

# 2021 Finance Workshop--Council Briefing

LINDA RILEY MITCHELL, C.P. A.

CHIEF FINANCIAL OFFICER/TREASURER

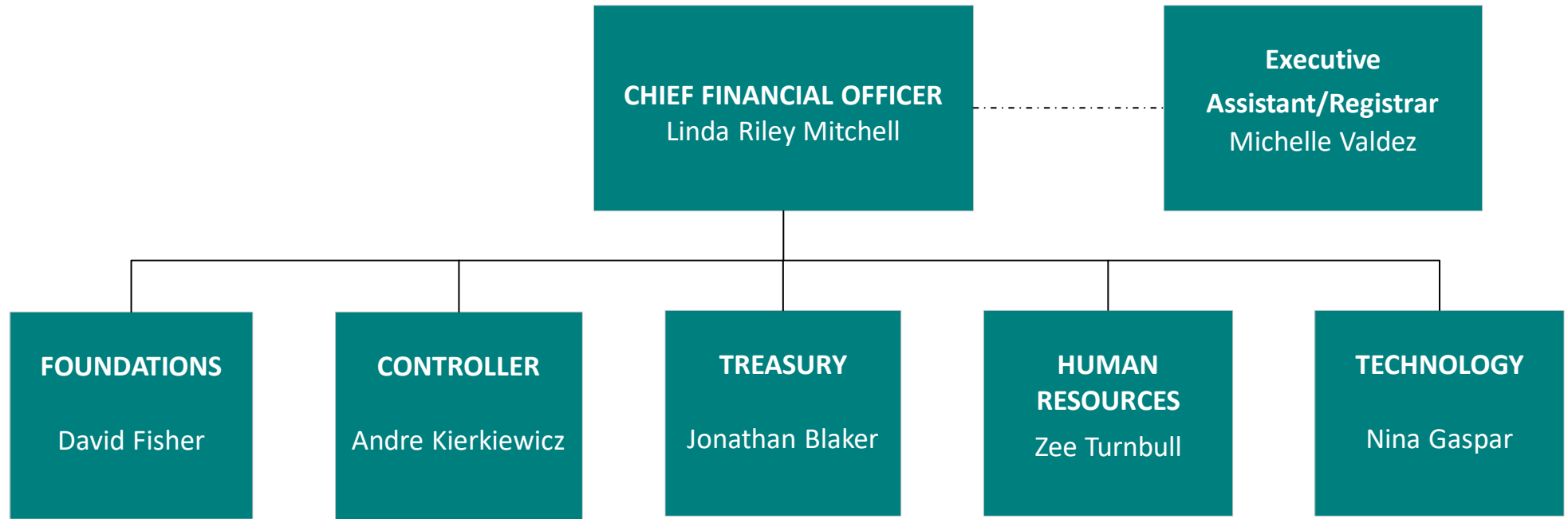
FEBRUARY 2021

# Our Time Together

- ★ Finance Team
- ★ 2020 Accomplishments
- ★ Financial Support to Churches
- ★ 2020 EDOT Financial Results – Preliminary
- ★ 2021 EDOT Budget



# Finance Team

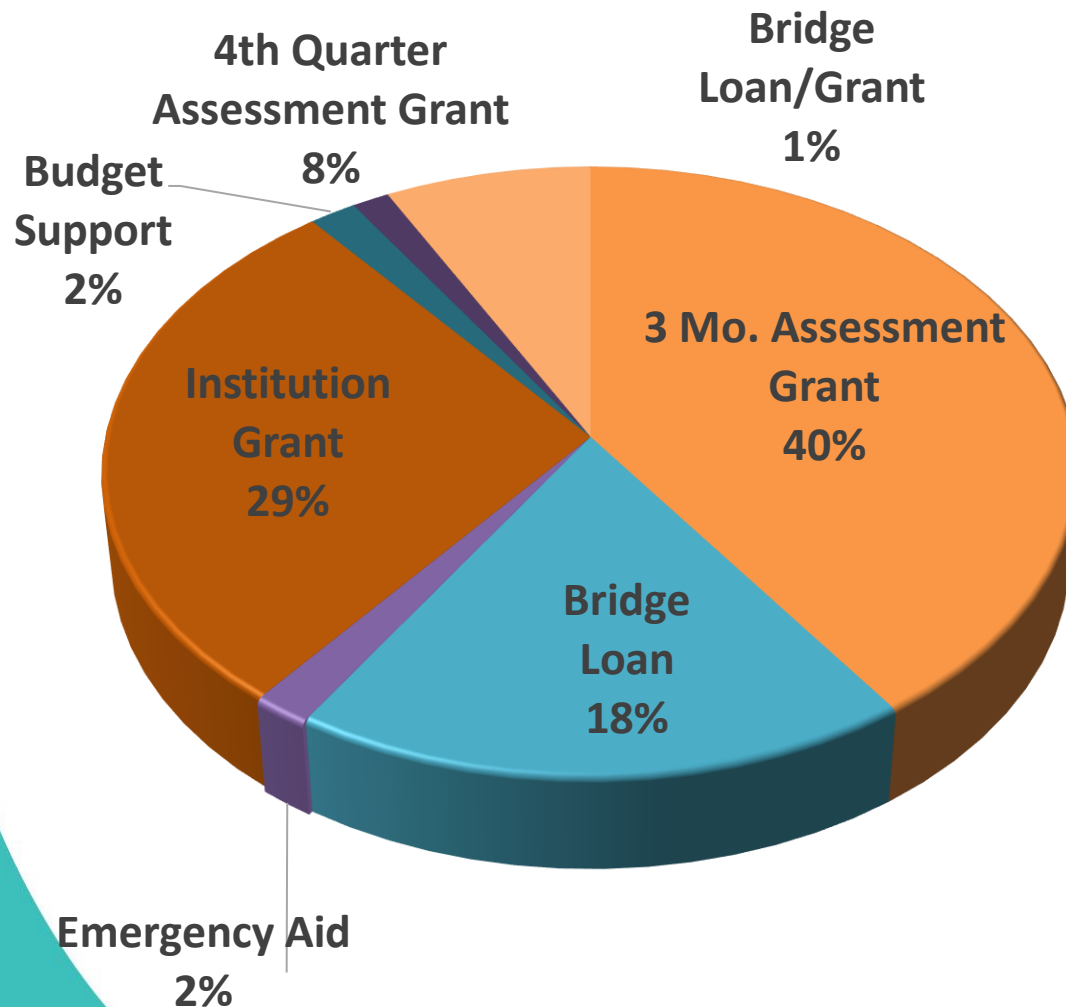


# Finances across the Diocese

- ★ How much were the total expenditures in EDOT's 2020 Budget?
  - ★ A. \$8.8 million
  - ★ B. \$9.4 million
  - ★ C. \$10.7 million
  - ★ D. \$11.6 million
- ★ What did the foundations provide to churches and institutions for COVID Relief in 2020?
  - ★ A. \$2.5 million
  - ★ B. \$4.2 million
  - ★ C. \$4.7 million
  - ★ D. \$5.3 million

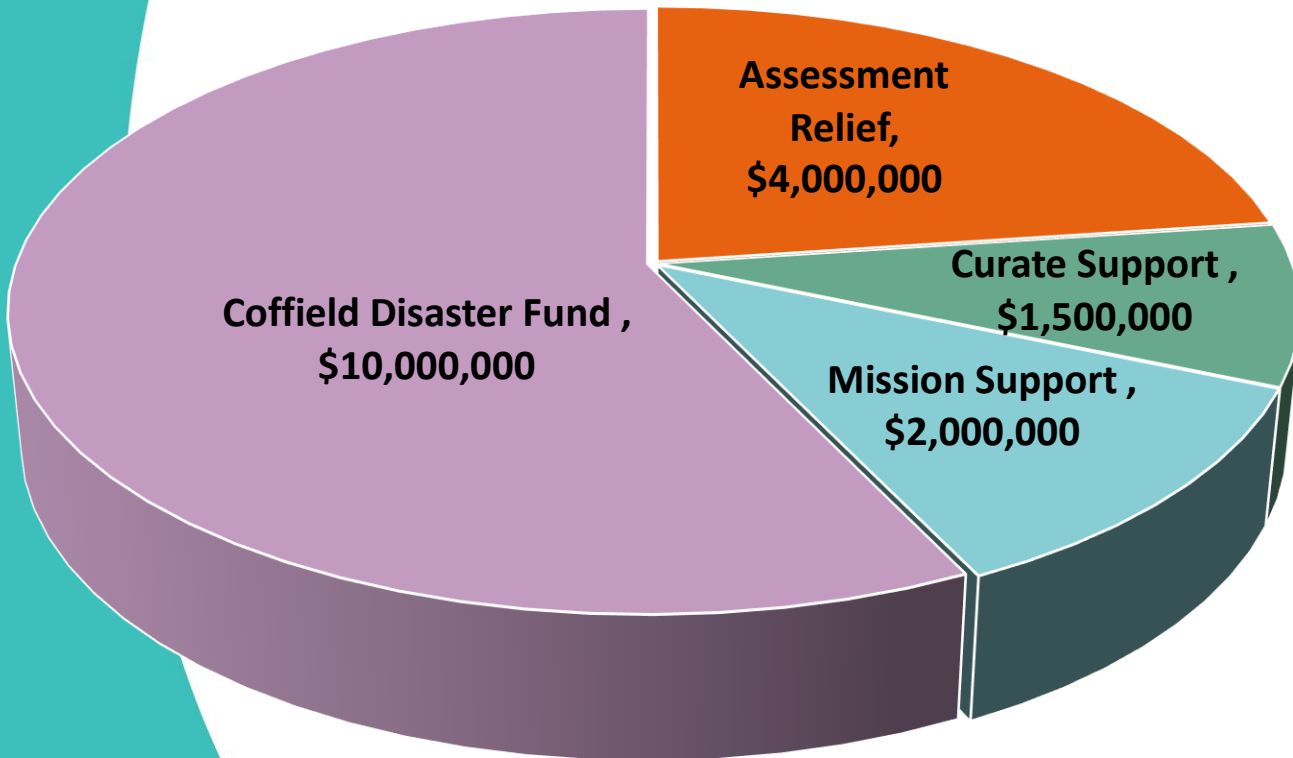


# Finance Team--Helping churches with COVID Recovery—Phase I



<u>Grant Type</u>	<u>Quantity</u>	<u>Amount</u>
3 Mo. Assessment Grant	128	1,864,180
Bridge Loan	17	857,772
Emergency Aid	16	80,000
Institution Grant	5	1,321,365
Budget Support	8	81,000
Bridge Loan/Grant	2	63,923
4th Quarter Assessment Grant	32	353,336
<b>Grand Total</b>	<b>208</b>	<b>\$ 4,621,576</b>

# COVID Disaster Relief – Phase II



- ★ Builds a \$10 Million fund for future disasters for more immediate assistance
- ★ **Assessment Relief** to assist congregations experiencing shortfalls due to the global pandemic
- ★ **Additional Curate Support** extends support to 2023.
- ★ **Mission Support** to existing mission congregations.
- ★ **Coffield Disaster Fund** is designed to allow room for the next two years of COVID relief. This creates a fund which could be added to, from time to time, for future disaster recovery.



# Finance Team --Helping Churches With Real Estate

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Two Church Property Acquisitions During the Pandemic:

- Emmanuel, Houston relocated in West Houston
- Holy Family HTX, Houston purchased a building in East Downtown



# Helping Churches with Federal Stimulus – Paycheck Protection Program (PPP)

## Round 1

- ★ PPP is a forgivable loan program through the SBA
- ★ Loans eligible for forgiveness if:
  - ★ Proceeds used to cover payroll, mortgage interest, rent, and utilities expended over 8 -24 weeks



## Round 2

- ★ PPP-2 is limited to nonprofits
  - ★ With less than 300 employees
  - ★ Gross receipts have declined by least 25% in one or more quarters of 2020, as compared to the same quarter in 2019.
- ★ The maximum loan amount is 2.5 X the average total monthly payroll.

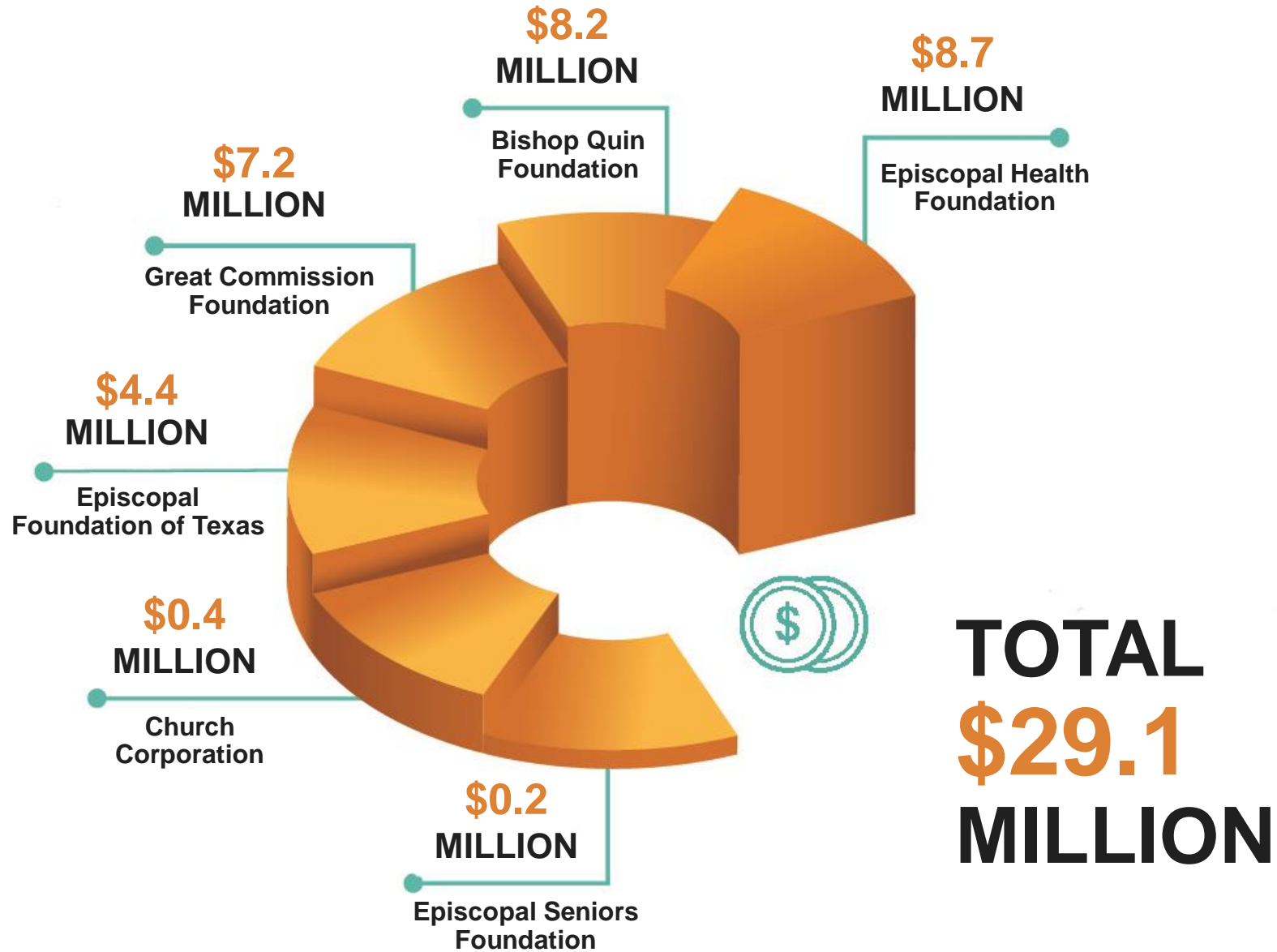


# Other Finance Team Accomplishments

- ★ Processed \$4.7 Million dollars for Covid-19 aid
- ★ Disbursed \$120,000 of Technology Grants for purchases of hardware for online worship
- ★ Provided guidance churches to apply for CPG pension waivers
- ★ Recommended online tools for online giving and services
- ★ Maintained financial and accounting standards during the pandemic. Completed audit remotely.



# 2020 **Foundation Support** to Churches and Institutions



# DISTRIBUTION OF SUPPORT in 2020



**\$11.0**  
**MILLION**

Mission & Institution Support



**\$5.0**  
**MILLION**

Insurance for Clergy



**\$1.0**  
**MILLION**

Property



**\$6.0**  
**MILLION**

Racial Reconciliation



**\$0.2**  
**MILLION**

Strategic Mission Grants



**\$1.1**  
**MILLION**

Campus Missions



**\$4.7**  
**MILLION**

COVID-19



**\$0.1**  
**MILLION**

Technology

# 2020 EDOT Financial Results - Headlines

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- ★ Revenues exceeded expenses in 2020. Covid shut down reduced activities and expenses declined.
- ★ Coordinated a response to the pandemic funding for COVID recovery for churches and institutions. Foundations provided \$4.7 million for assessment grants, bridge loans, emergency aid, and support.
- ★ The Diocese is financially sound and remains debt free.
- ★ We continued to grow--even when faced with a global pandemic.





# Assets at December 31st



	<b>2019</b>	<b>2020</b>
	<b><u>Audited</u></b>	<b><u>Unaudited</u></b>
<b>ASSETS in \$000's</b>		
Cash & Securities	\$462	\$928
Prepaid Expenses	177	327
A/R - Assessments - Current	296	140
A/R - Related Entities	735	6,352
Accounts Receivable - Other	104	112
Fixed Assets	1,485	1,648
Accumulated Depreciation	(861)	(1,041)
<b>TOTAL ASSETS</b>	<b><u>\$2,398</u></b>	<b><u>\$8,466</u></b>



# Liabilities at December 31



## LIABILITIES in \$000's

Account Payable  
 Discretionary Accounts  
 Deferred Revenue - Other  
 Line of Credit  
 Notes Payable

### TOTAL LIABILITIES

## NET ASSETS

Current year revenue over/(under)  
 expenses  
 Net Assets  
 Net Assets - Special Accounts

### TOTAL NET ASSETS

### TOTAL LIABILITIES & NET ASSETS

	2019 Audited	2020 Unaudited
Account Payable	\$437	\$667
Discretionary Accounts	62	37
Deferred Revenue - Other	91	23
Line of Credit	-	-
Notes Payable	-	-
<b>TOTAL LIABILITIES</b>	<b>\$590</b>	<b>\$727</b>
Current year revenue over/(under) expenses	\$47	\$591
Net Assets	873	919
Net Assets - Special Accounts	888	6,228
<b>TOTAL NET ASSETS</b>	<b>\$1,808</b>	<b>\$7,738</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$2,398</b>	<b>\$8,466</b>

# Statement of Activities Diocesan Results in \$000's

	2019 Audited	2020 Unaudited	2020 Budget
<b>REVENUES</b>			
Current Year Assessments	\$8,210	\$8,226	\$8,226
Foundation Support	2,657	2,840	2,840
Program Revenues	238	102	239
Other Income	265	253	277
<b>TOTAL REVENUES</b>	<b>\$11,371</b>	<b>\$11,452</b>	<b>\$11,612</b>
<b>EXPENSES</b>	<b>\$11,342</b>	<b>\$10,861</b>	<b>\$11,612</b>
<b>Net Assets Before Special Account</b>	\$29	\$591	\$0
Special Accounts	1	5,340	-
<b>NET CHANGE IN ASSETS</b>	<b>\$30</b>	<b>\$5,931</b>	<b>\$0</b>



# Diocesan Results – Expenditure Detail

## EXPENDITURES in \$000's

The Office of the Bishop

\$2,910

\$2,829

\$3,038

Communications

-

559

527

Canonical Expenses

605

309

344

Ministry Expenses

1,761

1,150

1,316

Mission Amplification Expenses

1,267

1,203

1,331

Service and Outreach  
Expenses

1,844

1,898

1,965

Administration Expenses

2,956

2,912

3,091

**TOTAL EXPENSES**

**\$11,342**

**\$10,861**

**\$11,612**

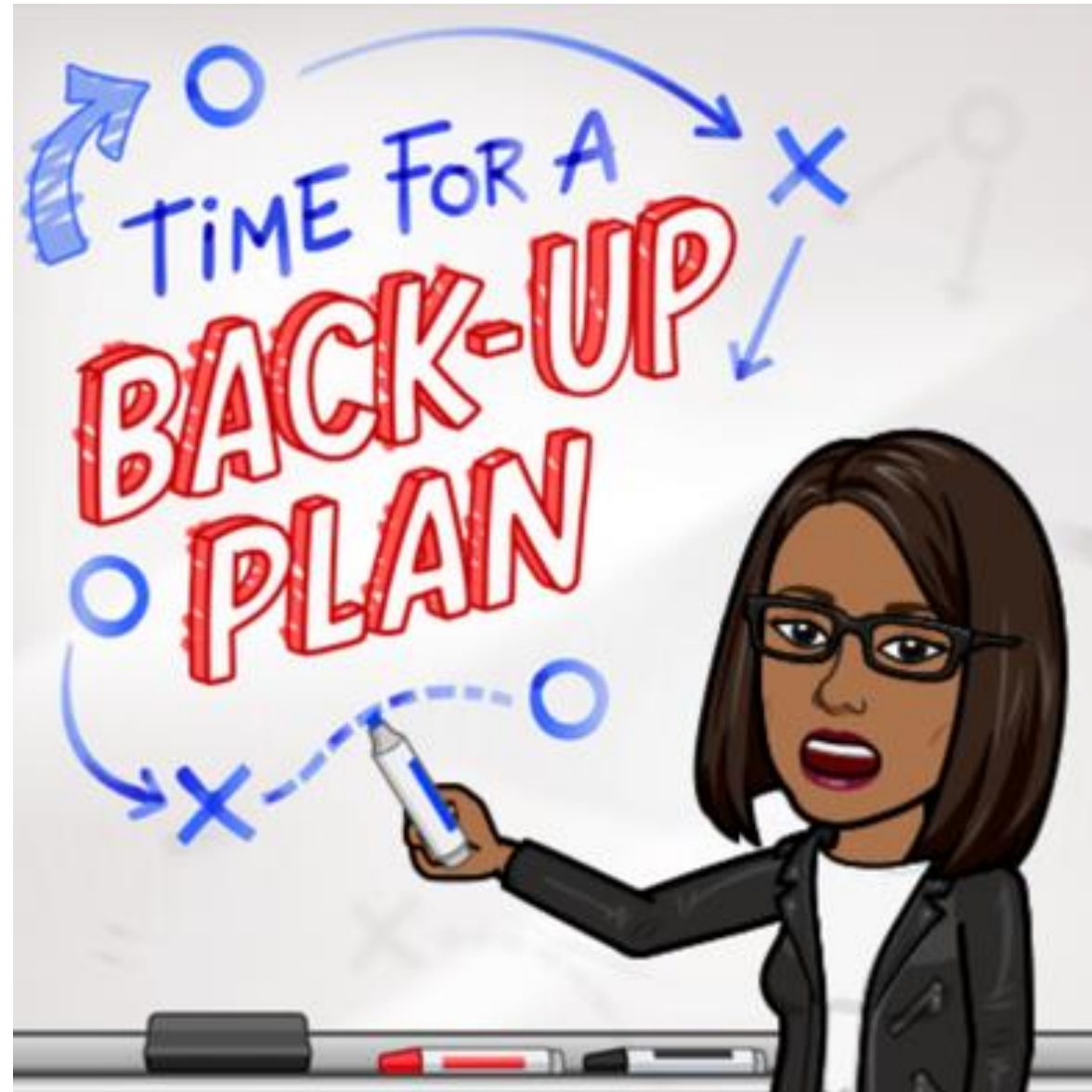




# Budget 2021



# Budget and Planning





# Finance Committee



\* EDOT Finance Committee Chair

<b>Member name</b>	<b>Parish</b>
Bette Lehmborg *	St. Martin's, Houston
Rev. Steven Balke	St. Stephen's, Beaumont
Bill Clawwater	Christ Church, Tyler
Mark Duncan	Calvary, Richmond
Rhonda Fanning	St. Martin's, Houston
Rt. Rev. Jeff Fisher	Bishop Suffragan
Carvel Glenn	St. Stephen's, Houston
David Grove	St. Mark's, Beaumont
Kerry Hancock	Christ Church, Temple
Dennis Itzep	Santa Maria Virgen, Houston
Rev. Pedro Lopez	San Pedro/St. Peter's, Pasadena

# Budget Recommendations--New Process

- ★ New Canon: Title I: Canon 2:2.1(K): Committee for the Budget
  - Proposals are to be submitted by the Monday preceding council
  - Amendments to increase expenditures must identify a source of **revenue** or a decrease in **expenditures**
  - Committee is to evaluate proposals and recommend adoption or rejection
  - Finance Chair is to present proposals and recommendations at council.
  - **No budget proposals were submitted in 2021.**

Bette Lehmborg	Finance Committee Chair	St. Martin's, Houston
John Akard	Past Treasurer, Episcopal Foundation of Texas	St. Mary's, Cypress
Nancy Bradley	Treasurer, Episcopal Foundation of Texas	Good Shepherd, Friendswood
Linda Riley Mitchell	Diocese Chief Financial Officer	Trinity, Houston
Rev. Mitch Tollett	Rector	St. Francis', Tyler

# 2021 Budget Contributors – 959 People

Staff - 16



Executive Team - 8 people



Directors/Management Team -15 people



Foundation Board Members - 63 people



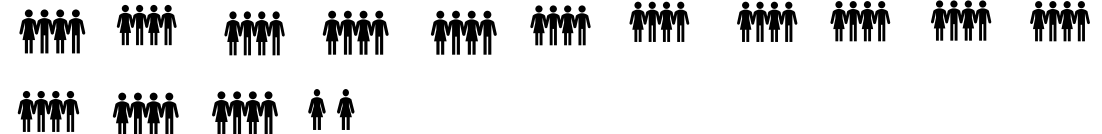
Budget Committee - 5



EDOT Finance Committee -11 people



Other Commissions and Committees – 119 people



Insurance Task Force - 10 people



Executive Board -15 people



Diocesan Council Delegates - 697 people



**Rollback**



Lower Assessments.  
Another reason to smile.

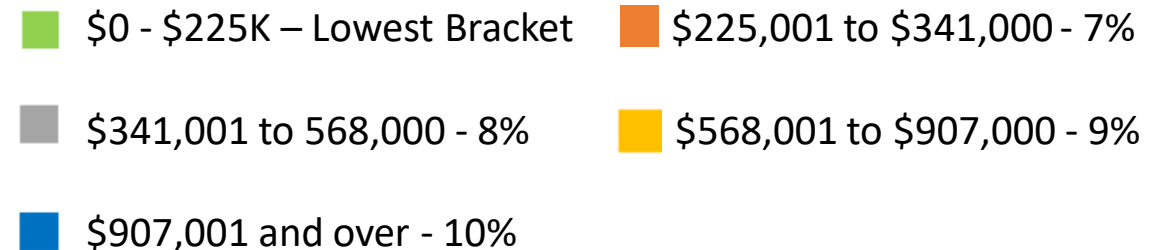
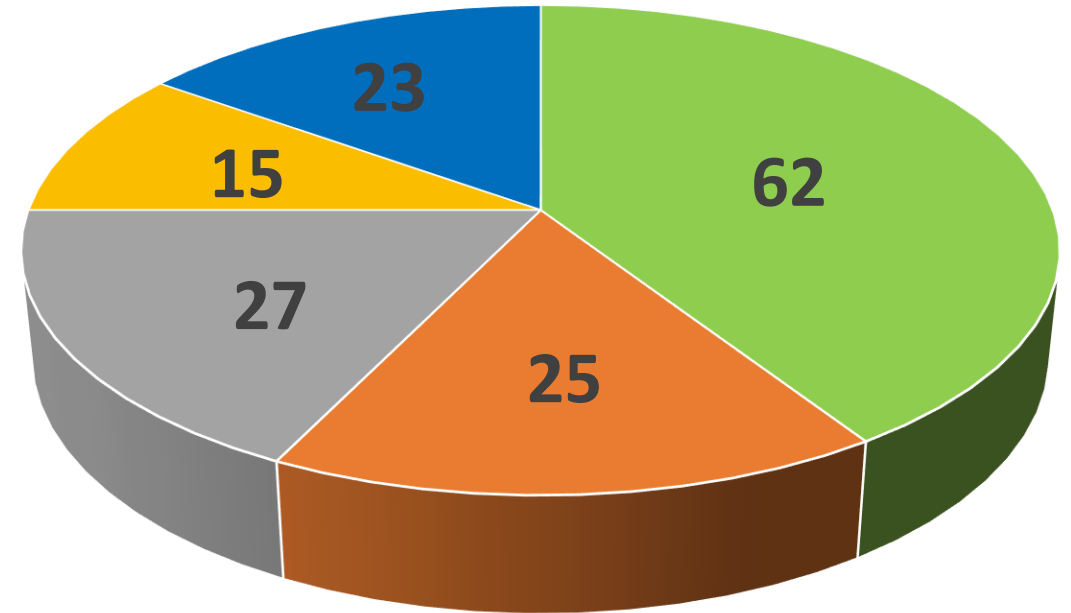
# 2021 Assessments Rollback

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**No assessments exceed the 2020 amount**

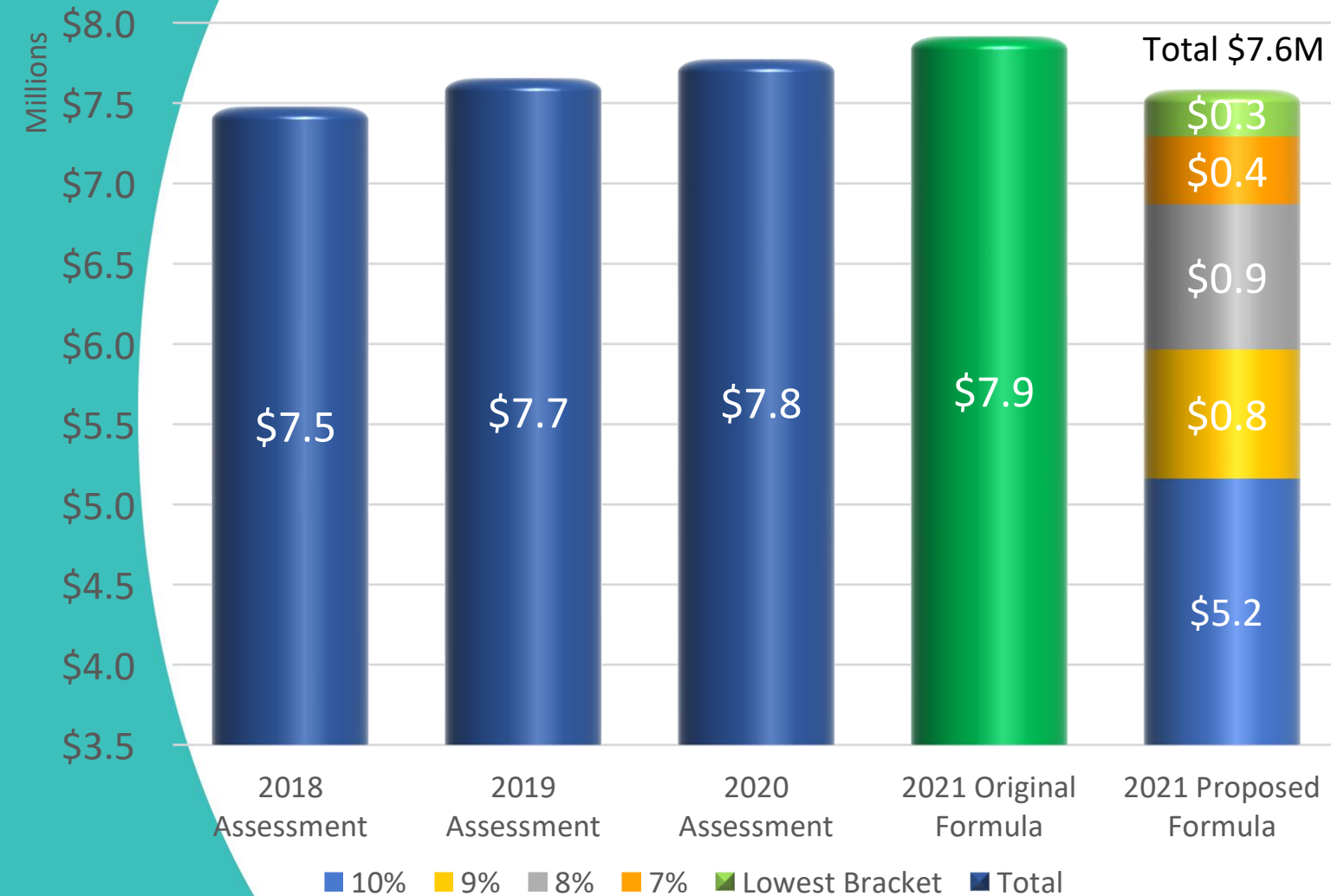
## **Rollback provisions:**

- ★ One-time change for 2021 calculation
- ★ No assessment increases
- ★ Churches with revenues under \$225,000 receive a reduction of 20%
- ★ Missions are no longer required to meet 5% minimum





# 2021 Assessments Overview

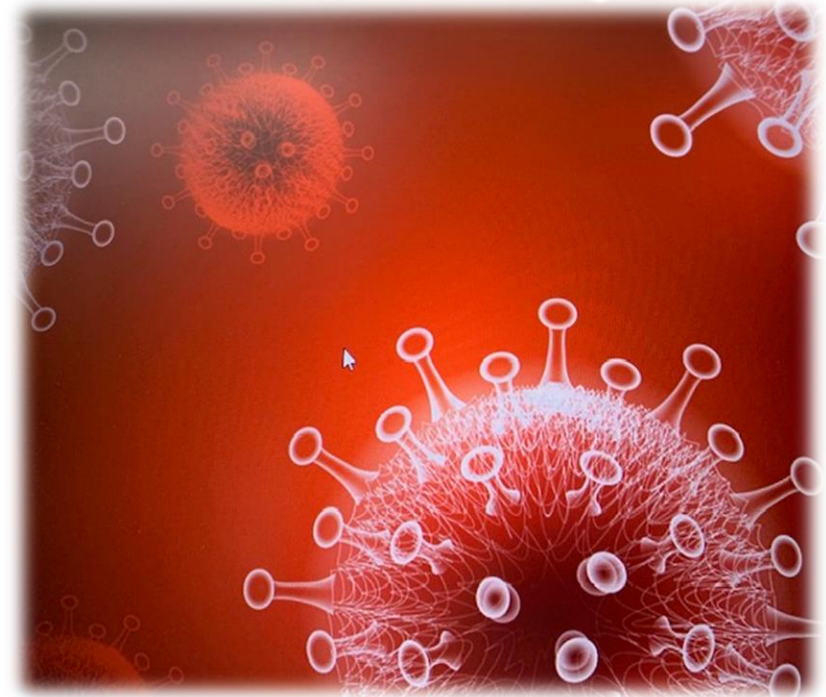


## Impact on the Diocese and the Congregations:

- ★ 2019 church overall revenue was up 1.5% compared to 2018
- ★ Original formula would have increased assessments by \$153,000 (2%) to \$7.9 million
- ★ Rollback reduced assessments by \$331,000 (4.2%) to \$7.6 million compared to the original formula
- ★ This is a \$178,000 (2.3%) reduction compared to the 2020 amount

# 2021 Budget - Headlines

- ★ Overall, the 2021 budgeted expenditures exceed revenues. The budget utilizes the \$591,000 amount that revenues had exceeded expenses in 2020.
- ★ There is a one time \$331,000 change in the Assessment formula. No Assessments exceed the 2020 assessment amount.
- ★ Episcopal Health Foundation maintains \$5 million of insurance support.
- ★ EDOT employees do not receive a salary increase in the 2021 budget. There are no additions to staff.



# Budget Comparison Summary



## REVENUES

Assessments

\$8,046      \$8,256      \$7,916

Foundation Support and  
Overhead

2,657      2,840      2,840

Program Revenues

361      239      228

Other Income

296      277      178

**TOTAL REVENUES**

**\$11,360      \$11,612      \$11,162**

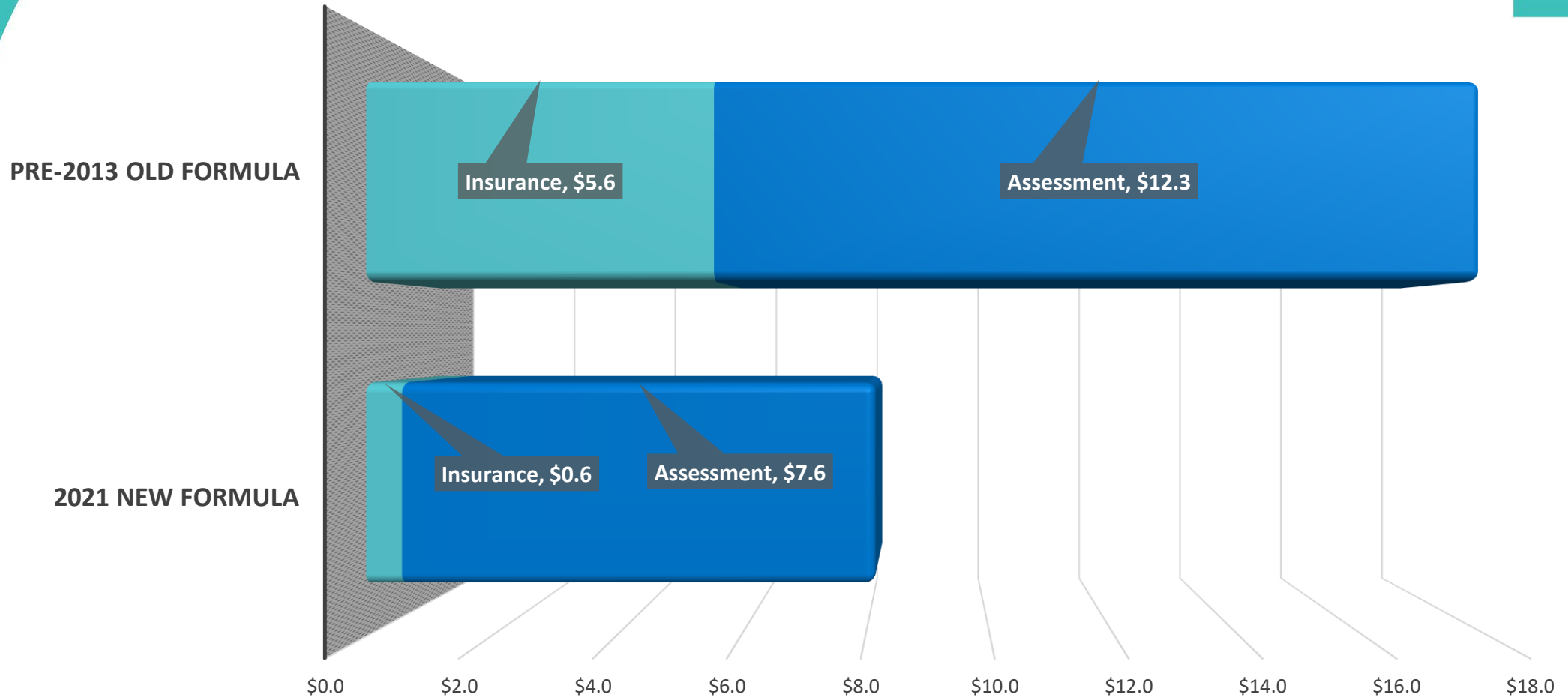
## Expenses

**\$11,360      \$11,612      \$11,732**

**NET CHANGE IN ASSETS**

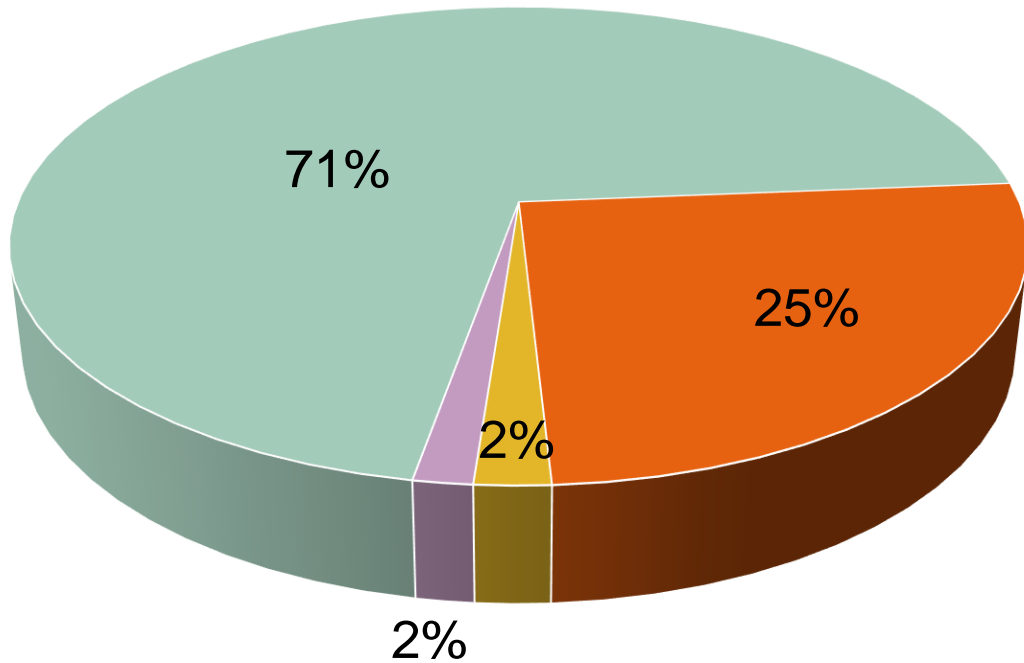
**-      -      (\$570)**

# Assessment Formula Change Saves Churches \$9.7M in 2021



	<u>Old Formula</u>	<u>New Formula</u>
Insurance	\$5,574,750	\$574,750
Assessment	\$12,334,901	\$7,586,373
<b>Total</b>	<b>\$17,909,651</b>	<b>\$8,161,123</b>

# 2021 Budget - Revenues



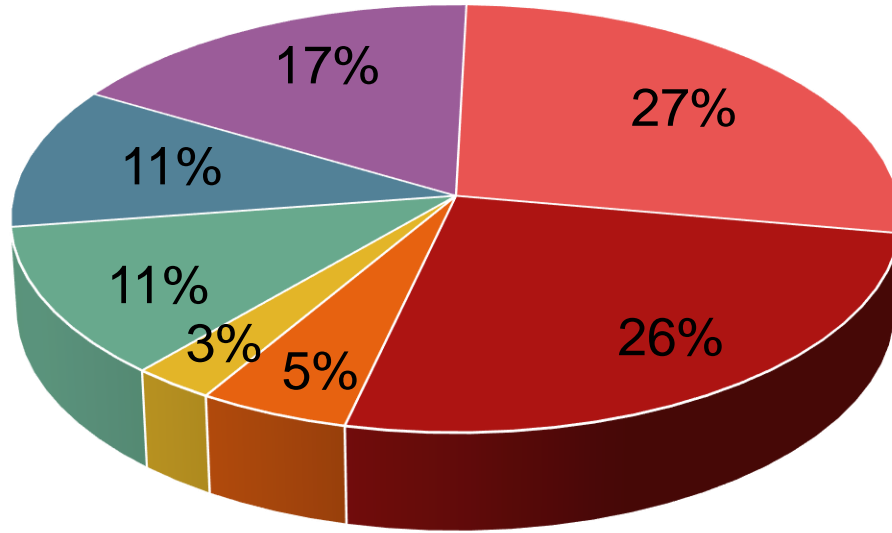
- Assessments
- Foundation Support and Overhead
- Program Revenues
- Other Income

## REVENUES

	2019 Budget	2020 Budget	2021 Budget
Assessments	\$8,046	\$8,256	\$7,916
Foundation Support and Overhead	2,657	2,840	2,840
Program Revenues	361	239	228
Other Income	296	277	178
<b>TOTAL REVENUES</b>	<b>\$11,360</b>	<b>\$11,612</b>	<b>\$11,162</b>



# 2021 Budget - Expenses



- The Office of the Bishop
- Communications
- Canonical Expenses
- Ministry Expenses
- Mission Amplification
- Service and Outreach
- Administration Expenses

## EXPENDITURES

	2019 Budget	2020 Budget	2021 Budget
The Office of the Bishop	\$2,995	\$3,038	\$3,031
Communications	-	528	582
Canonical Expenses	553	344	318
Ministry Expenses	1,666	1,316	1,337
Mission Amplification	1,262	1,331	1,266
Service and Outreach	1,917	1,965	1,988
Administration Expenses	2,968	3,091	3,210
<b>TOTAL EXPENSES</b>	<b>\$11,360</b>	<b>\$11,612</b>	<b>\$11,732</b>

# 2021 Budget Expense Changes

Budgeted expenses are increasing 1%

- ★ There are no increases in any salaries and no additions to staff.
- ★ Communications budget increased with new initiatives and implementation of more robust websites
- ★ Mission Amp business travel and operations decreased \$65,000
- ★ Services and Outreach increase in clergy and lay staff training
- ★ Administration expenses increased primarily due to higher Property and Worker's Comp Insurance premiums
- ★ Cost of Council declined \$74,000





Thank you for listening.

Any Questions?