

St. David's Monthly Ministry Report to Vestry

Prepared by Jane Krikorian, Treasurer

Date: Nov. 9, 2021

Name of ministry: Finances

Present Nov. 2, 2021: Jane Krikorian, Craig Winder, Joy Wolf, Loral Priest, Anne Kellett, Karen Garcia, Pastor Jocelynn.

Visitors: Debby Park, Gail Decker, Shirley Culver

Income/Expenses for October 2021

| | | |
|-------------------------|----------|---|
| Aug ending cash: | \$76,391 | (Balance Sheet: BofA + FC Operating accounts) |
| Oct Church Income: | \$27,707 | (from P&L Church) |
| Oct Church Expenses: | \$29,704 | (from P&L Church) |
| Oct Preschool income: | \$33,688 | (from P&L Preschool) |
| Oct Preschool expenses: | \$38,676 | (from P&L Preschool) |
| Oct ending cash: | \$66,676 | (Balance Sheet: BofA + FC Operating account) |

Informational Matters: (no action needed)

1. The Church had a **negative** net income in Oct of **(-\$1,997)**.
2. The Preschool had a **negative** net income in Oct of **(-\$4,988)**.
3. Total net income in Oct for Church and Preschool: **(-\$6,585)**.
4. Total income year-to-date for the Church and Preschool is \$699,524.
5. Total expense year-to-date for the Church and Preschool is \$781,571.
6. **Total net income year-to-date for the Church and Preschool = (-\$82,047).**
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.)

Discussion Items

1. The Committee reviewed the financial reports and noted the negative amounts. Aug, Sept, and Oct have all been negative months. While some negative months are expected, ongoing deficits are concerning. The Church has been negative for both Sept and Oct. mainly due to lower than budgeted income. The Preschool has also been negative for the past three months also due to lower than budgeted income. Budgeted income on the preschool side has not materialized due to low enrollment. Director Karen Garcia is working diligently to increase enrollment by giving as many tours of the preschool as possible. If deficits continue, adjustments will need to be made on the expense side for both Church and Preschool. Pastor Jocelynn sees opportunities to increase income in 2022 but noted that Covid could continue to effect options.
2. The Balance Sheet shows a high accounts receivable figure (\$34,320). Most of this is outstanding tuition payments for the preschool. Preschool Director Karen Garcia reported these amounts are difficult to collect. Craig Winder offered to help but later decided he could not. One idea was to give this amount to a collections agency although they would charge a certain amount. If no one has time to follow through on these collections, an agency may be a good solution.

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3. The Committee reviewed a Draft 2022 Budget (see Treasurer's folder for copy). The current draft is #5. Last year we got up to at least #10 so we have ways to go. Current draft shows bottom line positive amount of \$1,191. This draft has Rector salary at \$80,000 for the entire year and small raises for Parish Administrator and Choir Director Committee. This is a "Best Case Scenario Budget" which includes \$210,000 pledge amount and an increase in the Preschool Facility fee by \$500 a month or \$6,000 for the year. These revenue amounts may be unrealistic. If so, expenses would need to be adjusted down.
4. Committee recommends raising the K-house rent by 3.5% to \$3,725 from \$3,600. This amount is well below the current market rate of \$4,850 (according to zillow.com).
5. The PPP Loan Forgiveness process for Loan #1 (\$108,396) is taking a lot of time and work. It has gone into "remediation" for review. Outcome is still unknown as to whether a small portion will need to be paid back (up to \$15,000). I am still following up with Bank of America on this situation.
6. After church on Sunday October 31, 2021, I gave a PowerPoint presentation that included national trends from the Episcopal Parochial Report and comparable clergy compensation figures from the 2020 Church Pension Group Clergy Compensation Report. About 35 people stayed in the Sanctuary for the presentation. The idea was to gather as much data and feedback from the congregation so that we can come up with solutions that the Diocese has posed to us: "How can St. David's present a plan that keeps [our] clergy housed with reasonable compensation?" (Jeff Martinhauk, EDSD CFO, email dated Oct. 19, 2021). After feedback from members and further discussions, the Finance Committee has worked on ideas for salary and housing to present to the Vestry for discussion. See "2022 Budget Options Rector Housing and Salary" in Treasurer's Folder.
7. Comments from guests at the Finance Committee meeting included hope that the Diocese would be creative with St. David's to help solve our current salary and housing dilemma with Pastor Jocelynn.
8. The Church received a \$4,000 bill from Quality Interiors after the pew cushion project was completed. Due to a communication mix-up that the project was supposed to be put on hold back in June, it was agreed that the bill would be paid off in \$500 increments until fully paid.

Action Items –

- 1) Committee recommends raising the K-house rent by 3.5% to \$3,725 from \$3,600.