

FINANCE COMMITTEE ANNUAL REPORT for July 1, 2021 – June 30, 2022

The Finance Committee has the responsibility for stewardship of the financial resources of the Meeting, which allows the Meeting to continue its work. The Finance Committee is responsible for:

- a) Fundraising, collection of donations, and payment of Meeting obligations;
- b) Working closely with the Meeting Treasurer to maintain an accounting of income and expenditures, the Meeting's bank and investment accounts, and a financial reserve for use in case of emergencies; and
- c) Preparation of an annual budget for allocation of funds, after consultation with and according to the needs of the committees, and as directed by Meeting for Worship with Attention to Business, for maintenance of the Meeting House as well as for funding committee activities and benevolences.

The goals of the Finance Committee are to support the stewardship of the financial resources of the Chapel Hill Friends Meeting by:

- a) Maintaining a balanced budget;
- b) Supporting the work of vital committees and providing support for designated Quaker organizations and other local entities approved by Meeting for Worship with Attention to Business (benevolences);
- c) Providing and monitoring the level of savings for routine and unanticipated repairs for our facilities and flexibility to cover contingencies; and
- d) Maintaining sufficient assets and savings to meet future needs.

Meeting accounting is done on a "cash" rather than accrual basis.

The Treasurer reported to the Finance Committee monthly on income and expenses and worked with the Committee in the preparation of the 2021-22 fiscal year report, the quarterly reports to the Meeting for Worship with Attention to Business, and the budget for the 2022-2023 fiscal year. Clerks of the Meeting's committees advised us on their needs for additional funds, if any, and provided information necessary for budget preparation. The Treasurer kept on-going records to assist in our task. We continue to use Servant Keeper and QuickBooks to track our finances.

The financial plan for the Meeting has two segments.

- The first part is the budget that includes ordinary income and expenses for the operation of the Meeting. At the end of each fiscal year, income should meet or exceed budgeted expenses. The budget for ordinary income and expenses is reset for each fiscal year.
- The second part of our financial plan includes funds that may carry over from one year to the next. This includes the Building Renovation Fund, a special endowment (Shotts

Leadership) and other funds managed for specific purposes such as Returning Citizens, Youth Service Trip, Care and Counsel, and the Physical Plant Reserve Fund (for unplanned major repairs). These are separate from the funds a committee may receive as part of the ordinary budget.

1. Ordinary income and expenses

Ordinary Income includes: contributions, revenues from parking spaces during UNC events, and rental income. With the onset of Covid, we have not rented our interior space.

Compared to FY 20-2021, we increased our budgeted contributions for 2021-22 by **4.7%** to **\$58,150**, and conservatively estimated resumption of parking income to rise from \$ 0 to \$2500. This year, however, our actual income from contributions exceeded last year's by 7%. With the resumption of sports game parking to pre-Covid levels, parking income more than doubled to **\$6,760**. Our total income of **\$75,247** was 17% higher than last year. In historical perspective, contributions in the mostly pre-Covid 2019-2020 year amounted to **\$76,450**, and the largest total contributions received in recent years was **\$84,945** in fiscal year 2018-2019;

The number of donors each year ranged from **109** in 2015-2016 to **82** this year.

Ordinary Expenses: Overall, we spent **93.9%** (\$54,603) of the total budget for the 2021-22 year. Regularly, we have three categories of expenses: Obligations, which includes child care, insurance, utilities, local taxes for parking, storm water fees, and software licenses; Committees; and, Benevolences.

- We exceeded the budget for obligations by **3.7%** primarily due to increased taxes due on parking income and storm water fees. This category constituted 38% of our spending.
- Expenditures from benevolences totaled **\$23,400** as budgeted and were about **43%** of our spending.
- Committees, which constituted **25%** of our expenses budget, spent **70%** of their allocated funds. **Six of our 14** committees did not spend any of their budgets.

Net Operating Income: As a result of the increased income and lower spending by committees, we show an overage in the operating budget (net ordinary income) of **\$27, 403**. For each of the past three years, we have had surpluses of more than **\$20,000**.

FY 2022-23 Budget: We prepared a budget for July 1, 2022- June 30, 2023, which has been reviewed and approved by the Meeting for Worship with Attention to Business. In constructing this budget, the Finance Committee provided committees with the current budget and expenditures to date in March and requested their proposed budgets for the upcoming fiscal year.

We reviewed obligations and estimated changes in costs for those items, including wage increases. Benevolences were again set at **\$23,400** (40.2% of the budget); this was **89%** of the pre- Covid level but a greater proportion of our budget by 5%.

To project total ordinary income from contributions, we considered the experience from prior years. This year we restored parking to the pre-Covid level and assumed no rental income. The approved budget is slightly lower than last year's budget due to reduced committee estimates. As usual, the Finance Committee will monitor contribution and expense levels closely throughout the year, and we stand ready to amend the budget totals in early 2023 if necessary.

Given underspending by committees for the past several years, the Finance Committee encourages Committees to be mindful of their available resources and make good use of the funds allotted to them in the budget. In February, we routinely provide a report of expenditures to date and budget balances to Committee clerks and ask if any adjustments are needed. Committee members are welcome to contact the Treasurer at any time during the fiscal year to get an update on their remaining budget.

2. Special funds and Accounts

Income and Expenses: The second segment of our financial plan includes special funds that carry over from one year to the next such as the Shotts Leadership endowments and accounts for designated purposes. Contributions to the Renovation fund included **\$10,554** from individual donors with expenses of **\$202**. Shotts Leadership endowment generated **\$1460** with expenses of **\$700**. These funds are in addition to those provided by the annual budget.

3. Net Total Income

For 2021-22,our net total income was **\$33,233**. This net total income figure combines operating income and operating expenses as well as income from building renovation donations and miscellaneous sources and the expenses from our special purpose accounts as indicated above.

4. Balance Sheet

- **Assets:**

- Friends Fiduciary (FF): Approximately **40%** of the Meeting's financial assets are held at Friends Fiduciary Corporation in Philadelphia, PA. This includes:
 - The Shotts Leadership Endowment (**\$37,050**),
 - General Fund (**\$27,352**)

- Physical Plant Reserve Fund (**\$34, 938**). (Physical Plant Reserve Fund is intended for major repairs as a result of unforeseen damage, e.g. roof replacement due to a hurricane.)
 - These assets are invested in the FF Quaker Growth and Income Fund. Expenditure from these accounts requires liquidating assets.
 - Overall, the FF fund performance is satisfactory in our view given its “responsible investments”; While the stock markets were generally down in the first half of 2022, funds that include arms and oil, for example, have done better than average.
- About **60%** of our assets are with Truist and includes Checking and Savings accounts as well as designated funds.
 - The Checking account balance is **\$50,542.20**. As a general practice, we maintain a minimum balance in the checking account that will be sufficient to cover two months of expenses.
 - The Savings account balance is **\$56,131.11**. We maintain a minimum balance in the savings account to cover the obligations portion of the annual budget.
 - Designated funds:
 - Building Renovation funds (**\$26,925**) are earmarked for interior renovations in the last capital campaign combined with some allocated overage funds in previous years.
 - Other funds (**\$17,864**) also earmarked for specific uses: Care and Counsel Support, ReFac Support, Youth Service Support and Shotts Leadership income.
 - Funds held in these designated accounts that carry over from one year to the next are:

Care and Counsel	\$7,887
ReFac Support Funds	\$2,121
Shotts Leadership Support Funds	\$4,025
Youth Service Support Funds	<u>\$3,116</u>
Total other special account Truist	\$17,149

Overall, the Finance Committee considers that the Meeting’s financial health is **good**, and our financial positions are sufficient to address our obligations, repairs, and the leadings of the Meeting.

Allocation: Regarding the allocation of the surplus net ordinary income of **\$27,403** this year, we recognize the continuing uncertainty about changes in the Meeting House that may be required to return to full use of the facilities. In addition, Building and Grounds anticipates water management and structural changes on the exterior of the Meeting House. The foundation of the CFES is likely to require significant foundation work in the next few years. HVAC work is currently being investigated. We do not have cost estimates for any of these projects. It is likely that these projects will require expenditures over a two-year period. Having funds in an account that carries funds forward from one fiscal year to another will be important. Committee decided to place these surplus funds (\$27,403) in the designated Renovations Fund.

5. Other activities

This year the Finance Committee has also:

- Acknowledged with gratitude Maura Murphy's 10 years of service as Treasurer
- Amended the Chart of Accounts to reflect those funds designated for specific uses
- Agreed to participate in the *ad hoc* committee for Renovation of the upstairs of the Meeting House
- Expanded the use of Servant Keeper software for use by Publications and Communications and Care and Counsel in creating the Directory of Members and Attenders
- [Revised our bequests policy to clarify designated accounts, which will be submitted to MWAB for approval](#)
- Initiated use of online documents for the work of the Committee and others as needed
- Confirmed the legal incorporation of the Meeting in the State of North Carolina
- Located and organized documents of Incorporation, deed for the Meeting property and other documents in a Finance Lockbox in the Meeting House
- Considered a policy of paying for bookkeeping services like larger Meeting elsewhere; currently, our Treasurer provides these services as a service to the Meeting and prefers to continue to do so
- Ascertained that our insurance for replacement of the building and the Carolina Early School are adequate.
- Instituted Workers Compensation insurance for paid members of the Meeting

We thank all who contributed for their generosity and stewardship of resources. We encourage Friends to continue to support the work of the Meeting and to consider including the Meeting as a bequest in their wills.

The 2021-22 members of the Finance Committee were: Monteze Snyder (co-clerk), Tom Ludlow, Gwynne Pomeroy, Bob Durovich, Ann Miller, Mansir Petrie, and Maura Murphy (Treasurer and ex officio member).