While meeting with our Committee on Discretionary Benefits in February we were able to perceive a need for better training and awareness of the issue of substance abuse, addiction and recovery, particularly in regard to alcohol, and I was pleased to be able to work with John Miller, our Treasurer, to make funds available to each of the five dioceses in Pennsylvania to develop programing for clergy around this important issue.

Finally I am happy to report that the network of Assisting Chaplains that we have been working to establish throughout Pennsylvania is up and running.



The Reverend Sherry Deets
Chaplain

Presently Fr. Alan Coudriet (NWPA), Canon Jay Geisler (PBG), Fr. Chris Pyles (CPA) and (temporarily) Archdeacon Rick Cluett (BTH) are assisting me with the important work of enrolling incoming clergy, identifying clergy widows who need assistance, and making the work of the Corporation known throughout their dioceses. I am extremely grateful for their support and assistance.

May God's peace be always with you all,

A handwritten signature in black ink that reads "Sherry +". The signature is fluid and cursive, with a small "+" sign at the end.

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.

Delaware River Turnpike Toll Bridge

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 thewidows corporation.org/clergy/enrollment
- Additional insurance available without medical examination, up to:

Under age 41: \$ 150,000 Age 41→50: \$ 100,000

Age 51 →60: \$ 75,000 Age 61→72: \$ 50,000

- Applications at thewidows corporation.org/clergy/additional-coverage

Wellness Funds

Help for the Whole Family

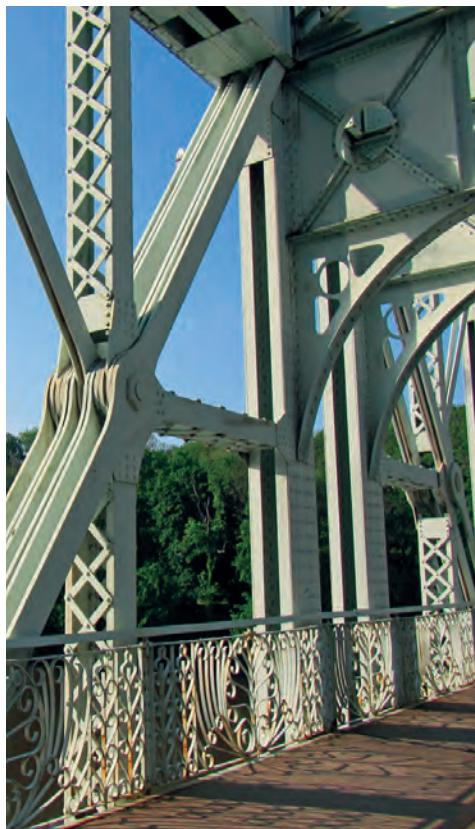
During the lifetime of the enrolled clergy person, the Fund for Clergy and Clergy Family Wellness can be accessed for a variety of needs. While the most common uses of these funds are reimbursements of medical, dental and prescription drug expenses that have not been covered by medical insurance programs,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

East Falls Bridge



- 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 thewidows corporation.org/clergy/wellness-fund-assistance

In June, the Members of the Corporation approved a new discretionary Spousal Death Benefit of \$5,000 to be paid to any insured cleric whose wife or other acknowledged life partner dies before the cleric. For more information see [www.thewidows corporation.org/clergy/spousal-death-benefit](http://thewidows corporation.org/clergy/spousal-death-benefit) or call the office at 215-557-6960.

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.



Parker Bridge Eastern Portal

- 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 thewidows corporation.org/family

Dear Friends,

It is always a pleasure to be able to report good news, and this year we can again point to several very positive signs that The Widows Corporation continues to carry out its mission faithfully and steadily these 246 years after its founding. These statistics can be found on the next page where you will also see that our total assets of almost \$73 million substantially exceeds the amount of death benefit held by our policy-holders. This is highly unusual for any sort of insurance “company” and enables us to continue to devote resources to the health and well-being of living clergy as well as the clergy widows and children who remain our primary focus,

An example of this is the decision by the Acting Committee, confirmed by the Members of the Corporation at our Annual Meeting in June 2015 to establish a slightly modified version of the Spousal Death Benefit that was approved in principal a number of years ago but never funded due to declines in the investment markets.

This Spousal Death Benefit, which is funded but which can be withdrawn in the future if circumstances require it, provides a \$5,000 benefit to any insured cleric upon the death of the cleric's spouse or other acknowledged life partner. This benefit, intended to provide financial assistance with the final expenses the family faces, will not reduce or affect the death benefit to be paid upon the death of the insured cleric.

The other development of this year has been the re-design of our website, www.TheWidowsCorporation.org to provide more direct access to the forms and information necessary to avail clergy and family members of the various benefits and programs at their disposal.

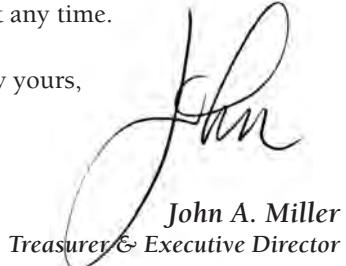


John A. Miller
Treasurer & Executive Director
of The Widows Corporation

It also provides lists of resources that may be of help or interest to clergy and to their family members, and allows payment of premiums through the website by charge to credit cards. The new design is fully scalable to handheld devices as well as to the increasingly rare desktop computer! Many thanks to Marc Coleman and his team at The Tactile Group in Philadelphia for their excellent insight into our needs and support in achieving our goals in this lengthy project.

It continues to be an honor and pleasure to serve as your Treasurer and Executive Director, and I welcome your comments or questions at any time.

Faithfully yours,



John A. Miller
Treasurer & Executive Director

THE PAST YEAR AT A GLANCE: 2014-2015

INSURANCE ACTIVITY:

	<u>Lives</u>	<u>Policies</u>	<u>Death Benefit</u>
New Lives Insured:	38	38	\$ 38,000
Additional Policies Issued:		20	1,406,000
Lives Lost:	-20	-30	- 678,650
Net Change:	18	28	\$ 765,350
Total Insurance in Force:	1,320	1,961	\$66,922,688

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
Reserve for Future Death Benefit:	\$ 43,532,000
Reserve for Other Liabilities:	493,795
Reserve for Board Designated Distributions:	436,175
Reserve for Operations:	28,355,208
Total Assets:	\$72,817,178
Interest on Investments (net of Management Fees):	\$ 1,616,596
Realized Capital Gains:	1,966,827
Unrealized Capital Losses:	- 700,016
Premiums Received:	86,482
Total Receipts:	\$2,969,889
Death Claims Paid:	\$ 678,650
Increase in Policy Reserves:	751,000
Operating Expenses:	336,625
Premium Refunds:	189,079
Family Grants:	245,000
Wellness Fund Grants:	258,069
Total Expenses:	\$2,458,423

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 \$73,000,000 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.



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, 2015 and 2014, 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, 2015 and 2014, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 13 through 16 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.

Briggs, Bunting & Dougherty, LLP

Philadelphia, Pennsylvania
June 24, 2015

STATEMENTS OF FINANCIAL POSITION

April 30, 2015 and 2014

ASSETS

	2015	2014
Cash	\$ 228,339	\$ 102,548
Investments	72,565,690	71,395,278
Investment income receivable	5,973	12,123
Premiums due and deferred	17,176	21,118
Total assets	<u>\$ 72,817,178</u>	<u>\$ 71,531,067</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Policy reserves for payment of future benefits	\$ 43,532,000	\$ 42,781,000
Accrued expenses	33,586	46,303
Grants payable	450,209	413,847
Total liabilities	<u>44,015,795</u>	<u>43,241,150</u>

NET ASSETS

Unrestricted

Operating	28,355,208	27,898,242
Board designated		
Premium refunds	192,000	188,000
Grants	167,000	135,000
Anniversary reserve	74,000	56,000
Yeates trust	3,175	2,675
	<u>28,791,383</u>	<u>28,279,917</u>
Permanently restricted	10,000	10,000
Total net assets	<u>28,801,383</u>	<u>28,289,917</u>
Total liabilities and net assets	<u>\$ 72,817,178</u>	<u>\$ 71,531,067</u>

STATEMENTS OF ACTIVITIES

Years ended April 30, 2015 with comparative total for 2014

	Unrestricted	Permanently Restricted	Totals	
			2015	2014
REVENUE				
Premiums	\$ 86,482	\$ -	\$ 86,482	\$ 91,873
Investment income	<u>2,883,407</u>	<u>-</u>	<u>2,883,407</u>	<u>5,659,843</u>
Total revenue	<u>2,969,889</u>	<u>-</u>	<u>2,969,889</u>	<u>5,751,716</u>
BENEFITS AND OTHER EXPENSES				
Death claims	678,650	-	678,650	1,495,275
Actuarially required increase(decrease)				
in policy reserves	751,000	-	751,000	(171,000)
Operating expenses	336,625	-	336,625	334,738
Premium refunds	189,079	-	189,079	161,263
Grants	<u>503,069</u>	<u>-</u>	<u>503,069</u>	<u>442,497</u>
Total benefits and other expenses	<u>2,458,423</u>	<u>-</u>	<u>2,458,423</u>	<u>2,262,773</u>
CHANGE IN NET ASSETS	<u>511,466</u>	<u>-</u>	<u>511,466</u>	<u>3,488,943</u>
NET ASSETS				
Beginning of year	28,279,917	<u>10,000</u>	28,289,917	24,800,974
End of year	<u>\$28,791,383</u>	<u>\$10,000</u>	<u>\$28,801,383</u>	<u>\$28,289,917</u>

STATEMENTS OF ACTIVITIES

Years ended April 30, 2015 with comparative totals for 2014

	Unrestricted	Permanently Restricted	Total	
			2014	2015
REVENUE				
Premiums	\$ 91,873	\$ -	\$ 91,873	
Investment income	<u>5,659,843</u>	<u>-</u>	<u>5,659,843</u>	
Total revenue	<u>5,751,716</u>	<u>-</u>	<u>5,751,716</u>	
BENEFITS AND OTHER EXPENSES				
Death claims	1,495,275	-	1,495,275	
Actuarially required increase in				
policy reserves	(171,000)	-	(171,000)	
Operating expenses	334,738	-	334,738	
Premium refunds	161,263	-	161,263	
Grants	<u>442,497</u>	<u>-</u>	<u>442,497</u>	
Total benefits and other expenses	<u>2,262,773</u>	<u>-</u>	<u>2,262,773</u>	
CHANGE IN NET ASSETS	<u>3,488,943</u>	<u>-</u>	<u>3,488,943</u>	
NET ASSETS				
Beginning of year	24,790,974	<u>10,000</u>	24,800,974	
End of year	<u>\$28,279,917</u>	<u>\$10,000</u>	<u>\$28,289,917</u>	

STATEMENTS OF CASH FLOWS

Years ended April 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 511,466	\$ 3,488,943
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Net unrealized (gains) losses on investments	700,016	378,265
Net realized gains on investments	(1,966,827)	(4,789,428)
(A) Increase (decrease) in		
Investment income receivable	6,150	14,560
Premiums due and deferred	3,942	8,219
Increase (decrease) in		
Policy reserves for payment of future benefits	751,000	(171,000)
Accrued expenses	(12,717)	11,492
Grants payable	<u>36,362</u>	<u>(34,224)</u>
Net cash used for operating activities	<u>29,392</u>	<u>(1,093,173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	19,045,240	34,108,464
Purchases of investments	<u>(18,948,841)</u>	<u>(32,938,788)</u>
Net cash provided by investing activities	<u>96,399</u>	<u>1,169,676</u>
Net increase (decrease) in cash	<u>125,791</u>	<u>76,503</u>
CASH		
Beginning of year	<u>102,548</u>	<u>26,045</u>
End of year	<u>\$ 228,339</u>	<u>\$ 102,548</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, Carningli 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

Dana B Hall, M.Div. (term expires 2019)

David P. Hegg, FSA (term expires 2019)

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

Assisting Bishop in Pennsylvania

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

Susan Mucciarone

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

Kathleen A. Stephenson, Esquire

Pepper Hamilton LLP

3000 Two Logan Square

Philadelphia, PA 19103-2799

Actuary

CPS Actuaries

Chief Examining Physician

Thomas F. Gumiña, 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 A. Deets

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chaplain@thewidowscorporation.org

Treasurer and Executive Director

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Certified Public Accountants

Briggs, Bunting & Dougherty, LLP

Firm of Solicitors

Dechert LLP



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