

MEMORANDUM

To: Vestry

From: Father Ed
Lois McDonald
Smythe Kannapell
Todd Miller

Re: Revised 2020 Budget

A primary responsibility of the Vestry is to manage the parish finances.

- At its February meeting, the Vestry, consistent with its financial responsibilities, adopted a balanced budget that included little discretionary spending; but at the same time kept the parish on the road to becoming a Kingdom Church. 2020 was to be a year to consolidate the successes of past years and further regularize the parish's internal operating systems.
- Then came COVID-19 and parish finances became more complicated. Rip and Smythe have prepared a revised 2020 budget that reflects the balancing of many factors and we support it.
- Two items, in particular, require immediate attention. First, if you approve, we will be suspending janitorial service (except possibly for toilet cleaning) and Total Quality has asked us to notify them of our decision as soon as possible. Second, Katie Freer was asked today by nursery workers whether we will continue to pay them even though they are not working because the building is closed. The proposed revised budget would pay them.
- The facts, of course, are ever changing and it is possible that the parish financial picture will become less favorable and even more difficult decisions will need to be made. Indeed, at some point, it may be necessary to balance cutting staff hours against borrowing funds and/or using other funding sources that we would rather not use.
- We believe that cutting staff hours should be the absolute last resort and that other funding sources should be used to avoid cutting hours.
 - We have made great progress toward becoming a Kingdom Church and we believe that maintaining staff hours is critical to keeping us on the path to becoming a Kingdom Church.
 - In addition, except for certain hourly employees (discussed below), all employees are working remotely or at the office and many are working harder than ever. They have developed creative approaches to keep the church activities going without the use of a building. This is not the time to cut their hours; now is the time to thank them for their extraordinary efforts.
 - We do have hourly workers such as those in the Nursery who are not working. Yet, those are the lower wage workers who Bishop Budde hopes will not be laid off.

The possible sources of funds to cover any deficit are outlined below and we can discuss them in more detail tonight.

- The final portion of the Colbert bequest (approximately \$25,000) is to be distributed this week and the Vestry could amend its January 2018 resolution to deposit the amount in the general fund.
- The line of credit is being renewed and funds could be borrowed.
- We understand that the Kingdom Campaign has approximately \$1.05 million in cash, is expecting additional pledge payments of approximately \$1.073M (discounted to present value), and owes the Endowment approximately \$975,000.
 - We are faced with the most significant pandemic in over 100 years. Any resulting business deficit is not an ordinary budget deficit situation. If the Vestry believes that maintaining the staff is critical to our becoming a Kingdom Church, using Kingdom funds to maintain the staff would be most consistent with the purposes of the Kingdom Campaign. In fact, we have received emails from parishioners asking if, in light of COVID-19, they could pay their Kingdom pledge directly to the general fund.
 - The Kingdom Campaign could also make an interest-free loan to the general fund.
- For the last several years, the Vestry has not taken annual distributions from either the Perpetual Fund or the Investment Fund. To the extent that bonds are in those funds which have not lost their value, the Vestry may want to consider using amounts from these funds.
- As a last resort, the Vestry may wish to consider asking selected parishioners to prepay their anticipated 2021 pledges.

We look forward to discussing these matters with you.