

TREASURER'S REPORT ON CALENDAR YEAR 2018

I would like to acknowledge the work of Trinity's Finance Committee members, who currently include Brenda Clary, Sandy Jacquot, Lindy Eakin, Father Rob Baldwin, and Vickie Randel. This report outlines the work of Trinity's Finance Committee during 2018, as well as the work of the Trinity Vestry, on matters relating to the management of Trinity's financial resources. As Treasurer, I am grateful for all of the work that has been done to move Trinity toward a more sustainable financial situation.

In February, 2018, Father Rob indicated that he expects the Finance Committee to assist with the development and implementation of best practices in financial management for the church, identify financial problems or issues and elevate them to the Vestry, and engage in long range financial planning. Committee members are responsible for reviewing monthly financial results and monitoring those results relative to the annual operating budget, developing and reviewing internal financial controls and policies, ensuring that the relevant financial reporting requirements are met (including annual financial audits as required by the Diocese of Kansas) and assisting the Vestry in the development of the annual operating budget.

Trinity started calendar year 2018 with a deficit budget situation (meaning, 2018 budgeted expenses exceeded 2018 budgeted income by \$27,736) and an outstanding bank debt balance of approximately \$46,000. Thanks to the generosity of many Trinitarians, and a \$20,000 "challenge grant" from one family, the Vestry was able to mount a successful fundraising campaign, and pay off the outstanding bank debt in September.

However, the deficit budget situation remained throughout 2018, and Trinity managed the budget deficit primarily by not making seven months of apportionment payments in 2018, which totaled \$44,632.00. Near the end of 2018, the Diocese offered Trinity the opportunity to have this debt forgiven, as they felt the Vestry was moving in the right direction by working to reduce operating expenses, and to draft a responsible, balanced budget for 2019. The Vestry voted to seek forgiveness of the church's 2018 apportionment debt, and the Diocese granted that forgiveness. This is a one time circumstance, and the understanding that Trinity's Vestry and Rector have with the Diocese is that we will maintain a responsible, balanced budget for calendar year 2019, and pay our apportionment regularly going forward.

Trinity's Finance Committee and Vestry worked to reduce operating expenses of the parish during 2018. The housekeeping contract was put up for bid, and the resulting change in housekeeping contractors reduced the housekeeping expenses by approximately 50%. Father Rob graciously offered to move his health insurance coverage to coverage provided by his wife's employer, resulting in net savings of approximately \$5,000 per year to Trinity. Brenda Clary completed a comprehensive review of Trinity's insurance coverage, and determined that Trinity could not save any money on insurance expenses, given the coverage requirements.

During 2018, due to the budget deficit situation, Trinity's operating fund frequently had to "borrow" from the other fund balances that are dedicated for specific ministries, like TEST,

DACA, BackSnack, etc. By moving to a balanced budget for 2019, Trinity intends to discontinue this practice, so that funds contributed for specific ministries are always available to be spent for those specific purposes. Cash flow management was difficult during the first half of 2018, and funds raised to pay off the bank debt were temporarily used to fund operating expenses. Two strategies were employed to manage the cash flow situation: (1) discontinue making monthly apportionment payments; and (2) discontinue the GIFT card program, to reduce cash outflows. The GIFT card program was also discontinued at the request of the Rector, so that an ad hoc committee could complete a full financial review of the program. (That review is still in progress.)

When finance staff Jenn Holloway gave her notice, the Vestry and Rector decided to outsource Trinity's accounting services to a professional accounting firm. Bids were solicited from two accounting firms and Miller Management was hired. (Miller Management is located in North Kansas City, and has nearly 30 years of experience providing outsourced accounting services to religious organizations. Note: Miller is a common name, and there is no personal relationship between Trinity Treasurer Liz Miller and Miller Management.) When Trinity's accounting was transitioned to Miller Management, Jenn Holloway worked to eliminate all of the erroneous balances that had been carried on Trinity's balance sheet for several years. Trinity's balance sheet has once again become an accurate reflection of Trinity's financial resources. Miller Management provides a full set of monthly financial reports (including Statement of Financial Position, Summary of Net Assets Funds with and without Donor Restrictions, Statement of Activities, and an Operating Expense Summary) by the 20th of the following month.

Finance staff person Vickie Randel was hired in the late fall. Vickie is a retired banker, and works part time in the church office, handling documentation and communication with Miller Management, recordkeeping for giving records, and production of the quarterly giving statements. With Vickie on board, Trinity now has a contact person in the office during regular office hours to assist parishioners with financial questions. Vickie has been able ensure timely crediting of financial gifts to the Trinity Interfaith Food Pantry, and has worked to streamline many financial functions. Vickie has also sent tax exemption certificates to all of Trinity's vendors, ensuring that Trinity does not pay sales taxes on purchases going forward. Timely processing and payment of bills has also eliminated the payment of late fees and interest on past due bills. Vickie has recently begun providing monthly financial reports on each ministry area to the ministry leaders. We continue to work to streamline Trinity's financial accounts.

I would also like to acknowledge and thank volunteer Bonnie Briscoe for her work to fill the finance staff position on an interim basis, during the two month period between Jenn Holloway's departure and Vickie Randel coming on board.

A financial audit for calendar year 2016 was completed by external financial auditor Jim Long. Trinity needs to complete two financial audits (for calendar years 2017 and 2018) in 2019 in order to become compliant with the Diocesan financial canons regarding the completion of timely annual financial audits.

Trinity was notified by the IRS that it owes a tax penalty of \$7,822.53 for failure to file W-2s with the IRS for tax year 2015. The delinquent W-2s were filed with the IRS, and we are currently waiting to learn the final disposition of the potential penalty.

The Vestry formed a fundraising committee during 2018, and Katherine McGillivray chaired a successful garage sale fundraising event. The garage sale fundraiser raised \$5,558 that has been used for general operating expenses of the church. The Vestry has budgeted \$9,000 for fundraising income in 2019 to support general operating expenses.

Trinity's Vestry has worked very diligently to draft a balanced Mission Plan (aka "budget") for calendar year 2019. Please see the approved 2019 Mission Plan and the associated narrative for a detailed review of the 2019 budget which was adopted by the Vestry.

As Treasurer, I have worked to provide timely financial reporting to the Finance Committee, Vestry, and the parish at large. Written communications to the parish include the 2018 Annual Report, regular "The Bottom Line" columns in The Corner newsletter, and posting a monthly summary financial report on Trinity's website. I have also emailed full monthly financial reports to any Trinitarian who expressed an interest. The Vestry has communicated with parishioners regarding Trinity's financial situation through several letters and announcements during worship services. A special meeting of the Vestry was held in order to receive feedback from the entire parish membership on the 2019 Mission Plan (budget) which was adopted by the Vestry.

One of the signs of a healthy church is responsible management of the financial gifts which we have been given. All of Trinity's financial resources represent "other people's money"—gifts which have been given to the church. The Vestry takes our fiduciary responsibility to manage these gifts which Trinity has been given very seriously. I believe that 2018 was a year in which the Rector, the members of the Finance Committee, and the Vestry all worked hard to ensure that Trinity's financial resources are being managed as effectively as possible, in a prudent and responsible manner. Now that a great deal of this work has been done, hopefully 2019 will be a year in which the Vestry can focus on working with the Rector to create and implement its vision of Trinity going forward.

Respectfully submitted,
Liz Miller
Treasurer & Vestry Member