

St. David's Monthly Ministry Report to Vestry

Prepared by Jane Krikorian, Treasurer

Date: Mar. 8, 2022

Name of Ministry: Finances

Present Mar. 1, 2022: Jane Krikorian, Joy Wolf, Loral Priest, Karen Garcia, Pastor Jocelynn. Absent: Craig Winder

Income/Expenses for February 2022

| | | |
|-------------------------|----------|-------------------------------------|
| Jan ending cash: | \$47,529 | (Balance Sheet: BofA + FC accounts) |
| Feb Church Income: | \$36,028 | (from P&L Church) |
| Feb Church Expenses: | \$42,719 | (from P&L Church) |
| Feb Preschool income: | \$44,702 | (from P&L Preschool) |
| Feb Preschool expenses: | \$42,035 | (from P&L Preschool) |
| Feb ending cash: | \$41,861 | (Balance Sheet: BofA + FC account) |

Savings Acct after Verizon sale = \$700,167 (will be dispersed according to Diocesan Approved Proceeds Plan – see Discussion Item #5 below)

Informational Matters: (no action needed)

1. The Church had a **negative** net income in Feb of **(-\$6,691)**.
2. The Preschool had a **positive** net income in Feb of \$2667.
3. Total net income in Feb for Church and Preschool: \$4,024.
4. Total income year-to-date for the Church and Preschool is \$151,586.
5. Total expense year-to-date for the Church and Preschool is \$149,785.
6. **Total net income year-to-date for the Church and Preschool = \$1,801.**

Discussion Items

1. The Final Financial Reports for February show a negative net income for the church and a positive net income for the preschool (yay!) On the church side, \$18,668 shows as an expense in budget line 6750 – CHURCH Repairs/Improvements. This amount reflects expenses paid so far for the Admin Bldg flooring and painting project. Total costs for project currently are now at \$20,125 (see March Treasurer's folder for full accounting of project). This will be paid for from the \$35,000 set-aside for Capital Projects from the Verizon income sale. Remaining amount for future capital projects is now \$14,875 (see March Treasurer's folder for Proceeds tracker chart). We will make a transfer of \$20,125 from Savings to Checking (see Action Item #2 below).
2. As noted last month, the 1st PPP loan for \$108,396 is under review. It is expected that all but \$3,115 will be forgiven. According to new rules, we can appeal this amount with the Small Business Administration (SBA) so that is what we will do.
3. The Committee discussed the Solar and HVAC projects. Bids for solar are at around \$125,000 before adding in the extra electricity usage for air conditioning in the Sanctuary and Admin Bldg. Once extra usage is added costs for solar could increase. HVAC bids using heat pumps (all electric systems instead of gas furnaces) are being sought. Questions include what size of heat pump is needed for Sanctuary (btwn 12-17 tons) and the cost and the cost for a 7.5 ton heat pump for Admin Bldg. The price for a 10-ton heat pump for Sanctuary only is \$40,000.

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4. Loan possibilities: I have worked with two companies regarding a loan to finance the Solar and HVAC projects. Episcopal Church Building Fund (ECBF) continues to work with me in finding the right solution. Currently, they have given us preliminary approval for 6 months to obtain a \$175,000 loan. I am still working with them on the details. I'd like approval to sign the Preliminary Approval letter. This is a non-binding agreement and only holds the loan option open for 6 months. See Action Item #4 below.
5. The Committee discussed updates to the Proceeds Plan:

\$120,000 to replace three years of Verizon lease income; **transfers of \$3,200 start March 2022.**

\$115,000 to augment three years of salary, pension, and healthcare for the rector

\$35,000 - \$20,125 for Admin Bldg flooring/painting = \$14,875 remaining. **Transfer March 2022.**

\$30,000 to be placed in cash reserves; **transfer to First Citizens March 2022.**

\$400,000 to be invested in permanent restricted funds for future ministry.

\$700,000

6. I continue working with Valerie Peck, MBA, CFP, Registered Investment Advisor and Fee-Only Financial Advisor, to narrow down investment choices for the long-term restricted endowment fund (\$400,000) and the short-term set aside monies (\$120,000 3-yr Verizon replacement amount and \$115,000 3-yr Rector Salary increase). We are looking at options with the San Diego Foundation as this organization reflects similar values to those of St. David's Church & Preschool. Here is their statement:

The San Diego Foundation inspires enduring philanthropy and enables community solutions to improve the quality of life in our region. Our strategic priorities include advancing racial and social justice, fostering equity of opportunity, building resilient communities, and delivering world-class philanthropy to realize our vision of just, equitable and resilient communities. For more than 46 years, The Foundation and its donors have granted more than \$1.3 billion to support nonprofit organizations strengthening our community.

The idea is that we will be placing St. David's Church & Preschool's money into an investment organization that uses the money in a way that reflects our values. For a sample of their work, see:

<https://mailchi.mp/sdfoundation/sdf-news-326645?e=1c71f14a0b>

7. Per the Endowment Charter, base amount adjustment = Current Base x 7% (CPI for 2021) + bequests.
 $\$45,318 + \$3,172 + \$1,250 = \$49,740$. See action item #5.

Action Items –

1. **Begin monthly transfers of \$3,200 from Savings to Checking to replace monthly Verizon income.**
2. **Transfer \$20,125 from Savings to Checking to cover costs of Admin Bldg. floor/paint project.**
3. **Transfer \$30,000 from Bank of America Savings to First Citizens Savings per the Diocesan approved Proceeds Plan as a "cash reserve."**
4. **Approval for Jane Krikorian, Treasurer, to sign Preliminary Loan Option Letter with ECBF.**
5. **Adjust Vestry Restricted Amount of Perpetual Endowment Fund to \$49,740.**
6. **Approve additional \$875 for Ikea cabinets/shelves in Music Room.**