

## **Immanuel Church-on-the-Hill** **2016 Treasurers Report**

### ***2016 General Operating Budget***

2016 was a challenging year for Immanuel. Our annual pledge *goal* was \$575,000 but we *received* pledges of \$560,000. I am pleased to report that thanks to the generous giving of members of the parish who exceeded their pledges, we ended 2016 with \$574,649 in pledge income. Our rental income of \$53,660 was slightly below our target of \$54,300. We gratefully received a number of generous gifts from parishioners to support worship and facilities, totaling \$39,452. While our total income was \$704,440, our operating expenses totaled \$753,212, making it necessary to use \$44,342 from our operating reserves to cover the shortfall.

### ***Congregation Based Mission and Outreach***

Our 2016 Congregation Based Mission and Outreach expenditures totaled \$92,797, funded through Pumpkin Patch revenues, special collections for national and international relief efforts, and collections for the Young Adult Service Corps, Christmas Families, Dominican Republic Scholarships, and the Haiti Micah Project.

### ***Investment Funds***

As of December 31, 2016, the balances for the Calloway Fund, Endowment Fund and Memorial Garden Fund are \$212,263, \$284,441, and \$87,861 respectively. In 2016 a bequest of \$20,000 was invested in the Calloway Fund, and a gift of \$10,000 was invested in the Endowment Fund. Immanuel is blessed to have access to the Diocesan Trustees of the Funds, and all our Investment Fund resources are invested with the TOTF. In 2016, TOTF increased by +6.5%, ahead of the policy index and matching the global benchmark. In the longer periods, TOTF increased an annualized +1.9% for the three-year period and an annualized +5.9% for the five- year period. In each case, TOTF matched benchmarks closely. As of December 31, 2016, TOTF has an annualized ten- year return of +3.4%, ahead of the global blended portfolio return of +2.8%.

### ***Capital Campaign***

2016 was the final year of our Capital Campaign. As of December 31, 2016:

Receipts total \$1,140,309

- \$903,704 was received in pledges and gifts, including generous gifts from parishioners exceeding their pledges.
- \$107,000 from two bequests was directed by the Vestry for use in the Capital Campaign
- \$100,000 was transferred from the Endowment Trust Fund to the Capital Campaign
- \$2,604 was earned from short term bank accounts

Expenditures total \$1,105,316

- \$615,430 was spent on improvements to Zabriskie infrastructure (buildings and equipment)
- \$104,611 was transferred to the Endowment Trust Fund, restoring the \$100,000 transferred from the Fund to the Capital Campaign, plus a modest fee of \$4,611
- \$385,275 was sent to the Virginia Theological Seminary towards Immanuel's \$500,000 pledge for the Chapel of the Ages. With the understanding that Immanuel will receive \$39,725 in future bequests made by parishioners as pledges towards our \$5000,000 commitment to VTS, the balance owed VTS is \$75,000.

Capital Campaign funds remaining total \$34,992. Of the approximately \$50,000 in outstanding Capital Campaign pledges, a significant portion can be attributed to former or deceased parishioners.

<u>Capital Campaign 2011- 2016</u>	<u>Undesignated</u>	<u>Seminary</u>	<u>Zabriskie</u>	<u>Total</u>	<u>Bequests</u>	<u>Total</u>
Transfer from Endowment Fund	-	-	100,000	100,000	-	100,000
Campaign Donations	518,387	182,054	230,263	930,704	107,000	1,037,704
Interest	2,604	-	-	2,604	-	2,604
<b>Total Receipts</b>	<b>520,992</b>	<b>182,054</b>	<b>330,263</b>	<b>1,033,309</b>	<b>107,000</b>	<b>1,140,309</b>
Transfer to Endowment Fund	-	-	(104,611)	(104,611)	-	(104,611)
Building Improvements & Equipment	(143,078)	-	(374,525)	(517,602)	(97,828)	(615,430)
VTS - Chapel of the Ages	(76,537)	(308,738)	-	(385,275)	-	(385,275)
<b>Total Expenditures</b>	<b>(506,765)</b>	<b>(175,980)</b>	<b>(324,744)</b>	<b>(1,007,488)</b>	<b>(97,828)</b>	<b>(1,105,316)</b>
<b>Fund Balance December 31 2016</b>	<b>14,227</b>	<b>6,075</b>	<b>5,519</b>		<b>9,172</b>	<b>34,992</b>

outstanding balance of VTS pledge is \$75,000  
(less \$39,725 in future bequests)

***Audits***

Audits using the Diocese of Virginia internal audit program, based on the Manual of Business Methods in Church Affairs, were completed by Jim Snow for 2013, 2014 and 2015. While each year was examined under a separate checklist, some deficiencies found in 2013 and 2014 were rectified in 2015, the most recent year covered. Three deficiencies remained and were referred to the Vestry for action:

Investment Funds (Calloway Fund, Endowment Trust Fund and the Memorial Garden Fund): A proposed new trust structure was accepted by Vestry and Trustees of the Calloway Fund, Endowment Trust Fund and the Memorial Garden Fund in October 2016. The new structure will not be effective before November 2017, pending Vestry action.

Property and Equipment: While there is a lease and insurance certificate on file for our major tenant, Valley Drive PreSchool, there are not use agreements with other organizations who are

regular and significant users of the facilities (e.g., the Um Ull Quraa Community or the Dignity congregation). The Vestry Steward for Resources is aware of this deficiency and is working on actions that will result in specific use agreements for specific tenants, as well as improved space use procedures in general.

Property and Equipment: The last court ordered trustees from February 10, 2014, listed Adrienne Goins, James B. Snow, and Susan Carter. Susan Carter is no longer a member of the parish, and the Vestry named Hance Haney as Trustee in 2015. However, that action has not yet been entered with the court. The Vestry has been asked to take immediate action to enter this appointment with the court.

In preparation for a full financial audit of Immanuel's 2016 financial statements, *Requests for Proposals* were sent to four firms, requesting an audit report using audit standards generally accepted in the United States. The final audit report must include an opinion as to whether Immanuel's statements conform to accounting principles generally accepted in the United States, and a management letter, if required, including a statement of audit findings, and any recommendations affecting the financial statements, internal controls, accounting, accounting system and any other material matter.

### ***2017 Draft General Operating Budget:***

On January 10, 2017, the Vestry approved a draft General Operating Budget anticipating \$585,000 in pledges. Based on additional generous pledges received as of January 20, 2017, pledge income in the draft General Operating Budget has been increased to \$600,000, thereby decreasing the use of Operations Reserves and Investment Funds. The draft Budget also anticipates \$25,000 in undesignated donations, donations from the Kenyan Congregation of \$20,000, rental income of \$60,550, and transfers from the Operating Reserves of \$2000, the Calloway Fund of \$4000, and the Endowment Trust Fund of \$15,000.

2017 General Operating Budget expenses include \$446,000 for salaries and benefits. This includes a general 1.05% increase in salaries, consistent with Diocese of Virginia recommendations, increases in clergy salary consistent with Diocesan guidelines, increased support for our CYF minister to reflect the continued growth in this ministry, and the addition of a Priest Associate for the Kenyan Congregation.

The draft Budget also includes a slight increase in our Diocesan Pledge, funds for a full audit (Immanuel's first full audit), increases in our annual property insurance and utility costs, and recognition of the costs of ongoing routine maintenance and repairs to our facilities. Due to the blessings of our vibrant growth in our educational, worship and community programs, several of our administrative costs are increasing, including supplies, postage and printing.

The 2017 Vestry will vote on a final 2017 General Operating Budget in February.

### ***Grace and Gratitude***

I am very grateful for being given the opportunity to serve as your Treasurer. It is a privilege to receive and account for the financial gifts that you as parishioners make to God in thanksgiving for

all He has blessed you with in your lives, as well the parish income made possible by the hard work of so many dedicated volunteers – from rents, outreach, investments, and parish events.

I also am very grateful for our staff, Wardens and Vestry - past and present, and all the parish volunteers with whom I have worked over the last three years. A special thanks to Lisa Schwendemann and Tracey Bible, our bookkeeper and comptroller, for all their dedication and hard work (as well as their deep and abiding senses of humor!). And I offer deep gratitude and thanks to our Rector who has been unfailingly supportive and patient, as well as a source of much wisdom.

And last, I ask that you support and sustain Laura Snow as she takes on this ministry. Adapting from the *Book of Common Prayer*:

O God, whom saints and angels delight to worship in heaven: Be ever present with your servants who seek through the care and nurturing of the church's financial substance to be faithful stewards of your bounty on earth; and grant to them even now glimpses of your beauty, and make them worthy at length to behold it unveiled for evermore; through Jesus Christ our Lord. *Amen.*

Respectfully submitted,

*Susan Gilbertson*  
*Treasurer*