

This month I am providing an overview of the church's financial system to acquaint new vestry members and remind current members. Our church's financials are handled through Realm Accounting which is an online system that gives immediate and easy access to up-to-date financial performance. The system is kept current by our bookkeeper, Christine Sharp. There are two reports that will be distributed monthly to the vestry and are made available to the parish in general after each vestry meeting. The first is the Statement of Financial Position, or Balance Sheet. A copy of which was attached to the email you received with this report. That report shows the current assets, liabilities and net assets (i.e. funds). The assets include our bank accounts and investment funds. At present we have two checking accounts, one for general use and one for the rector's discretionary fund, which is shared with the deacon. We also have a small money market fund. We also have two investment funds: a diocese short-term investment fund which holds some of our operation reserve and the endowment fund. We currently have \$325,813 in total assets about half in our checking account. We have a small amount of liabilities. These are generally pass-through accounts which will ultimately be paid out. For example when we collected registration fees for the parish camping trip, they showed up as a liability until the fees were paid to the park. Finally there are the net assets or funds. In general most of our discussions will be about the funds.

There are four categories of funds. First is the general fund which is where the operating budget sits. Income is posted to the general fund and expenses are deducted from the general fund. You can think of this fund as the "checking account" for the budget. The general fund currently stands at \$56,324. The next category is restricted fund. These funds are restricted to be used only for the fund designated by the giver; if you make a gift to the home starter kits, that gift goes into the home starter kit fund (3020) and can only be used by that ministry. We currently have \$69,240 in all our restricted funds. These funds are outside the budget process and the vestry has little to do with them. Spending from each restricted fund is generally directed by the specific ministry lead. Then we have the designated fund. These funds are set up by the vestry for a specific purpose; but the vestry has the freedom to move those funds if necessary. So when we have a budget shortfall or an extraordinary expense, the vestry can choose to use the operations reserve fund (3940) which currently stands at \$66,518. The operations reserve fund is essentially the church's "savings account" to be used only when needed. Finally we have the endowment fund. This fund holds gifts we receive as bequests; when a bequest comes to the church the policy is to put half into operating income and half into the endowment. The endowment fund currently stands at \$121,467 and we receive an annual 4% distribution from that fund. The endowment fund principal should only be tapped in cases of financial emergency.

During most vestry meetings most of our discussion will revolve around the current year's budget which is shown in the Statement of Activities report, also attached to the email with this report. This report shows our revenue and expenses to date. The columns of the report are Actual for the previous month, Actual year-to-date, Budget year-to-date (which is generally assumed to be spent uniformly across the year), Annual Budget, and Annual Budget Remaining. We will usually focus on the Actual year-to-date and the Annual Budget Remaining. General fund income is basically the budget income. The church's general fund income through January 31st was \$23,946, which is \$9,335 over what we budgeted; a good start to 2021. Roughly 2/3's of that is due to \$6,710 in Prior Year Pledges (4512). Pledge income (4510) in December was \$16,222, which is \$3,134 ahead of budget. The operations reserve had \$5,000 in income in January thanks to a generous gift. Total income for January, including income to restricted, designated and endowment funds was \$30,334.

Our general fund expenses for January were \$13,084. Under general fund expenses we break out details for clergy compensation, lay staff compensation, utilities, building and grounds, office expenses, parish life, Christian education, outreach, and other. Other is where the diocesan assessment or DPA (5501) appears. That was \$3,808 or 1/12th of the annual DPA of \$45,691. The DPA is the annual diocese "income tax" and is largely based on the annual parochial report which we will file at the end of the month. Our total year-to-date expenditures including expenditures from restricted, designated and endowment funds is \$13,384. The \$5,000 income to Operations Reserve has not been expensed yet, but after that occurs our expenses are about \$8,400 below budget.

Finally, because we will be discussing the need for roof repairs and a possible capital campaign, the vestry should note that we currently have \$4,826 reserved for building expenses split between the capital campaign restricted fund (3300) and the designated building fund (3910).