

Finance Committee Report to December 8, 2020, Congregation Council
Daryl Ackerman, Finance Chair
Finance Committee met December 1 by Zoom

(1) The November financial reports (summary budget) show net receipts less expenses for the month of \$-23,992. Membership envelopes for the month are significantly below budget (83% of budget), and other receipts total about \$5,000. Expenses for the month exceeded budget. For the period January through November, actual net receipts less expenses are \$-42,727. Receipts do not include the PPP loan, which is being treated as a balance sheet liability. End of year total receipts less expenses are projected to be about \$-21,000, counting on a Christmas nudge.

(2) Contributions to the Capital Appeal in November were \$33,069 (average for the first ten months was \$19,000). The balance at the end of November was \$398,313 (after architect's and contractor's invoices and transferring to Vicar and Synod). The total contract costs for phases 1 and 2 are \$985,860. The Capital Appeal Team is in the process of looking at the performance of the pledges.

(3) For the \$500,000 Capital Appeal project loan, the loan commitment letter was delivered to S&T Bank on November 25. We are awaiting receipt of the loan agreement.

(4) For Trinity's \$191,349 CARES Act Paycheck Protection Program (PPP) loan, changes in the PPP loan forgiveness requirements should permit Trinity to receive forgiveness of the total loan amount. Paul Hensel submitted the forgiveness application to S&T Bank on November 16 for the total loan amount. After a forgiveness application is submitted, the bank has up to 2 months to review it before submitting it to the Small Business Administration for its review of up to 3 months.

(5) For 1959 Market Street, Trinity and the Synod executed a 10-year lease, and Trinity has received \$20,000 from the Synod for the porch. Property is coordinating renovation design with the architect and contractor. Finance stressed that there were recent staff changes at the Borough and that there is a need to quickly get the architect's plans completed for Borough permit review to meet the schedule.

(6) **2021 Budget Discussion:** The Finance Committee discussed the 2021 budget as recommended by the budget subcommittee. The budget for Membership Envelopes decreased from \$1.2 million in 2020 to \$1.11 million for 2021, reflecting the experience of the past seven months. Total receipts in the 2021 budget are \$1.38 million (\$1.42 million in 2020 budget) and include a one-time use of PPP loan fund proceeds of \$0.12 million. Total expenditures in the 2021 budget are \$1.38 million, or 97% of 2020 budget expenditures. With the one-time use of PPP loan proceeds, the budget is balanced. Finance committee discussed the November 2020 results and the look forward to Christmas, which may be on-line only with potentially reduced giving. They expressed concern about A&P Committee's 2021 budget, which was 99% of its 2020 budget and the largest budget. The Finance Committee acted to recommend to Council that A&P prepare a plan to reduce its budget by \$25,000 or more. This would permit an evaluation of year-end 2020 receipts and expenditures in January, and allow the possibility of budget adjustments, as necessary.

(7) Financial Stability. While Trinity is sound financially, many of its financial stability criteria are in jeopardy. The operating budget is being balanced by a \$120,000 one-time use of PPP loan proceeds. Quasi-endowment is to be 25% of the operating budget as an operating reserve – or \$356,000. Less the \$208,000 loan outstanding to the Capital Appeal and the \$240,000 loan for 1959 Market Street, a total of \$16,000 is available in the Quasi-endowment Fund. The capital reserve, or MIRA, is to have a balance of 10% of the operating budget, or \$142,000. The unallocated available funds at the end of November are \$27,000. The Endowment Fund is to be an amount equal to operating income, or \$1,425,000 – with the rising market, the reported Endowment Fund balance is \$947,000. Any debt should be short-term, within the ability of the church to repay through a capital campaign. The Capital Appeal project loan (\$500,000 with S&T Bank) depends on performance of pledges and new monies (which have been minimal to date) from new pledges, non-pledged, and bequests.