

Saint Michael & All Angels Episcopal Church

Financial Report

Town Hall Meeting

May 20, 2007

10:00am

SUMMARY REVENUES AND EXPENSES
(\$ Thousands)

	<u>Budget</u>	<u>2006</u>		<u>2007 Budget</u>	<u>First 4 Mos.</u>	
		<u>Actual</u>	<u>Variance</u>		<u>2006</u>	<u>2007</u>
Total Revenues	\$ 5,432.1	\$ 5,185.0	\$ (247.1)	\$5,274.1	\$2,255.6	\$2,118.6
Outreach	<u>1,063.3</u>	<u>1,049.5</u>	<u>13.8</u>	<u>931.8</u>	<u>310.8</u>	<u>301.0</u>
Operating Revenue Available	<u>4,368.8</u>	<u>4,135.5</u>	<u>(233.3)</u>	<u>4,342.3</u>	<u>1,944.9</u>	<u>1,817.6</u>
Operating Expenses:						
Administration	1,192.0	1,224.2	32.2	1,189.2	343.7	365.7
Ministry	798.7	827.1	28.5	758.2	280.6	201.1
Operations	1,036.4	1,132.3	95.8	1,106.6	330.5	332.4
Other Departments	<u>2,084.6</u>	<u>2,027.1</u>	<u>(57.5)</u>	<u>2,232.4</u>	<u>582.5</u>	<u>683.6</u>
Subtotal Expense	5,111.7	5,210.7	98.9	5,286.4	1,537.3	1,582.8
Offset Income	1,079.8	1,135.2	55.4	1,147.2	364.4	465.0
Net Operating Expenses	4,031.9	4,075.5	43.6	4,139.2	1,172.9	1,117.8
Net Capital Maintenance	<u>336.5</u>	<u>316.5</u>	<u>(20.0)</u>	<u>182.7</u>	<u>123.1</u>	<u>49.6</u>
Revenues Less Expenses	<u>\$ 0.4</u>	<u>\$ (256.5)</u>	<u>\$ (256.9)</u>	<u>\$ 20.3</u>	<u>\$ 648.8</u>	<u>\$ 650.2</u>

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2007 First 4 Months Results

- Total Operating Revenues are 1% lower than budgeted through April
- Net Operating Expenses are 1.3% lower than budgeted through April
- Our Operating Surplus generated through April is approximately \$650 thousand, \$82 thousand ahead of budget
- Our working Capital position is \$700 thousand, \$244 thousand lower than at the end of April 2006

Facilities Related Debt Balances

- \$125,000 left on Chapel loan – due in June 2007
- \$3,600,000 mortgage loan on 8100 Lomo Alto office building – serviced from rents
- \$2,000,000 loan on Michaelson Properties purchased in April, 2006 – reduced by \$1,000,000 this year already
- Capital campaign is well under way to repay the loans on the Lomo Alto and Michaelson properties

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Comments on the remainder of the 2007 Budget Year

- Approximately 18-20% of our revenues normally occur in December, and another 18-20% in January
- Operating deficits are normally budgeted for the Summer months and into the Fall
- We have budgeted \$183 thousand for capital improvements on our buildings, including a rebuild of our chiller units and a replacement of our Sanctuary lighting control systems
- Our 2007 budget anticipates a new Rector and additional clergy by the end of the year
- We have budgeted a small surplus for 2007 in order to begin to rebuild our working capital position. The unbudgeted, but recently approved SMAA Foundation grants for certain capital projects and a portion of the Rector Search budget will also contribute to rebuilding our working capital position

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General Related Comments

- Completion of our 2004 and 2005 Independent Financial Audits is a top priority and work on the 2004 and 2005 audit has resumed
- We have monthly meetings of the Finance Committee to go over our monthly financial statements and consider any other relevant financial matters
- Minutes of the Finance Committee meetings are available for your review on the SMAA website
- With the growth of the Parish we have become a very large, complex operation over which the Vestry has fiduciary responsibility
- As always, our budget performance depends on continuing diligent cost control and the realization of our expectations as to pledge fulfillment and other contributions within the Parish

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SMAA Financial Complexity

* Vestry has fiduciary responsibility for all of the following:

15 Operating Departments

Administration
Adult Education
Child Development
Children and Family Ministry
Community Life
Congregational Care
Congregational Programs
Ministry
Music
Operations
Outreach
Parish Life
Pastoral Care
Pathways
Youth Ministry

Operating Budget

\$6 million + revenue and offset income
\$1 million + outreach
\$5 million operating expenses

77 employees
61 full-time, 16 part-time

100+ Restricted Funds

(~\$1 million assets)

Examples:

Angel Run
Angels Among Us Fund
Bolivia Mission Trip
Brotherhood of St. Andrews
Campbell Music Fund
Christmas/Easter Offerings
Columbarium
Confirmation Events
Daughters of the King
Diocese of Jerusalem
Heart of Giving
Honduras Mission Trip
Hurricane Relief Effort
Music Descretionary Fund
Needy Family Fund
Nursery/Prepaid Tuition
Pathways to Ministry
Ratelle Speaker Series
Rosebud Mission Trip
St. Michael Scholarship Fund
United Thank Offering
Youth Fund

9 Affiliate Organizations

(7 maintain independent financial statements;
\$1.5 million + revenue)

Brotherhood of St. Andrew
Daughters of the King
Flower Memorial Fund
Men of Saint Michael
Saint Dunstan's Guild
Saint Mary's Guild
Saint Michael Bookshop
Saint Michael Women's
Exchange
Women of Saint Michael

2 Wholly-Owned Subsidiaries

Fredricks Square Title Holding Company
- 8100 Lomo Alto office bldg.

Douglas Square Title Holding Company
- Apartment property north of church