

THE EPISCOPAL CHURCH IN VERMONT
187th ANNUAL CONVENTION – OCTOBER 31, 2020
REPORT OF THE TREASURER

Fiscal Year 2020

Revenues & Expenses - We have completed three-quarters of the fiscal year through September 2020. In an imaginary perfect budget year, we would have received 75% of expected revenues and spent 75% of our planned expenses. In the real world, both our usual revenue sources and our expenses are at about two-thirds of the budget, with income in excess of expenses.

OPERATING BUDGET EPISCOPAL DIOCESE OF VERMONT Jan - Sep 2020	Year to Date	Annual Budget	Annual Budget Percentage
Revenues			
Mission Support from Congregations	531,696	795,000	67%
FY2018 Mission Support adjustment	-7,356		
Unit Fund Admin Support	12,000	16,000	75%
Unrestricted Investment Income	44,798	83,000	
Restricted Investment Income	100,448	112,000	90%
Miscell Revenues	5,841	7,500	
TOTAL REVENUES	687,428	1,013,500	68%
Expenses			
Ministry Support Team	335,735	510,084	66%
Non-Employee Personnel Compensation	16,060	23,000	70%
MST Continuing Education	132	3,000	4%
MST Travel	8,376	28,020	30%
Wider Church Support (external)	142,690	191,338	75%
Financial & Council Expenses	15,133	39,900	38%
Bishop's House Maintenance & Utilities	13,862	17,750	78%
Office Expenses & Utilities	48,939	83,650	61%
Communications Services	47,968	60,000	80%
Formation & Mission Support	7,447	13,600	55%
Reserves Transfers	32,294	43,158	75%
TOTAL EXPENSES	668,635	1,013,500	66%
NET USUAL REVENUES - EXPENSES	18,793	0	
CARES Act PPP Loan	91,162	0	
TOTAL REVENUES - EXPENSES	109,955	0	

We received a CARES Act Paycheck Protection Program loan in May that added \$91,162 to our revenues, producing a net positive balance of nearly \$110,000. We expect this loan to be forgiven

by the Small Business Administration when final applications are available. Without this loan we would still be net positive by almost \$19,000 for the year-to-date. Assessment contributions from our parishes are at 67% of budget, rather than 75%, a short fall of \$64,554 compared to the expected amount. This deficit is offset by expenses that are also well below budget. We are using the Rock Point office very little so related expenses are low. Travel and continuing education for personnel are not occurring due to COVID-19 precautions. Other activities are curtailed as well. Although we are in a strong financial position for the current year, we are concerned that next year, 2021, may be particularly challenging for our parishes and their contributions. We are cautiously conserving resources against that possibility.

The Diocesan Operating Budget for FY2021

The Budget Committee (MacVean-Brown, Bates, Sagui, Wilson, Spainhour, Davis) and has met 6 times to plan our budget for FY2021. The budget we present to you was approved by the Diocesan Council on September 5, 2020. A detailed spreadsheet that shows all parts of the budget has been posted to the Convention website.

Restricted disbursements totaling \$35,800 have not been included in the operating budget because they are pass-throughs with entirely restricted sources and external recipients. Separating the restricted disbursements from the main operating budget is a new approach. These items, as listed below, are entirely restricted by the donors in the sources of their revenue. The monies cannot be used for any other purposes and must be returned to the investment if they are not needed. The Diocesan administration does not have discretionary control over these funds, and therefore they are not amenable to planning or modification. Removing these funds from the operating budget will save \$5,370 in our assessment paid to the wider Episcopal Church.

RESTRICTED DISPERSEMENTS	FUNDING SOURCE	AMOUNT
Support for Resource Persons with Congregations	McClure Grant Funds (Unit Funds)	5,000
Support for Seminarians	Unit Fund / Restricted	2,250
Support for Seminarians	Hunt Fund Grant 2021	5,750
Chaplains to Retired Clergy / Aged Clergy	Unit Fund / Restricted	14,000
Campus Ministry at UVM	Unit Fund / Restricted	8,800
TOTAL		35,800

The key points for the FY2021 budget are:

- The contribution schedule for parishes is identical to the past 3 years, with 4 tiers (11%,13%, 15%, 16%) based on actual parish operating income (Parochial Report Line A) for FY2021. The tier will again be assigned based on the parish’s average operating income reported for 2017-2019.
- We anticipate the actual adjusted contributions from parishes will total \$810,000, compared with the \$795,000 budgeted for FY2020. This is comparable to the final adjusted amounts contributed in 2018 and 2019.
- Personnel are recommended for a Cost-of-Living increase of 1.5%, in line with what is expected for Social Security and annual inflation.
- Health insurance premiums will increase by 6.5% in 2021.
- The total balanced budget projects revenues and expenses equaling \$993,450.

**OPERATING BUDGET
EPISCOPAL DIOCESE OF VERMONT
FY2021** **Annual
Budget**

Revenues

Mission Support Congregations	810,000
Unit Fund - Admin Support	16,000
Unit Fund Restricted Income	84,950
Unit Fund Unrestricted Income	80,000
Miscellaneous Income	2,500
TOTAL REVENUES	993,450

Expenses

Ministry Support Team	515,541
Wider Church Support	192,194
Administrative Expenses	227,915
Formation & Mission Support	8,500
Reserves	49,300
TOTAL EXPENSES	993,450

NET BALANCE **0**

The final results of the current fiscal year, and what course we will follow in FY2021, are highly uncertain. The COVID-19 epidemic, a changed and still evolving economy, and uncertain government policies and financial aid opportunities all make planning extremely difficult and unpredictable. In view of this uncertainty the Budget Committee has produced a conservative budget that is essentially level with FY2020. We propose to hold in reserve any excess revenues from this year against a possible downturn in parish contributions next year. If the upcoming fiscal year produces a major decrease in revenues for the churches of Vermont, we will make difficult but essential reductions in the Diocesan operating budget as well. We remain optimistic that our congregations will thrive despite difficult times.

Respectfully submitted,

Gerald S. Davis, MD
Treasurer, The Episcopal Church in Vermont &
The Trustees of the Diocese