

Finance Committee Report to August 11, 2020, Congregation Council

Daryl Ackerman, Finance Chair

Finance Committee has not met since June 2, but has conducted email business in July.

- (1) The budget summary shows July membership giving is \$13,000 below budget estimates for the month and \$56,340 below budget estimates for the year to date. July expenses were lower than budget, and net receipts less expenses for July were -\$27,476. Expenses in July include 3 payrolls. The year-to-date net receipts less expenditures is -\$2,608 (this does not consider the PPP loan proceeds as receipts, but as a liability).
- (2) Contributions to the Capital Appeal in July were \$18,183 (average for the first six months was \$20,719). The balance at the end of July was \$547,606.
- (3) Because outstanding items have not been provided to date for the \$500,000 loan, S&T Bank is asking that we resubmit all the documentation and provide updated financial information. The commitment letter was signed and submitted to S&T Bank on April 10, 2020, and the required remaining items relate to the schedule, contract cost, and cost breakdown for the capital appeal project. The Builder's Risk Policy also remains to be completed.
- (4) The \$191,349 CARES Act Paycheck Protection Program (PPP) loan is deposited in the S&T checking account and shown as a current liability on the Statement of Financial Condition. Allowable expenditures are being paid out of the S&T checking account so that can support an application for loan forgiveness. The revenue and expense reports do not include PPP loan payments at this time. The June 5 federal change in the PPP loan forgiveness period to 24 weeks should permit Trinity to apply for forgiveness of the total loan amount. The rules for this new law are evolving, with frequently asked questions being released last week by the SBA. After a forgiveness application is received from the bank and then submitted, it may take up to 5 months for a decision. Paul Hensel is consulting with our accountant on the forgiveness procedures. PPP loan forgiveness will reduce the impact of anticipated deficits in coming months. It is difficult to estimate the financial impact of limited building opening and limited worship, whenever that may occur. After the "opening" occurs, another look at finances will be needed, or at the end of summer.
- (5) It appears to be time to make a preliminary projection of receipts and expenses through the end of 2020. Membership envelopes have averaged 87% of budget over the last 3 months, and additional income has been only \$3,500. Expenses have averaged 81% of budget for the past 3 months. Assuming that giving and expenses remain at these ratios, year-end net receipts less expenditures would be about -\$5,000.
- (6) However, expenses are likely to increase. A&P plans three new part-time positions and an expansion of an position. Property has a number of small items that it plans to complete within its original budget. Payback of the \$500,000 loan should be made from capital appeal receipts, so use of budget monies is not anticipated.
- (7) Trinity's financial condition remains relatively healthy compared to other churches at this time. While total receipts for July are below budget, expenses have been constrained to result in a deficit of -\$27,476 for the month of July. It is important as we "re-open" that expenses continue to be managed by Trinity's teams and committees. As liaisons to these teams and committees, please communicate the need to constrain expenditures, while continuing ministry in this new environment.

Thank you!