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September 2, 2025

Dear Congregational Leaders,

As we approach diocesan convention, it is time to start thinking about the 2026 Common Life Share (CLS). There are some changes in store for the 2026 CLS. **2026 CLS pledges are due 10/24/25.**

New formula - You may recall that, starting in 2024 (the year which the 2026 CLS is based on), the parochial report was simplified. In past years, the CLS was calculated at 10.5% of Line B on the Parochial Report. On the new, simplified parochial report, line B no longer exists.

A special task force was appointed in 2024 to examine this problem. The goal of the task force was to adjust the CLS formula to prepare for the new parochial report while keeping the total assessment for each congregation about the same. The CLS will change based on the financial activity of the congregation in any given year, but the task force worked to make sure the new formula would not be a reason for any increase or decrease in the total assessment.

The new formula for common life share is:

Line 6: Church non- capital expenses
Less Pass through Outreach (defined below)
Equals "Net Disposable Income"
Multiplied by 0.105 (CLS Assessment rate)
Equals Common Life Share

Pass through outreach is defined as

Funds raised and passed through to other organizations (e.g. Good Friday Offering) or Outreach expenditures related to a non-operating income source (e.g. tuition from schools; special appeal for soup kitchen, etc.); both of which will not be included in "Net Disposable Income." Outreach expenses paid for from the general donations of the church should not reduce line 6 of the parochial report and should be included in "Net Disposable Income."

The CLS pledge form for 2026 includes lines for the new formula (to back out pass-through expenses), and is enclosed. You may also complete your form online at edsd.org/finance/commonlife. That page also has a link to a Zoom recording from January that you may find useful where the new report and CLS formulas were reviewed. Please submit your pledge (either online or by returning the enclosed form) by **October 24, 2025**.

CLS Plus - Congregations can still elect to give more than the 10.5% (CLS+). This year those funds will be applied to the area of greatest need in the diocese.

Optional Method - The CLS Task Force believes that the new formula will result in a no greater and no lesser CLS for most congregations than they would have paid under the old formula. For 2026 CLS pledges only, if a congregation calculates a lower CLS based on the old parochial report and formula, it will be accepted by the diocese.

To file this one-time CLS alternative, the congregation will need to complete their 2024 parochial report using the old form (available through the diocesan treasurer's office). The task force will review (continued on reverse)

all filings using this method to determine if additional adjustments are needed in the new formula. To consider this option, please contact jmartinhauk@edsd.org.

Waiver requests - If your congregation cannot make the CLS pledge due to a hardship, please email jmartinhauk@edsd.org with the hardship reason and latest financial statements. Waiver requests must be received by 10/15/25 for consideration of the Committee on Financial Review. Under diocesan canons, those requests are then forwarded (with a recommendation) for consideration by diocesan convention.

The parochial report changes make CLS a little more challenging this year, but the bishop's office is here to help. Please don't hesitate to reach out if you have questions or need assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Martinhauk". The signature is fluid and cursive, with the first name "Jeff" being more prominent and the last name "Martinhauk" written in a continuous script.

The Rev. Cn. Jeff Martinhauk,
Diocesan Treasurer and Chief Financial Officer