

Finance Committee Report

October 2020

- Due to Covid-19 the committee did not have an in person meeting this month. The reports were circulated to the committee via email and comments and/or notes are recorded below.

- I. Treasurer's Report- Katie Scheffel sent the September financial statements to the committee(see attached).

In-person services continued on a limited basis for the month of September. Twenty-five people were able to attend two outdoor Sunday services each week. The giving trends remained thankfully similar to the previous months with our general offering coming in under budget (by about \$2,000) and our pledge offering significantly over the budget projection (by about \$7,700).

Also, on another very positive note, September was the first month that we began to see income from the various rental agreements that have been made over the last few months. We saw an influx of \$20,000 from Campbell Law School which was not forecasted in the 2020 budget. For the month, our total revenue exceeded the projected revenue by about \$24,000. That additional influx also has now pushed us about \$10,000 ahead of budget on the revenue side for the year.

Our expenses were over budget month by about \$8,500. Most of this was due to a combination of the following items.

1. \$3,500 was given to ONE Wake. The budget included \$4,500 to go to an outreach program, however, it was unknown when the money would be spent so this expense just was not budgeted in the month of September.
2. \$2,460 was paid for an insurance reimbursement that was known but again was not budgeted in the month of September.
3. \$2,235 was spent on additional costs for online worship. These expenses were not known when the budget was created in January.
4. \$1,600 was spent on a budgeted maintenance contract. Again, this expense was budgeted, just not in September.

Other expenses were in line with or below projections for the most part. For the year our expenses are now just over \$30,000 better than expected.

In total, expenses were about \$2,000 more than revenue in September (the budget projected \$18,000 more than revenue). For the year, revenue is ahead of expenses by about

\$5,400 putting CGS just over \$40,000 ahead of budget. Thank you to everyone who has helped make that possible.

II. Old Business –

- a. In September the committee (consisting of vestry members as well as trustees from the Endowment Trust) discussed presenting a strategic plan of how best to utilize our current assets to service and retire the loan on the parish life center. The result of that is an attached document to this report which is a recommendation to the vestry that this committee feels should be adopted.

The next committee meeting is TBD

CHURCH OF THE GOOD SHEPHERD
 Analysis of Revenues & Expenses - Detail
 January to September 2020

Accounts	MTD Actual (This Year)	MTD Budget (This Year)	MTD Budget Remaining (This Year)	YTD Actual (This Year)	YTD Budget (This Year)	YTD Budget Remaining (This Year)
Revenues						
PLEDGES						
1-45201 - CURRENT PLEDGES	\$52,686.84	\$45,000.00	(\$7,686.84)	\$416,494.17	\$365,500.00	(\$50,994.17)
Total PLEDGES	<u>\$52,686.84</u>	<u>\$45,000.00</u>	<u>(\$7,686.84)</u>	<u>\$416,494.17</u>	<u>\$365,500.00</u>	<u>(\$50,994.17)</u>
OTHER INCOME						
1-45101 - GENERAL OFFERINGS	\$2,448.91	\$4,500.00	\$2,051.09	\$44,137.54	\$72,000.00	\$27,862.46
1-45211 - PREPAID PLEDGES	\$0.00	\$0.00	\$0.00	\$54,226.84	\$54,500.00	\$273.16
1-45304 - DRAWS: SURE FOUNDATION FUND	\$3,985.00	\$3,985.00	\$0.00	\$32,255.00	\$32,255.00	\$0.00
1-45306 - RESERVES FROM TRUSTEES	\$0.00	\$0.00	\$0.00	\$0.00	\$25,000.00	\$25,000.00
Total OTHER INCOME	<u>\$6,433.91</u>	<u>\$8,485.00</u>	<u>\$2,051.09</u>	<u>\$130,619.38</u>	<u>\$183,755.00</u>	<u>\$53,135.62</u>
ADDITIONAL INCOME						
1-45805 - FELLOWSHIP CONTRIBUTIONS	\$0.00	\$720.00	\$720.00	\$100.00	\$2,280.00	\$2,180.00
1-45814 - WEDDING INCOME	\$0.00	\$550.00	\$550.00	\$0.00	\$1,650.00	\$1,650.00
1-45815 - SHEPHERD'S TABLE CONTRIBUTION	\$1,500.00	\$1,500.00	\$0.00	\$12,000.00	\$13,500.00	\$1,500.00
1-45817 - SHEPHERD'S HALL RENTAL INCOME	\$20,000.00	\$0.00	(\$20,000.00)	\$20,275.00	\$2,400.00	(\$17,875.00)
Total ADDITIONAL INCOME	<u>\$21,500.00</u>	<u>\$2,770.00</u>	<u>(\$18,730.00)</u>	<u>\$32,375.00</u>	<u>\$19,830.00</u>	<u>(\$12,545.00)</u>
Total Revenues	<u><u>\$80,620.75</u></u>	<u><u>\$56,255.00</u></u>	<u><u>(\$24,365.75)</u></u>	<u><u>\$579,488.55</u></u>	<u><u>\$569,085.00</u></u>	<u><u>(\$10,403.55)</u></u>

CHURCH OF THE GOOD SHEPHERD
 Analysis of Revenues & Expenses - Detail
 January to September 2020

Accounts	MTD Actual (This Year)	MTD Budget (This Year)	MTD Budget Remaining (This Year)	YTD Actual (This Year)	YTD Budget (This Year)	YTD Budget Remaining (This Year)
Expenses						
DIOCESAN SUPPORT						
1-56400 - ASKING	\$7,393.00	\$7,392.00	(\$1.00)	\$66,529.00	\$66,528.00	(\$1.00)
Total DIOCESAN SUPPORT	\$7,393.00	\$7,392.00	(\$1.00)	\$66,529.00	\$66,528.00	(\$1.00)
OUTREACH						
1-56601 - PARISH OUTREACH	\$0.00	\$0.00	\$0.00	\$5,500.00	\$5,500.00	\$0.00
1-56612 - CHURCH MISSION	\$3,500.00	\$0.00	(\$3,500.00)	\$3,500.00	\$4,500.00	\$1,000.00
1-56613 - BEYOND THE DOOR EXPENSES	\$0.00	\$125.00	\$125.00	\$470.00	\$1,125.00	\$655.00
Total OUTREACH	\$3,500.00	\$125.00	(\$3,375.00)	\$9,470.00	\$11,125.00	\$1,655.00
CLERGY						
1-56709 - CLERGY TRAVEL	\$0.00	\$340.00	\$340.00	\$327.98	\$3,060.00	\$2,732.02
1-56710 - CLERGY PENSION	\$1,678.65	\$1,680.00	\$1.35	\$15,107.85	\$15,120.00	\$12.15
1-56711 - CLERGY CONT. EDUCATION	\$0.00	\$0.00	\$0.00	\$2,000.00	\$2,750.00	\$750.00
1-56713 - CLERGY INSURANCE	\$2,460.00	\$0.00	(\$2,460.00)	\$2,460.00	\$0.00	(\$2,460.00)
1-56714 - DIOCESAN CONVENTION	\$0.00	\$0.00	\$0.00	\$235.20	\$0.00	(\$235.20)
1-56720 - CLERGY SALARIES/HOUS	\$13,885.70	\$13,795.00	(\$90.70)	\$125,239.50	\$124,155.00	(\$1,084.50)
Total CLERGY	\$18,024.35	\$15,815.00	(\$2,209.35)	\$145,370.53	\$145,085.00	(\$285.53)
PROGRAM						
CHRISTIAN ED. & YOUTH						
1-57000 - FAMILY MIN SALARIES	\$1,556.50	\$1,665.00	\$108.50	\$8,895.04	\$11,655.00	\$2,759.96
1-57006 - FAM MIN PAYROLL TAX	\$119.07	\$130.00	\$10.93	\$680.47	\$910.00	\$229.53
1-57014 - FAMILY MINISTRY PROGRAM	\$404.82	\$590.42	\$185.60	\$1,790.49	\$5,313.78	\$3,523.29
1-57016 - CE ADULT PROGRAM	\$69.46	\$375.00	\$305.54	\$114.46	\$1,125.00	\$1,010.54
Total CHRISTIAN ED. & YOUTH	\$2,149.85	\$2,760.42	\$610.57	\$11,480.46	\$19,003.78	\$7,523.32
MUSIC						
1-57100 - MUSIC SALARIES	\$4,166.66	\$4,165.00	(\$1.66)	\$37,270.12	\$37,255.00	(\$15.12)
1-57102 - MUSIC PAYROLL TAX	\$318.76	\$320.00	\$1.24	\$2,851.24	\$2,860.00	\$8.76
1-57104 - MUSIC INSURANCE	\$1,002.16	\$1,005.00	\$2.84	\$9,019.44	\$9,045.00	\$25.56
1-57107 - MUSIC PENSION	\$374.98	\$375.00	\$0.02	\$3,354.14	\$3,355.00	\$0.86
1-57110 - MUSIC MINISTRIES PROGRAM	\$1,675.64	\$1,970.00	\$294.36	\$16,557.35	\$18,390.00	\$1,832.65
1-57116 - PIANO/ORGAN MAINTENANCE	\$0.00	\$0.00	\$0.00	\$9,050.00	\$8,100.00	(\$950.00)
Total MUSIC	\$7,538.20	\$7,835.00	\$296.80	\$78,102.29	\$79,005.00	\$902.71
WORSHIP						
1-57052 - LITURGICAL MATERIALS	\$0.00	\$70.00	\$70.00	\$492.93	\$630.00	\$137.07
1-57056 - ALTAR SUPPLIES	\$0.00	\$140.00	\$140.00	\$908.69	\$1,500.00	\$591.31
1-57060 - VERGERS & ACOLYTES	\$0.00	\$125.00	\$125.00	\$0.00	\$590.00	\$590.00
1-57065 - WORSHIP MEDIA EXPENSES	\$2,236.99	\$0.00	(\$2,236.99)	\$2,236.99	\$0.00	(\$2,236.99)
Total WORSHIP	\$2,236.99	\$335.00	(\$1,901.99)	\$3,638.61	\$2,720.00	(\$918.61)
MISC. PROGRAM						
1-57302 - LIBRARY	\$0.00	\$40.00	\$40.00	\$109.00	\$370.00	\$261.00
1-57306 - FELLOWSHIP EVENTS EXPENSE	\$0.00	\$200.00	\$200.00	\$553.67	\$1,650.00	\$1,096.33

CHURCH OF THE GOOD SHEPHERD
 Analysis of Revenues & Expenses - Detail
 January to September 2020

Accounts	MTD Actual (This Year)	MTD Budget (This Year)	MTD Budget Remaining (This Year)	YTD Actual (This Year)	YTD Budget (This Year)	YTD Budget Remaining (This Year)
1-57318 - VESTRY RETREAT	\$0.00	\$0.00	\$0.00	\$250.00	\$750.00	\$500.00
1-57320 - ARCHIVES	\$0.00	\$40.00	\$40.00	\$0.00	\$370.00	\$370.00
Total MISC. PROGRAM	\$0.00	\$280.00	\$280.00	\$912.67	\$3,140.00	\$2,227.33
Total PROGRAM	\$11,925.04	\$11,210.42	(\$714.62)	\$94,134.03	\$103,868.78	\$9,734.75
PROGRAM SUPPORT						
1-57400 - ADMINISTRATION SALARIES	\$5,037.00	\$5,575.00	\$538.00	\$50,241.76	\$48,825.00	(\$1,416.76)
1-57402 - ADMIN PENSION	\$337.50	\$340.00	\$2.50	\$3,692.61	\$3,265.00	(\$427.61)
1-57406 - ADMIN PAYROLL TAX	\$385.34	\$440.00	\$54.66	\$3,843.57	\$3,835.00	(\$8.57)
1-57408 - ADMIN HEALTH INSURANCE	\$994.56	\$995.00	\$0.44	\$8,951.04	\$8,955.00	\$3.96
1-57413 - COMMUNICATIONS	\$184.13	\$455.00	\$270.87	\$1,104.11	\$2,210.00	\$1,105.89
1-57414 - OFFICE SUPPLIES	\$47.13	\$910.00	\$862.87	\$6,017.01	\$8,190.00	\$2,172.99
1-57418 - TELEPHONE/INTERNET EXPENSE	\$221.72	\$885.00	\$663.28	\$5,996.99	\$7,920.00	\$1,923.01
1-57420 - POSTAGE	\$0.00	\$500.00	\$500.00	\$1,000.00	\$2,050.00	\$1,050.00
1-57422 - COMPUTER UPGRADES/SUPPORT	\$3,593.98	\$1,325.00	(\$2,268.98)	\$10,249.39	\$8,015.00	(\$2,234.39)
1-57426 - AUDIT EXPENSE	\$9,000.00	\$8,900.00	(\$100.00)	\$9,000.00	\$8,900.00	(\$100.00)
1-57430 - BANK/CRED CARD FEES	\$304.95	\$195.00	(\$109.95)	\$3,912.40	\$1,755.00	(\$2,157.40)
1-57440 - ADMIN/OFC EQUIP CONTRACTS	\$733.40	\$1,545.00	\$811.60	\$10,503.79	\$10,065.00	(\$438.79)
1-57455 - PROFESSIONAL EXPENSES	\$1,540.00	\$0.00	(\$1,540.00)	\$1,540.00	\$0.00	(\$1,540.00)
Total PROGRAM SUPPORT	\$22,379.71	\$22,065.00	(\$314.71)	\$116,052.67	\$113,985.00	(\$2,067.67)
PROPERTY						
1-57500 - PROPERTY SALARIES	\$3,734.34	\$3,780.00	\$45.66	\$33,704.72	\$33,945.00	\$240.28
1-57502 - PROPERTY PENSION	\$247.67	\$180.00	(\$67.67)	\$1,657.67	\$1,610.00	(\$47.67)
1-57504 - PROPERTY PAYROLL TAX	\$270.68	\$270.00	(\$0.68)	\$2,428.14	\$2,425.00	(\$3.14)
1-57506 - PROPERTY HEALTH INSURANCE	\$988.36	\$990.00	\$1.64	\$8,895.24	\$8,910.00	\$14.76
1-57508 - MAINTENANCE SUPPLIES	\$209.22	\$200.00	(\$9.22)	\$1,950.78	\$1,800.00	(\$150.78)
1-57512 - LIABILITY & WORKERS INS	\$0.00	\$0.00	\$0.00	\$14,294.95	\$14,590.00	\$295.05
1-57514 - REPAIRS & MAINTENANCE	\$3,444.58	\$2,500.00	(\$944.58)	\$11,337.56	\$22,500.00	\$11,162.44
1-57516 - PLANNED REPAIRS/IMPROVEMENTS	\$0.00	\$0.00	\$0.00	\$3,530.00	\$3,000.00	(\$530.00)
1-57520 - NATURAL GAS	\$288.09	\$450.00	\$161.91	\$3,180.47	\$4,050.00	\$869.53
1-57522 - ELECTRICITY	\$5,680.19	\$6,000.00	\$319.81	\$39,594.93	\$46,000.00	\$6,405.07
1-57524 - WATER	\$428.96	\$450.00	\$21.04	\$3,621.96	\$4,050.00	\$428.04
1-57526 - GROUNDS MAINTENANCE	\$393.00	\$395.00	\$2.00	\$3,855.67	\$5,185.00	\$1,329.33
1-57534 - PROPERTY MAINT CONTRACTS	\$3,380.00	\$1,855.00	(\$1,525.00)	\$9,966.31	\$10,500.00	\$533.69
Total PROPERTY	\$19,065.09	\$17,070.00	(\$1,995.09)	\$138,018.40	\$158,565.00	\$20,546.60
NURSERY						
1-57600 - NURSERY SALARIES	\$384.00	\$505.00	\$121.00	\$4,192.00	\$4,965.00	\$773.00
1-57602 - NURSERY PAYROLL TAX	\$29.38	\$40.00	\$10.62	\$320.70	\$390.00	\$69.30
Total NURSERY	\$413.38	\$545.00	\$131.62	\$4,512.70	\$5,355.00	\$842.30
Total Expenses	\$82,700.57	\$74,222.42	(\$8,478.15)	\$574,087.33	\$604,511.78	\$30,424.45

Date : 10/14/2020
Time : 1:14:13 PM

CHURCH OF THE GOOD SHEPHERD
Analysis of Revenues & Expenses - Detail
January to September 2020

Page : 4

Accounts	MTD Actual (This Year)	MTD Budget (This Year)	MTD Budget Remaining (This Year)	YTD Actual (This Year)	YTD Budget (This Year)	YTD Budget Remaining (This Year)
Net Total	(\$2,079.82)	(\$17,967.42)	(\$15,887.60)	\$5,401.22	(\$35,426.78)	(\$40,828.00)

CHURCH OF THE GOOD SHEPHERD
 Balance Sheet
 September 2020

Accounts

Assets		
CURRENT ASSETS		
CASH ON HAND		
1-19001 - CASH IN OFFICE	\$200.00	
Total CASH ON HAND	<u>\$200.00</u>	
OPERATING ACCOUNT		
4-10000 - BB&T-SHEPHERD'S VISION	\$39,354.32	
5-10000 - BB&T GENERAL CHECKING	\$199,658.47	
5-15000 - BB&T - ECW MONEY	\$604.89	
7-10000 - CGS DESIGNATED FUNDS ACCOUNT	\$92,109.10	
Total OPERATING ACCOUNT	<u>\$331,726.78</u>	
ACCOUNTS RECEIVABLE		
1-11200 - SALES TAX REFUNDABLE	\$5,058.64	
Total ACCOUNTS RECEIVABLE	<u>\$5,058.64</u>	
Total CURRENT ASSETS		\$336,985.42
FIXED ASSETS		
REAL ESTATE		
1-14001 - LAND	\$640,000.00	
1-14002 - CHURCH BUILDINGS	\$11,196,061.79	
1-14006 - FURNITURE AND EQUIPMENT	\$978,262.62	
1-14008 - ACCUMULATED DEPRECIATION	(\$227,702.33)	
1-14009 - ACCUMULATED DEPRECIATION	(\$5,640,398.13)	
1-40004 - LAND IMPROVEMENTS	\$106,425.45	
Total REAL ESTATE	<u>\$7,052,649.40</u>	
Total FIXED ASSETS		<u>\$7,052,649.40</u>
Total Assets		<u><u>\$7,389,634.82</u></u>
Liabilities, Fund Principal, & Restricted Funds		
Liabilities		
CURRENT LIABILITIES		
1-20014 - ACCOUNTS PAYABLE	\$33.81	
1-23006 - LOAN PAYABLE	\$625,000.00	
1-23007 - PPP Loan Payable	\$83,000.00	
Total CURRENT LIABILITIES		<u>\$708,033.81</u>
Total Liabilities		<u>\$708,033.81</u>
Fund Principal		
1-29998 - REAL ESTATE	\$13,750,188.06	
1-29999 - FUND PRINCIPAL - CHURCH	(\$7,295,935.32)	
3-29999 - FUND PRINCIPAL - ECW	\$1,890.77	
Excess Cash Received	\$5,401.22	
Total Fund Principal and Excess Cash Received		<u>\$6,461,544.73</u>
Restricted Funds		
Total SPECIAL COLLECTIONS REVENUE	\$220,056.28	
Total Restricted Funds		<u>\$220,056.28</u>
Total Liabilities, Fund Principal, & Restricted Funds		<u><u>\$7,389,634.82</u></u>

Additional Financial Items

- I. The loan with BB&T on the parish life center is at \$625,000 with 6 principal payments due annually of just under \$106,000. The next payment is due in April of 2021. Interest payments are currently about \$1,600 per month. The Shepherd's Vision checking account had just under \$40,000 at the end of September meaning we have sufficient funds in the account to cover interest payments for some time.
- II. The Sure Foundation campaign last year was a success with over \$317,000 pledged. \$148,000 of that was used for the principal payment due on the PLC loan this year and for interest payments on the loan through 2020. Currently, we have just over \$25,000 budgeted to be used in 2020 on general operations and an additional \$18,000 budgeted for the youth director position. If those figures hold true there would be approximately \$103,000 left over at the end of 2020 that could be used for capital and operations expenses if needed and \$22,000 reserved to pay youth position's salary.
- III. The Endowment Fund Trust had a market value of \$1,892,294.60 at the end of June with \$336,968.82 being unrestricted and could be used if necessary for operations or capital needs (\$45,566.76 is unrestricted for outreach as well). Additionally, the Tower Fund becomes unrestricted for capital needs in March of 2021. As of the end of June, the market value of that fund is \$286,463.75.

Finance Committee Recommendation-Retiring Debt on Parish Life Center

October 19, 2020

In September of 2020, the finance committee met and discussed a strategic plan for retiring the debt on the Duncan-Giersch Parish Life Center. The attendees included both vestry members and trustees of the Endowment Fund Trust. The following outline is meant to serve as a resource for future vestries when trying to determine how to make loan payments.

Currently, the loan on the PLC has an outstanding balance of \$625,000. The loan has a variable interest rate and consists of monthly interest only payments and annual principal payments. Currently, the monthly interest payments are about \$1,600 and will decrease as principal is paid off. The rate is based on Libor plus a margin of 2.75%. The principal payments are due each April in the amount of approximately \$105,000. The loan is scheduled to mature in April of 2026. Please note that principal payments can be made at any time without prepayment penalties.

The church currently has assets earmarked specifically for loan payments and include (all figures are approximate):

Shepherd's Vision Checking Account: \$40,000
Sure Foundation Designated Funds: \$120,000 (this number includes funds that need to be reallocated back into Sure Foundation)

The Endowment Fund Trust currently has assets that can be used for loan payments but also can serve the church in many other ways including but not limited to, operations, building maintenance, capital expenditures, and outreach. These funds include:

Unrestricted Funds: \$333,000
Tower Fund: \$286,000 (This fund is currently restricted, however, those restrictions will be removed in March of 2021 and the fund can then be used for capital expenses)

In addition to the above assets, the church is also a beneficiary to a trust fund (Woolery Trust) and we think it is likely that the church will receive these funds sometime during the life of the loan. At this point, we believe that the church will receive approximately \$250,000.

Beyond that, the committee was unaware of any sizable gifts or bequests that are expected in the near future. With that being said, during most years, the church has been extremely fortunate to receive unexpected gifts and bequests. In the past it has been the practice of the vestry to allocate those gifts toward principal payments on the loan whenever practical.

The schedule that the committee proposes the vestry adopt attempts to first use funds that were given and earmarked specifically for the purpose of loan payments and to protect trust assets as much as possible. Our thoughts are when trust assets must be tapped that the funds are used in a way to keep the most flexible (unrestricted) funds available in case the church needs them for other matters that may arise.

Resource Schedule

1. In April of 2021, the balance of Sure Foundation should be used for the 2021 principal payment. Any leftover funds should be deposited into the Shepherd's Vision checking account. This should accomplish two things. First, the Sure Foundation funds will be used for the purposes that they were given and will by depleting them at that time simplify our designated fund accounting. Second, the leftover balance in addition to the funds currently in Shepherd's Vision should pay most if not all remaining interest payments for the life of the loan.
2. For the 2022 principal payment and beyond, it is our recommendation that the any future bequests should be used when/if they arrive if current church finances permit and assuming the donor did not restrict the gift preventing this use.
3. In the absence of bequests and/or gifts that we are currently unaware, the Tower Fund should be used. Out of the funds we have available, this fund is the most restrictive in that the principal can only be used for capital expenses.
4. Assuming the Tower Fund is tapped in 2022 and exhausted before other sources of income arrive, that should cover principal payments for at least two to three years covering payments in 2022, 2023, and some if not all of 2024. After that, we think it is likely that the church's portion of the Woolery Trust will have arrived. If so, that should pay the payments in 2025 and 2026 (and make up for any shortfall if the Tower Fund did not cover 2024).
5. If the Woolery Trust does not arrive in time to cover the payments above, the unrestricted funds in the trust should be used as necessary. However, if this is the case we feel strongly that the Woolery Trust funds should replace any unrestricted funds used to refill the only real "emergency" fund the church currently has.

While the committee realizes that future financial conditions are very likely to be different than predicted, we feel strongly that this is currently the best plan for the church's existing funds and those that may arrive in the next few years.