

FINANCE COMMITTEE ANNUAL REPORT for July 1, 2019 – June 30, 2020

The Finance Committee has the responsibility for stewardship of the financial resources of the Meeting, which allows the Meeting to continue its work. The Finance Committee is responsible for:

- a) Fundraising, collection of donations, and payment of Meeting obligations;
- b) Working closely with the Meeting Treasurer to maintain an accounting of income and expenditures, the Meeting's bank and investment accounts, and a financial reserve for use in case of emergencies; and
- c) Preparation of an annual budget for allocation of funds, according to the needs of the committees and as directed by Meeting for Worship with Attention to Business, for maintenance of the Meeting House as well as for funding committee activities and benevolences.

The goals of the Finance Committee are to support the stewardship of the financial resources of the Chapel Hill Friends Meeting by:

- a) Maintaining a balanced budget;
- b) Supporting the work of vital committees and providing support for designated Quaker organizations and other local organizations approved by Meeting for Worship with Attention to Business (benevolences);
- c) Providing savings for routine and unanticipated repairs for our facilities and flexibility to cover contingencies; and
- d) Maintaining sufficient assets and savings to meet future needs.

Meeting accounting is done on a "cash" rather than accrual basis.

The Treasurer reported to the Finance Committee monthly on income and expenses, and worked with the Committee in the preparation of the 2019-20 fiscal year report, the quarterly reports to the Meeting for Worship with Attention to Business and the budget for the 2020-2021 fiscal year. Clerks of the Meeting's committees advised us on their needs for additional funds, if any, and provided information necessary for budget preparation. The Treasurer kept on-going records to assist in our task. We continue to use Servant Keeper and QuickBooks to track our finances.

The financial plan for the Meeting has two segments. The first part is the budget that includes ordinary income and expenses for the operation of the Meeting. At the end of each fiscal year, income should meet or exceed budgeted expenses. The second part is an accounting of our Special Funds and Accounts. Total income comes from two sources – operating income, mostly from contributions, is used to pay for the expense of operating the Meeting, including funding

benevolences. Income from other sources, such as the Building Renovation Fund and Schotts Fund, are special funds set aside for specific purposes. The budget is reset for each fiscal year.

1. Operating income and expenses

Income: For much of the year, income from contributions were insufficient to cover anticipated expenses and benevolences, and we anticipated a shortfall. However, the year closed successfully upon receiving two large gifts towards the end of the fiscal year.

Income from contributions, building rental and parking fees the fiscal year was \$81,909, which exceeded our planned level of \$73,035. We budgeted for contributions of \$67,935, but last fiscal year we received \$76,450 despite the suspension of our regular in-person worship in March and thanks, in part, to the two very generous contributions received at the end of the year referred to above. In comparison, contributions in the past six years have varied from \$76,883 (FY 2014-2015) to \$84,945 (FY 2018-2019). The number of donors each year ranged from 109 in 2015-2016 to 91 this past year. The process for on-line or credit card donations that was initiated last year resulted in 79 discreet donations totaling \$10,015, which represents about 13% of the total contributions received; 18% of our contributors used this method. We paid \$376 in service fees to process these contributions. We expect that on-line contributions will continue to grow as a percentage of our overall contributions.

Expenses: Overall, we spent 83% (\$60,597) of our operating budget this year. Benevolences from Archives, Ministry and Worship, and Peace and Justice constitute about 41% of the total operating budget, and these funds were spent as expected. However, Committees, which constitute 24% of our budget, spent just 63% of their approved funds, and eight of the thirteen spent less than half of their budgets. As planned, administrative expenses constituted about 35% of the expenditures.

Net Operating Income: As a result of the increased income and reduced spending by committees, we show an overage in the operating budget (net income) of \$21,311 (FY 2019-20 income less expenses) for the year. In the previous fiscal year, when we received record contributions and expenses were lower than expected, the net operating income was \$32,219.

FY 2020-21 Budget: We prepared a budget for July 1, 2020- June 30, 2021 for review and approval by Meeting for Worship with Attention to Business.

An important consideration in the budgeting process for the Finance Committee has been the known and anticipated effects on the Meeting's finances caused by the COVID-19 pandemic. Accordingly, and reflecting our traditional Quaker values of conservative fiscal discipline, the committee proposed a FY 2020-21 budget which incorporated an approximately 30% reduction

in expected income. The Finance Committee will monitor contribution and expense levels closely throughout the year, and we stand ready to amend the budget totals in early 2021. If, for example, the Finance Committee observes that our actual income has outpaces our reduced estimates, we can produce a revised FY 2020-21 budget, if directed to do so by the Meeting, restoring our projected expense levels closer to those of FY 2019-20.

Given underspending by committees for the past two years, the Finance Committee encourages Committees to be mindful of their available resources and make good use of the funds allotted to them in the budget. Committee members are welcome to contact the Treasurer at any time during the fiscal year to get an update on their budget.

2. Special funds and Accounts

Income and Expenses: The second segment of our financial plan includes funds that carry over from one year to the next such as building renovation, special endowments (e.g., Shotts Leadership) and other projects and grants such as Returning Citizens.

We incurred additional costs of \$6,417 to complete the renovations to the upstairs in the Meeting House that were financed in FY 2018-2019. In addition, we spent an extra \$8,650 to provide a new roof for the structure. Expenditures for both projects were covered in part by contributions specifically designated for the Building Fund. In addition, we used funds in the Friends Fiduciary Physical Plant Reserve Fund to cover the remainder of the cost.

Last year Returning Citizens incurred expenses of \$1,274, and Shotts Leadership dispersed \$1,115.

3. Net Total Income

Net Total Income: This net total income figure reflects the overall cash flow for the year considering traditional Income Statement items such as income, budgeted expenses, gifts to benevolences but also non-budgeted financial activity such as income from restricted donations, and interest earned; and, expenses for project or unbudgeted repairs, credit card fees, and cash distributed from meeting funds (e.g. Shotts, ReFac). This year, the net total income was \$29,162.

Regarding the allocation of the balance, the Finance Committee discussed several options (Care & Counsel, Returning Citizens, Building Renovation Funds plus potential purchases of video/audio equipment and a solar energy system). Aware of the great uncertainties in the upcoming year, at this time, the Committee decided that the surplus should be held in the Money Rate Savings Account.

4. Balance Sheet

Assets: Approximately 27% of the Meeting's financial assets are held at Friends Fiduciary Corporation in Philadelphia, PA. The remaining 73% represents cash in accounts with BB&T.

As of June 30th, around 70% of the cash held in the BB&T accounts is held in checking or savings accounts. The remainder is held in accounts dedicated to each of the Committees.

Overall, the Finance Committee considers that the Meeting's financial health is good, and our financial positions are sufficient to address our obligations, repairs, and the leadings of the Meeting.

Allocation: The Finance Committee monitors the returns achieved in the Friends Fiduciary accounts, and allocates Meeting funds between investments, checking and savings accounts. The Committee monitors bequests and other specific designated accounts.

5. Other activities

We thank all who contributed for their generosity and stewardship of resources. We encourage Friends to continue to support the work of the Meeting and to consider including the Meeting as a bequest in their wills.

The 2019-20 members of the Finance Committee were: Emilie Condon, Mike Jokinen, Tom Ludlow, Geoff Metcalf, Ann Miller (Co-Clerk), Ric Shepherd (Co-Clerk), Monteze Snyder, Gwynne Pomeroy, Bob Durovich and Maura Murphy (Treasurer and ex officio member).