

## St. David's Monthly Ministry Report to Vestry

Prepared by Jane Krikorian, Treasurer

Date: Jan. 10, 2022

Name of ministry: Finances

Present Jan. 4 , 2022: Jane Krikorian, Craig Winder, Joy Wolf, Loral Priest, Anne Kellett, Karen Garcia, Pastor Jocelynn.

### Income/Expenses for December 2021

Nov ending cash:	\$67,882	(Balance Sheet: BofA + FC accounts)
Dec Church Income:	\$36,323	(from P&L Church)
Dec Church Expenses:	\$36,746	(from P&L Church)
Dec Preschool income:	\$38,355	(from P&L Preschool)
Dec Preschool expenses:	\$54,261	(from P&L Preschool)
Dec ending cash:	\$46,694	(Balance Sheet: BofA + FC account)

Savings Acct after Verizon sale = \$700,122

### Informational Matters: (no action needed)

1. The Church had a **negative** net income in Dec of **(-\$423)**.
2. The Preschool had a **negative** net income in Dec of **(-\$15,906)**.
3. Total net income in Dec for Church and Preschool: **(-\$16,329)**.
4. Total income year-to-date for the Church and Preschool is \$838,683.
5. Total expense year-to-date for the Church and Preschool is \$936,776.
6. **Total net income year-to-date for the Church and Preschool = (-\$98,093).**
7. The high y-t-d negative net income is due to the use of the PPP money (\$75,000) to cover payroll which allowed additional spending on priority projects (see previous T-Reports for lists of projects.) Adding in the \$75,000 lowers the y-t-d deficit to **(-\$23,093)**.

### Discussion Items

1. The negative numbers for December were expected due to a third payroll. The high negative year-end figure was also expected due to the expense of a new roof (\$70,000). However, as noted above, when adding in the PPP money the year end deficit for Church and Preschool is much lower.
2. The Committee discussed the Dec 2021 year-end cash amount of \$46,694 compared to Dec. 2020 year-end cash amount of \$96,288. This indicates Church & Preschool expenses were higher than income for 2021. The Committee noted that the Preschool struggled with enrollment and accounts receivables, both of which contributed to a high year-end deficit for the Preschool. The Church also had a high year-end deficit due to the expense of the roof. Both Church & Preschool have 2022 Budgets showing healthy surpluses. The expectation is by December 2022 the ending cash will be slightly higher than 2021.
3. The Standing Committee passed a Resolution on December 21, 2021 approving the sale of the Verizon cell tower money. The sale amount of \$700,000 was received (less transaction fees and 2 months Verizon rent which will go directly to St. David's until the transfer to TowerPoint is finalized = \$691,813.89) and is now in the Bank of America Savings account.

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4. The Committee discussed the need to update the Standing Committee Resolution to reflect new data including the uncertainty of the covid virus throughout 2022. The Committee recommends an adjusted Endowment Amount of \$400,000 instead of \$430,000. The Committee recommends placing the \$30,000 in the First Citizens Savings account which currently has \$20,000. The total amount of \$50,000 will be designated as a "cash reserve" or "rainy day fund" to be used for any future revenue shortfalls.
5. The Resolution also needs to be updated to reflect the possibility that withdrawals from the permanent Endowment Account may need to occur sooner than three years if the market warrants that possibility (this is based on advice from Valerie Peck, MBA, CFP, Registered Investment Advisor, and fee-only financial advisor hired by Vestry May 2021 on pro bono basis to advise Vestry on how to structure proceeds from the cell tower income sale). See updated Resolution request in T-folder.
6. A final determination was made regarding the PPP Loan #1 (\$108,396). Instead of owing \$15,000 we now owe only \$3,000 so \$103,396 will be forgiven. This amount can be paid back over two years with an interest rate of 1%. This is great news! PPP Loan #2 (\$75,000) is still under review. The Committee hopes that the entire amount for Loan #2 will be forgiven.
7. The Budget for 2022 (see Treasure's Folder) shows pledges at \$222,930 (up from a 2021 amount of \$209,274) and a year-end net surplus of \$13,227. Rector salary remains at \$80,000 and will be supplemented for three years with the one-time cell tower money (see Resolution in Treasurer's Folder). 2022 Budget includes staff raises. The Committee recognized that over the next three years the net surplus must rise to at least \$40,000 to maintain the supplemental amounts added to Rector salary package from one-time cell tower money.
8. The Committee recommends moving forward with flooring installation for Administrative Building. Flooring materials were purchased in 2021 and are currently stored in the men's bathroom of the Education Building. Installation costs will be approximately \$10,000. This does not include moving all the furniture and other items. Jane and Joy will work with Hon the Hauler to see if he can do the job with a budget limit of \$5,000 or less. This money will come from the cell tower sale proceeds, specifically the \$35,000 designated for capital improvements.
9. Committee recommends moving forward with the HVAC and Rooftop Solar projects. Three bids have been collected for each project and will be further reviewed. Most likely this project will need to be financed with a bank loan. The Church & Preschool are in a good position to shop for loans due to the high positive cash amounts from the proceeds of the cell tower income sale.
10. Anne Kellett requested approval to update the sign/map at the entrance to the church campus from the upper parking lot area. Committee agreed amount was reasonable (\$300) and that the details in the sign should be updated to reflect current campus usage (no more food pantry, location of preschool office, classrooms, etc.)

### Action Items –

- 1) Committee recommends approving Final 2022 Budget.
- 2) Committee recommends requesting updated Resolution from Standing Committee (see Treasurer's Folder for updated Resolution with track changes).
- 3) Committee recommends approving up to \$15,000 for Admin building floor installation (\$10,000 for installation, up to \$5,000 for moving costs).
- 4) Committee recommends approving \$300 for updated campus map sign.