

**SMAA 2005 Financial Review**  
**February 12, 2006**

The following is a review of the operating accounts of Saint Michael and All Angels Episcopal Church and provides supplemental information to the financials presented in the 2005 Annual Report. The information presented is unaudited and presented using a modified cash basis of accounting consistent with the Church's historical practice. Financial information for affiliates and subsidiaries of the Church will be available as part of the audit.

**Revenues** - \$5,097,560 (this figure includes \$4,150 of Plate revenue that was misclassified as 2006 revenue in the 2005 Annual Report)

\$151,033 (3.0%) under budget due primarily to collection of current year pledges being under budget by \$222,531, partially offset by prior year pledges (\$55,083), plate (\$10,070), and unpledged income (\$16,200) all being above budget.

**Outreach** - \$1,051,049

\$270 under budget.

**Operating Expenses** -

\$4,096,030 (excluding a \$20,133 non-cash charge for Clergy auto-allowance tax reporting that was included in expenses in the Annual Report)

\$101,040 (1.9%) under budget, primarily due to lower than expected salary & benefit expenses (\$188,232), and facility audit costs (\$42,984), partially offset by higher than budgeted utility expenses (\$58,664), clergy recruitment and moving expense (\$20,213) and other expenses (\$32,956 net) and lower than budgeted Child Development revenue (\$18,343) relative to the budget.

The primary variances in expenses for the year were in Ministry and Operations. The Ministry negative variance of \$63,092 mentioned in the Annual Report was primarily the result of the \$20,133 non-cash charge mentioned above, \$9,390 of pension expense that was mis-allocated from the Adult Education and Outreach departments, \$15,707 of increased cost of contract clergy due to personnel changes during the year and \$20,213 of new clergy recruitment and moving expenses, partially offset by \$2,351 in savings in other Ministry line items.

The Operations negative variance of \$45,961 was primarily the result of utilities expense being \$58,664 higher than budget, partially offset by \$12,703 in savings (net) in other items.

**Revenue less Expenses** -

(\$49,519), \$49,723 worse than budget – Note this varies from the net shown in the annual report due the reclassification of the \$4,150 in plate revenue described above and the elimination of the \$20,133 non-cash charge also described above.

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**Balance Sheet –**

Debt related to the Chapel renovation project was reduced from \$325,000 at the previous year end to \$250,000 at the end of 2005. At the end of 2005, cash in hand that was dedicated to repayment of the remaining debt was \$94,786.

Prepaid pledges at the end of 2005 was \$730,670, a \$248,493 increase from \$482,178 at the previous year end.

Unrestricted cash and equivalents at year end 2005 was approximately \$350,000, down from approximately \$430,000 at the end of 2004.

Restricted assets at December 31, 2005 were \$1,199,150. These assets consist of cash and equivalents that have been donated for specific uses and are held by the Church pending such use.

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**Saint Michael and All Angels Episcopal Church**  
**Statement of Revenue and Expense**

(000's)

|   | <b>2005</b>    |                  |                  | <b>2006</b>    |
|---|----------------|------------------|------------------|----------------|
|   | <u>Budget</u>  | <u>Actual</u>    | <u>Variance</u>  | <u>Budget</u>  |
| <b>Revenues</b>                                 |                |                  |                  |                |
| Current Year Pledges                            | \$ 4,553.3     | \$ 4,330.8       | \$ (222.5)       | \$ 4,719.5     |
| Prior Year Pledges                              | 135.0          | 190.1            | 55.1             | 150.0          |
| Unpledged Contributions                         | 325.0          | 341.2            | 16.2             | 330.0          |
| Plate   | 90.0           | 95.9             | 5.9              | 90.0           |
| Other   | 145.3          | 135.4            | (9.9)            | 142.6          |
| <b>Total Revenues</b>                           | <b>5,248.6</b> | <b>5,093.4</b>   | <b>(155.2)</b>   | <b>5,432.1</b> |
| <b>Outreach</b>                                 |                |                  |                  |                |
| Diocesan Assessment                             | 655.8          | 655.7            | (0.1)            | 670.1          |
| ECUSA   | 115.7          | 115.7            | -                | 118.2          |
| Episcopal School of Dallas                      | 105.0          | 105.0            | -                | 105.0          |
| Seminaries                                      | 32.0           | 31.9             | (0.1)            | 27.0           |
| Mission/Outreach                                | 142.8          | 142.7            | (0.0)            | 143.0          |
| <b>Total Outreach</b>                           | <b>1,051.3</b> | <b>1,051.0</b>   | <b>(0.3)</b>     | <b>1,063.3</b> |
| <b>Operating Revenue Available for Expenses</b> | <b>4,197.3</b> | <b>4,042.4</b>   | <b>(154.9)</b>   | <b>4,368.8</b> |
| <b>Operating Expenses</b>                       |                |                  |                  |                |
| Administration                                  | 1,013.4        | 1,009.9          | (3.5)            | 1,192.0        |
| Adult Education                                 | 201.4          | 183.5            | (17.9)           | 179.7          |
| Child Development                               | 903.1          | 834.6            | (68.5)           | 915.7          |
| Children & Family Ministry                      | 211.7          | 198.7            | (13.1)           | 226.8          |
| Community Life                                  | 8.7            | 7.5              | (1.1)            | 10.1           |
| Congregational Care                             | 10.3           | 8.9              | (1.4)            | 10.3           |
| Congregational Programs                         | 29.6           | 32.4             | 2.8              | 29.5           |
| Ministry  | 723.2          | 786.3            | 63.1             | 798.7          |
| Mission/Outreach                                | 89.9           | 92.3             | 2.4              | 70.6           |
| Music   | 280.8          | 256.1            | (24.7)           | 288.6          |
| Operations and Maintenance                      | 1,022.1        | 1,068.0          | 46.0             | 1,036.4        |
| Parish Life                                     | 15.6           | 16.3             | 0.7              | 26.4           |
| Pastoral Care                                   | 128.9          | 123.8            | (5.1)            | 130.5          |
| Pathways  | 5.0            | 5.0              | -                | 5.0            |
| Program   | 2.0            | 2.4              | 0.4              | -              |
| Stewardship                                     | 16.5           | 27.7             | 11.3             | 17.0           |
| Youth Ministry                                  | 221.5          | 183.9            | (37.7)           | 174.6          |
| <b>Subtotal Expenses</b>                        | <b>4,883.6</b> | <b>4,837.2</b>   | <b>(46.4)</b>    | <b>5,111.7</b> |
| Child Development Offset Income                 | (372.8)        | (372.4)          | 0.3              | (500.0)        |
| ESD Offset Income                               | (552.4)        | (544.3)          | 8.1              | (579.8)        |
| <b>Net Operating Expenses</b>                   | <b>3,958.4</b> | <b>3,920.5</b>   | <b>(37.9)</b>    | <b>4,031.9</b> |
| Capital Maintenance                             | 238.7          | 195.7            | (43.0)           | 412.5          |
| Foundation and Other Gifts                      | -              | -                | -                | (76.0)         |
| <b>Net Capital Maintenance</b>                  | <b>238.7</b>   | <b>195.7</b>     | <b>(43.0)</b>    | <b>336.5</b>   |
| <b>Revenues less Expenses</b>                   | <b>\$ 0.2</b>  | <b>\$ (73.8)</b> | <b>\$ (74.0)</b> | <b>\$ 0.4</b>  |

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**Balance Sheet  
December 31, 2005  
(000's)**

**Assets**

|                                     |                    |
|-------------------------------------|--------------------|
| Cash and Temporary Cash Investments |                    |
| Operating Accounts                  | \$ 1,017.2         |
| Capital Fund Account                | 32.1               |
| Contingency Fund Account            | 8.7                |
| Restricted Accounts                 | 1,199.2            |
| Accounts Receivable                 | <u>63.4</u>        |
| Total Current Assets                | 2,320.6            |
| <br>                                |                    |
| Land, Property and Equipment        | 15,591.7           |
| Less Accumalated Depreciation       | <u>(6,369.3)</u>   |
| Net Fixed Assets                    | 9,222.4            |
| <br>                                |                    |
| Other Assets                        | <u>152.0</u>       |
| <br>                                |                    |
| <b>Total Assets</b>                 | <b>\$ 11,695.0</b> |

**Liabilities and Fund Balances**

|   |                    |
|---|--------------------|
| Accounts Payable                          | \$ 47.0            |
| Accrued Liabilities & Other               | <u>9.2</u>         |
| Current Liabilities                       | 56.2               |
| <br>                                      |                    |
| Bank Debt (Chapel)                        | 250.0              |
| Deferred Revenue and Prepaid Pledges      | <u>730.7</u>       |
| Total Liabilities                         | 1,036.9            |
| <br>                                      |                    |
| Fund Balances                             |                    |
| Restricted                                | 949.2              |
| Unrestricted                              | <u>9,708.9</u>     |
| Total Fund Balances                       | 10,658.1           |
| <br>                                      |                    |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 11,695.0</b> |