

## **Finance Committee 02/09/2026 Meeting Minutes**

### **Summary:**

The Finance Committee meeting focused on reviewing December financials and discussing the church's cash flow situation. The Treasurer presented the December financial report, highlighting a \$3,000 net income for the year, which was supported by a \$28,000 endowment gift and \$81,000 from a bequest. The committee discussed the church's reserves, including \$95,000 in CDs and approximately \$98,000 in cash. They examined the capital campaign's cash flow, noting a significant "valley of debt" from April to March 2027, and explored options for securing additional funding, including potential loans from banks or the Episcopal Building Fund. The committee also addressed budget planning for 2026, with the Treasurer mentioning the need to review and potentially cut expenses due to lower than expected pledge income.

### **Prayer:**

The Rector offered a prayer for the group, asking for God's blessing on their leadership and service to the Parish.

### **December Financial Statements:**

The Treasurer presented the December financials, highlighting that the year-to-date figures represent the entire year 2025. He noted discrepancies in the checking account balance, which was reported as \$32,000 overdraft but there was actually \$98,000 in the bank. The Treasurer explained that large invoices, such as the roof project, were causing significant movements in account balances. The Preschool account and endowment account were discussed, he also mentioned that the Preschool account had a small balance due to shared credit card bills, and the Endowment account was at zero after all agreed reimbursements were paid. He also pointed out that pledges came up \$54,000 short of the budget, while other income was up by \$30,000, which included a \$28,000 gift from the endowment.

### **Budget Challenges:**

The Treasurer reported that the organization ended up with a positive \$3,000 net income for the year, despite coming short of budget expectations. He explained that they had used \$28,000 from an endowment and \$81,000 from a bequest to supplement the budget, which was part of a 3-year plan for 13% pledge increases. However, they are now only expecting a 5% increase for 2026, indicating potential budget challenges. He mentioned that they have some retained earnings that could be used to address any shortfalls, and the Rector suggested using the Building and Grounds Fund, which currently has around \$55,000, to help cover expenses.

### **Financial Management and Budget Review:**

The discussion then focused on financial matters, particularly regarding buildings and grounds maintenance, which had exceeded budgets in recent years due to costly repairs like plumbing and heating issues. The Treasurer explained that a reserve fund had been built up over time to cover these expenses. The group also discussed pledge numbers, noting that while \$54,000 had been pledged, there was a discrepancy with only \$48,000 showing in Realm, which he attributed to unexpected additional income. The Chair suggested that the recent capital campaign and multiple years of asking for 13% increase in pledges might have impacted regular giving.

### **Bequest Fund Allocation:**

This discussion focused on the allocation and remaining balance of a bequest fund, which was originally intended to cover full salaries for youth leaders for three years but was phased in over time to stretch the funds. The

Treasurer explained that while \$222,000 was allocated for salaries, the actual amount spent was less due to delayed hiring and a decision to phase out the bequest funding over three years. The group discussed that approximately \$135,000 remains in the fund, which could be used to balance the budget, along with \$6,000 in the operating reserve and \$54,000 in the Building and Grounds Fund. They also noted that \$5,500 remains for vestments, with some special orders in progress.

#### **Capital Campaign Cash Flow Analysis:**

The Treasurer presented a cash flow analysis for the capital campaign, highlighting expected revenues and expenses. He explained that while Phase 1 expenses like the church roof and boiler were covered, Phase 2 expenses, particularly the organ restoration at \$80,000 per payment, would create a "valley of debt" starting in May. He noted that the endowment might be able to cover the first few organ payments, but this was still pending confirmation, and alternative financing options would need to be explored.

#### **Church Debt Management:**

The discussion then focused on addressing a \$300,000 debt issue, with the Treasurer expressing concern about the lack of immediate cash reserves to cover it. The Chair suggested exploring alternative financial institutions like First Citizens and Atlantic Union for potential lines of credit, as the Treasurer noted that Truist does not offer lines of credit. The Rector mentioned that any church indebtedness requires The Bishop's blessing, and he had reached out to the Episcopal Building Fund, which had not responded yet. The group discussed the need for a comprehensive assessment of the situation by the Finance Committee and acknowledged that while donations are coming in, they are spread out over longer periods, creating a cash flow issue.

#### **Project Funding and Budget:**

The group discussed financial options for a project, including potential loans from First Citizens and the building fund, which one member estimated would be at prime plus 2%. The Chair clarified the status of the funds, confirming \$98,000 in CDs and \$100,000 from the Christie gift split between CDs and a cash account at Truist. The Treasurer suggested using \$125K from the Christie gift and possibly \$25K from the building fund to address budget needs. The group also noted ongoing organ work with completed engineering but pending next phases, which might affect billing timelines.

#### **Budget Planning and Financial Reports:**

This discussion focused on budget planning and financial reporting. The Treasurer reported that December numbers are nearly complete and will be used as the basis for the budget, with three reports (Human Needs Report, memorials report, and annual report) needing to be completed first. The Rector emphasized that the Treasurer's Grandson should be his top priority, and he confirmed he would send the annual report section to the Finance Committee for review before finalizing the budget. The group discussed budget requests from Children's Ministry and Youth Ministry, with the Treasurer noting that Children's Ministry numbers were on track while Youth's Ministry numbers were slightly over budget, though both would be subject to the overall budget constraints.

#### **Budget Planning:**

The discussion then focused on budget planning and financial matters. The Treasurer requested that anyone, who hasn't submitted budget requests to him or the Chair, should do so. The Chair mentioned receiving an email from The Deacon requesting \$2,500 for the service committee. The group discussed the need to prepare an

annual report for an upcoming meeting on the 22nd. They also talked about following up on roof repair bills and consulting with the Roofing Consultant about the work done. The Rector raised concerns about a \$26,000 shortfall in the 2025 campaign, which the Treasurer said he would investigate further with the Financial Administrator.

**To Do:**

- Chair: Contact First Citizens and Atlantic Union banks to inquire about options for a line of credit or loan to address the upcoming cash flow shortfall (the "valley of debt") for the capital campaign.
- Rector: Reach out again to the Episcopal Building Fund for a response regarding potential loan or financing options for the capital campaign.
- Treasurer: Complete and distribute the Human Needs Report, Memorials Report, and the annual report text section to the Finance Committee for review.
- Treasurer: After receiving feedback, finalize the December financials (V6) and use them as the basis for the 2026 budget process.
- Rector: Send out a reminder to all ministry/committee leaders who have not yet submitted their budget requests for 2026 to do so promptly.
- Chair: Forward the Deacon's budget request to the Treasurer for inclusion in the 2026 budget process.
- Treasurer: Follow up with the Financial Administer to clarify and reconcile the discrepancy in 2025 pledge income figures (specifically the \$26,000 vs \$54,000 shortfall) and review Realm data.
- Treasurer: Inquire with the appropriate parties (e.g., Roofing Consultant, Buildings and Grounds, or the Facility Manager) about the status of the December and January roof bills and communicate amounts to the Endowment Representative when available.
- Endowment Committee Representative: Transfer funds (from the Endowment Committee) to the church for payment of roof bills within approximately one week of receiving the bill amounts.
- Senior Warden: Discuss with the Junior Warden the patio landscaping project, including obtaining additional quotes and considering phasing, and provide relevant estimates for the budget process.
- Treasurer: Review budget requests from Buildings and Grounds and other committees/ministries, including any updates or new plans, and incorporate into the 2026 budget process.
- Rector: Send a rough pledge shortfall calculation to the Treasurer for further review with the Financial Administrator.