

Church of the Incarnation
Finance Council Meeting Notes
August 25, 2020 from 7:00 – 8:15 pm

Attendees: Ricardo Cruz-Duran, Jose Cuenca, Jamie Gibson, David Keller, Carol Polen, Tom Strassburg, Robert Chisholm (Finance Council Vice Chair), Ed Robinson (Finance Council Chair), Monsignor Keeney (Pastor)

2020-2021 Finance Council

- Welcome 2020-2021 Finance Council members:
 - 1-year term: Jose Cuenca, Jamie Gibson, Carol Polen
 - 2-year term: Robert Chisholm, Cesar Rivas, TBD
 - 3-year term: Ricardo Cruz-Duran, David Keller, Tom Strassburg
- Thank you exiting 2019-2020 Finance Council members – Ruth Buchwalter, Nick Lawler, Ed Robinson

Fiscal Year 2019-2020 Highlights

- Incarnation ran a balanced budget in FY2019-2020 with \$1,440,000 in total receipts and a \$23,000 year end favorable variance
- Offertory revenue grew from previous year - \$846,000 to \$945,000
- Mortgage debt was paid off in January 2020 – the first time in 20 years without debt
- Incarnation’s main checking account ended the year with a balance of \$146,000

Discussion and Vote on U.S. Federal Paycheck Protection Program (PPP)

- Federal PPP loan funds of \$109,790 were received by Incarnation on May 2, 2020. The funds were needed to meet baseline operational expenses because of the decrease in offertory revenue caused by the COVID-19 crisis.
- To be eligible for loan forgiveness, the funds were used to pay expenses as required by the program.
 - At least 75% spent on payroll (total payments for payroll over the eight weeks after the loan is disbursed) and up to 25% spent on mortgage interest, rent and utilities.
 - Businesses also must retain employees at pre-pandemic staffing levels and wages.
- If the funds remain a loan, repayment begins on January 1, 2021 at a fixed interest rate of 1% for a 2-year term.
- Vote – The Finance Council voted on a motion to request forgiveness of Incarnation’s Payroll Protection Program (PPP) loan. There were 6 votes in favor and no votes against. Therefore, the motion was approved.
- Action item – Begin work with the Diocese to complete the PPP Loan Forgiveness Application. (Izzy)

Transition to 2020-2021 Finance Council

Several items were discussed that will carry over to the 2020-2021 Finance Council.

1. Monthly Financial Results – Statement of Activities, Statement of Financial Position, and Monthly Finance Summary (1-page) reports are available each month for the Financial Council to review Incarnation’s financial results. Action item – Include summary monthly financial results for parishioners in electronic bulletin. (Izzy)

2. Offertory Shortfall – Since May 2020, COVID-19 has negatively affected offertory receipts, particularly loose cash donations. The July 2020 seasonally adjusted budget to actual unfavorable variance was -\$14,562 (-20%). This downward trend is expected to continue until at least the end of 2020.
3. Line of Credit - In August 2020, Incarnation opened a Line of Credit (LOC), backed by the Diocese, in the amount of \$180,000. These funds are intended to cover any offertory shortfall required for baseline operations. No funds have been drawn from this account yet. The LOC is open for one year for draw, if needed. Incarnation is responsible for paying the interest expense on the amount drawn for 12 months. At the end of 12 months, any outstanding balance is converted to a fixed term note to be repaid, typically no longer than 5 - 7 years.
4. Building Maintenance – Projects estimated around \$250,000 have been identified to be completed over the next 3 to 5 years. Facilities Maintenance of \$50,000 for operational costs and \$50,000 for deferred maintenance items are included in the FY2020-2021 budget.
5. Donor Analysis – Analysis is available on several dimensions that influence donations: seasonality, method - EFT/Check/Cash, Required Minimum Distribution (RMD) rules, etc. Ruth Buchwalter is the expert on the donor analysis.
6. Auditing – Incarnation’s annual audit report by the Diocese is available. Ongoing process monitoring is required for credit cards, purchase receipts, and bank account balances. Action item – Distribute latest audit report and identify required ongoing process monitoring. (Izzy)

COVID-19 status

- Virginia has been in Phase 3 of its reopening plan since July 1, 2020, and Incarnation continues to follow all COVID-19 requirements.
- In-person Mass attendance is currently around 460 each week, as compared to 1,600 pre-COVID-19. Parishioners continue to participate using the Live Stream option as well.

Next Meeting

The next Finance Council meeting will include officer discernment and discussion of ongoing business items. Action item – Izzy to schedule next meeting.

Next Steps

1. Begin work with the Diocese to complete the PPP Loan Forgiveness Application. (Izzy)
2. Include summary monthly financial results for parishioners in electronic bulletin. (Izzy)
3. Distribute latest audit report to Finance Council members. (Izzy)
4. Identify required ongoing process monitoring for credit cards, purchase receipts, and bank account balances. (Izzy)
5. Schedule next Finance Council meeting – agenda to include officer discernment and discussion of ongoing business items. (Izzy)
6. Send out Finance Council minutes for last 2 years to new members. (Carol)