

Report of Finance

of

**The Presbyterian Church
in Morristown, New Jersey**

2020

To the Members and Friends of The Presbyterian Church in Morristown:

2020 Annual Report of the Treasurer

We will never forget the tumultuous year of 2020, the year of the COVID-19 Pandemic, unsettled political times and an overall challenge to our nation and the entire world. And yet our Church is surviving as it has for over 250 years! Thanks to you, with your generous financial support; our staff, with their experience, optimism and creativity to carry on; and our Session and Finance Committee, who has wisely led us through these times, we are in a solid place financially speaking. We have many reasons to be optimistic for 2021 and beyond as well. We have a wonderful and enthusiastic new Interim Pastor, Leslie, we have an engaged congregation, and we have a healthy Endowment Fund. All of these factors will lead us through these times and we may even become stronger as a result.

Operating Results:

Our Operating Results were favorable compared to the 2020 budget. This was due to several things.

- Most importantly, the Finance Committee secured a PPP Loan in May 2020 in the amount of \$139,700. This loan is expected to be forgiven in 2021 as the Church has met all the conditions for forgiveness.
- Revenue was strong in Pledges and Member Non-Pledged which helped our overall revenue situation. Our B&G Revenue, which includes parking lot and building use, was well below budget, as were the committees' revenue which often relies on in-person activities to raise funds.
- Overall Revenue was \$51,000 over budget
- On the Expense side, we had a favorable variance. This was partly due to less building usage which resulted in less maintenance expense. Also, since the committees conducted fewer activities, their budgets were naturally lower as well. The two areas of expenses that were higher than budget were Communications, due to costs related to virtual worship services and insurance expense. The Finance Committee is conducting an in-depth study into our insurance options so that we can hopefully save some money in this category.
- Overall expenses were \$54,000 under budget.
- Our net results were about \$110,000 favorable compared to budget.
- Note that the Church's Operating budget is compiled at a loss and makes up the shortfall with an annual withdrawal from the Endowment. The good news this year is that since our results were favorable, we were able to withdraw less than budgeted from the Endowment. See below for details.

Major Maintenance/Homeland Security Grant:

In 2020, the church continued to invest in and maintain our 5 buildings. The total cost of expenditures for Major Maintenance in 2020 was \$109,426. Major projects include repairs of chapel windows, window frames and doors as well as painting, repair to the Nursery School room floor, Church on Green drainage work, painting at the Parish House, repair of Church steps and Boiler repair. The Church has expended funds in the amount of \$17,880 related to the Homeland Security Grant. We are expected to be reimbursed in 2021. See last page of this report for more information on Capital Investments

Endowment:

Our budgeted withdrawal from the endowment for 2020 for the **Operating Budget, Major Maintenance and Special Funds** was \$477,990. Actual withdrawal for these categories totaled only \$339,926. Please see the Endowment schedule for further information on these withdrawals.

2021 Budget

The 2021 Budget is available on a separate sheet. Pledges are trending lower for 2021 (side note: there's still time to pledge!) B&G and Committee revenue is expected to be lower for at least the first half of 2021. Expenses are expected to be slightly higher later in 2021 due to hopeful resumption of activities. Endowment withdrawal is expected to be higher than a normal year at \$610K, but due to lower pledges and continued pandemic-related slow down of activities, this is a realistic picture of what we know at this point. The Finance committee is hoping to secure a 2nd round PPP Loan in 2021 which would help our financial situation.

Karen May

Respectfully submitted,

Karen May

Treasurer

**The Presbyterian Church in Morristown
Treasurer's Report
January 1, 2020 - December 31, 2020**

<u>REVENUES</u>	2020 Budget	Received YTD	Actual vs Expected Favorable (Unfavorable)
Pledges	850,000	\$ 849,279	\$ (721)
Member Unpledged Contributions	40,000	63,340	23,340
Prior Year Pledges	0	9,029	9,029
Member Contributions	890,000	921,648	31,648
Church School Offerings	0	20	20
Miscellaneous Income	1,000	2,764	1,764
Non-member Donations	30,000	8,184	(21,816)
Plate	11,000	1,207	(9,793)
PPP Loan	0	139,700	139,700
B&G: Building Use Donations	85,000	35,308	(49,692)
Christian Education: Donations	12,000	10,707	(1,293)
Communications Donations	150	0	(150)
Community and Membership Donations	1,000	0	(1,000)
Comm and Memb & Per Capita Donations	10,500	9,039	(1,461)
Outreach: Donations	27,361	15,984	(11,377)
W&M: Donations	47,500	37,289	(10,211)
Youth & Young Adults: Donations	10,500	260	(10,240)
Greetin Trust	20,000	15,000	(5,000)
TOTAL REVENUES	1,146,011	1,197,110	51,099

<u>EXPENSES</u>	2020 Budget	Disbursed YTD	Actual vs Expected Favorable (Unfavorable)
I. THE CHURCH AT HOME			
Buildings & Grounds (excludes Maj Maint)	164,550	152,088	12,462
Christian Education	14,800	8,422	6,378
Communications	23,700	46,559	(22,859)
Community and Membership	37,651	32,233	5,418
Finance / Stewardship	64,000	72,377	(8,377)
Management & Administration	878,961	860,765	18,196
Worship and Music	114,255	84,103	30,152
Youth and Young Adults	21,400	8,366	13,034
TOTAL CHURCH AT HOME	1,319,317	\$ 1,264,913	\$ 54,404

**The Presbyterian Church in Morristown
Treasurer's Report
January 1, 2020 - December 31, 2020**

	<u>2020 Budget</u>	<u>Disbursed YTD</u>	<u>Actual vs Expected Favorable (Unfavorable)</u>
II. OUTREACH: THE CHURCH IN MISSION			
Local Mission	55,130	\$ 48,325	\$ 6,805
National Mission	1,700	5,172	(3,472)
Worldwide Mission	17,933	17,673	260
Creative Benevolence	<u>32,500</u>	<u>30,996</u>	<u>1,504</u>
TOTAL CHURCH IN MISSION	<u>107,263</u>	<u>\$ 102,166</u>	<u>\$ 5,097</u>
TOTAL EXPENSES	1,426,580	1,367,079	59,501
INCOME - EXPENSES (before Endowment Withdrawal)	<u>(280,569)</u>	<u>\$ (169,969)</u>	<u>110,600</u>
Total Endowment Withdrawals (Operating)	280,569	210,426	(70,143)
INCOME - EXPENSES (after Endowment Withdrawal)	<u>-</u>	<u>\$ 40,457</u>	<u>\$ 40,457</u>
III. MAJOR MAINTENANCE			
Endowment - Major Maint Withdrawals	120,421	83,000	(37,421)
Major Maint Disbursements	<u>(120,421)</u>	<u>(109,426)</u>	10,995
Net Major Maintenance	0	(26,426)	(26,426)

**The Presbyterian Church in Morristown
Endowment, Investment & Operating Bank Accounts**

Endowment Fund (Schwab- liquid and long term) - See schedule for detail of activity

1/1/20 Balance	\$	6,504,836
Deposits (see schedule for detail)	\$	735,500
Withdrawals (see schedule for detail)		(343,426)
Dividends, Interest & Change in Value		372,747
12/31/2020 Balance	\$	<u>7,269,657</u>

Eklund Fund (Schwab)

1/1/20 Balance	\$	787,756
Withdrawals for Scholarships		(23,000)
Net Gain/(Loss)		54,418
12/31/2020 Balance	\$	<u>819,174</u>

Brokerage Account (Schwab)

1/1/20 Balance	\$	-
Deposits		623,149
Withdrawals		(623,149)
12/31/2020 Balance	\$	<u>-</u>

Income Fund (Chase) - See schedule for detail of activity

1/1/20 Balance	\$	17,384
Deposits/Credits		3,905
Withdrawals/Debits		(3,613)
12/31/2020 Bank	\$	<u>17,676</u>
Deposits in Transit		1,361
12/31/2020 Ledger Balance	\$	<u>19,037</u>

Operating (Chase)

1/1/20 Balance	\$	136,221
Change in Value		(21,797)
12/31/2020 Bank Balance	\$	<u>114,424</u>
Outstanding Checks		(65,979)
Deposits in Transit		25,487
12/31/2020 Ledger Balance	\$	<u>73,932</u>

Designated Fund (Chase) - See Schedule for Activity

1/1/20 Balance	\$	144,727
Deposits/Debits		173,257
Withdrawals/Credits		(116,800)
12/31/2020 Bank Balance	\$	<u>201,184</u>
Outstanding Withdrawals		(5,250)
12/31/2020 Ledger Balance	\$	<u>195,934</u>

Payroll (Chase)

1/1/20 Balance		\$0
Deposits		580,084
Withdrawals		(580,084)
12/31/2020 Bank/Ledger Balance		<u>\$0</u>

Payroll (Peapack)- opened 2021

1/1/20 Balance		\$0
Deposits		100,233
Withdrawals		(100,233)
12/31/2020 Bank/Ledger Balance		<u>\$0</u>

Operating (Peapack)- opened 2021

1/1/20 Balance	\$	-
Change in Value		3,868
12/31/2020 Bank Balance	\$	<u>3,868</u>

**The Presbyterian Church in Morristown
Endowment Fund: Detail of Funds**

	Book Value 1/1/2020	Additions/ (Withdrawals)	Book Value 12/31/2020	Market Value 12/31/2020	Market Value 12/31/2019
Bennell Library /Bennett Book Fund	5,713	-	5,713	11,949	11,301
Betty Jones Scholarship Fund	6,466	(750)	5,716	10,765	10,891
Care of Graveyard Fund	590	-	590	17,878	16,909
Chapel Fund	3,384	-	3,384	12,423	11,750
Christian Ed	12,299	-	12,299	24,788	23,445
Rooke SCEEP/Outreach Fund	10,635	(5,000)	5,635	17,206	21,003
Church Support (Unrestricted)	3,759,575	438,574	4,198,149	6,273,905	5,519,072
Cobb Scholarship	5,569	(750)	4,819	15,558	15,424
Dwight Menard Music Fund	86,887	(15,000)	71,887	174,955	179,660
Eleanor Thompson Perry Fund	31,326	-	31,326	63,005	59,590
Helen Kingsbury Outreach Fund	52,123	(10,000)	42,123	113,716	117,011
L&W Hovemeyer Scholarship Fund	5,811	-	5,811	9,099	8,606
Caroline & Sam Morgan Fund	94,402	-	94,402	111,460	105,419
Nancy Snyder Nursery School Fund	9,772	-	9,772	19,887	18,809
Presbyterian Women	80,212	-	80,212	154,689	146,305
PW Scholarship	13,329	-	13,329	22,433	21,217
Stratdman (Christian Ed)	140,305	(10,000)	130,305	138,345	140,305
Sherman Cutler Roberts	19,764	(5,000)	14,764	77,596	78,119
Total	\$ 4,338,162	\$ 392,074	\$ 4,730,236	\$ 7,269,657	\$ 6,504,836

Activity in the Endowment Fund were as follows:

- Church Support (Unrestricted) includes the following activity
- \$210,426 withdrawal for Operating Budget
- \$83,000 withdrawal for Major Maintenance
- \$732,000 bequest deposits, including \$697,000 remaining from the Moyer bequest.
- Remaining withdrawals from restricted funds were used in the appropriate areas of the Operating Budget.

**The Presbyterian Church in Morristown
Portfolio Summary - Endowment Fund**

**Assets Held as of December 31, 2020 at Charles Schwab & Co., Inc. as Custodian
Managed by Mariner Wealth Advisors**

2020 Investment Sub-Committee Members:

**Craig Dodd Karen May
Bruce Fisher Kevin Redgate
Walt Fleischer**

	12/31/2020 Market Value	Weight
Cash & Equivalents	\$ 373,819	5.14%
Large Cap	\$ 2,115,595	29.10%
Small Cap	\$ 311,338	4.28%
International Equity	\$ 571,348	7.86%
Emerging Markets	\$ 164,624	2.26%
Core Fixed Income	\$ 2,146,321	29.52%
Municipal Bonds	\$ 1,143,715	15.73%
Real Estate	\$ 198,952	2.74%
Infrastructure	\$ 243,944	3.36%
Total Portfolio at Charles Schwab & Co., Inc.	\$ 7,269,657	100.0%

Time Weighted Investment Performance, net of Fees

2008 Annualized 3/31/2008 to 12/31/2008	-21.50%
2009	24.90%
2010	11.10%
2011	-2.90%
2012	10.13%
2013	16.93%
2014	4.09%
2015	-4.50%
2016	8.04%
2017	13.42%
2018	-8.89%
2019	2.97%
2020	4.14%

The Presbyterian Church in Morristown
Income Fund: Detail of Funds

	1/1/2020	Income/ Deposits	Disbursements	12/31/2020
Bennell Library /Bennett Book Fund	374		(374)	-
Christian Ed	3,113	9		3,122
Rooke SCEEP Fund	7,521			7,521
Church Support/Rounding	(31)	5		(26)
Dwight Menard Music Fund	0	1,500	(1,500)	(0)
Eleanor Thompson Perry Fund	2,498			2,498
Helen Kingsbury Outreach Fund	729		(729)	0
L&W Hovemeyer Scholarship Fund	155		(155)	0
Mutch Family Memorial Fund	855		(855)	0
Sherman Cutler Roberts	2,169	3,752		5,921
Total	17,384	\$ 5,266	\$ (3,613)	\$ 19,037

Note these funds are held in the Chase account and are offshoots of the Endowment Fund. For total of each fund value, also see the Endowment Fund schedule.

Disbursements from the Income Fund were as follows:

- \$3,752 for Sherman Cutler Roberts Dividend Income
- \$1,500 for Music Scholarships (Music)
- Remaining Activity is clean-up of funds. Money from Bennell Library/Bennett Book Fund, Helen Kingsbury Outreach, L&W Hovemeyer Scholarship Fund and Mutch Family Fund were transferred to appropriate accounts

**The Presbyterian Church in Morristown
Designated Funds: Detail of Funds**

	1/1/2020	Additions	Disbursements	12/31/2020
Chapel Renovation	41	6,904		6,945
Christian Ed	3,427	1,820	(2,422)	2,825
Commemorative Fund	20,140	4,628	-	24,768
Community Matching Gift Program	-	71,772		71,772
Church Member/Designated	-	5,050	(5,050)	-
Graveyard	-	7,400	(7,400)	-
Greetin Bequest	15,000	15,000	(15,000)	15,000
Homeland Security Grant	-		(17,880)	(17,880)
Julie Ramseyer Memorial Fund	3,605	660		4,265
Major Maintenance	-	5,335		5,335
Memorial Garden Fund	17,889			17,889
Music Fund	7,035	470		7,505
Pastor Emeritus	1,057		(1,057)	-
Prepaid Pledges	71,727	51,702	(73,228)	50,201
Ringers on the Green Fund	4,806		(13)	4,793
Youth Programs	-	2,516		2,516
Total	\$ 144,727	\$ 173,257	\$ (122,050)	\$ 195,934

Significant Activity in Designated Funds include:

- Chapel Renovation Fund - donations were \$6,904
- Christian Ed - books for library and VBS activity
- Church Member/Designated - funds received and used for donor designated purposes
- Commemorative Fund - donations for future projects
- Community Matching Gift - funds raised for Summer Camp program during Stewardship
- Graveyard- funds received from insurance proceeds and used for Graveyard maintenance projects
- Greetin Bequest - received \$15,000 which will be recognized in 2021
- Homeland Security Grant- funds distributed related to Grant - we will receive money from grant in 2021
- Julie Ramseyer Fund - donations received
- Major Maintenance - funds held for 2020 Maj Maint projects
- Music Fund - donations designated to Music Program
- Pastor Emeritus - remaining expenses and transferred balance to Commemorative Fund
- Prepaid Pledges - received \$50,201 which will be recognized in 2021
- Youth Programs - Chili Cook Off money held from Jan 2020

**The Presbyterian Church in Morristown
Capital Investments
2013-2020**

	Donations	W/D from Endowment	Disbursements	Net	Notes
Capital Campaign - Parish House					
2013	1,080,198	-	-	1,080,198	Start of Campaign
2014	999,325		(155,134)	844,191	Kitchen
2015	607,418		(975,943)	(368,525)	Kitchen/Zone A
2016	373,245	104,000	(1,999,095)	(1,521,850)	Zone A/Zone B
2017	51,053	85,784	(174,454)	(37,617)	Zone B/Zone C
2018	-	3,603	-	3,603	Write off Remaining project balance
Total Capital Campaign -PH	3,111,239	193,387	(3,304,626)	-	
Capital Campaign - Sanctuary					
2013	-	-	-	-	
2014	-	-	-	-	
2015	-	-	(56,085)	(56,085)	Architect Fees
2016	103,892	-	(32,449)	71,443	\$101K from CRC Committee
2017	655,615	34,216	(189,628)	500,203	Architect Fees & Ceiling Renovations
2018	723,757	-	(1,213,065)	(489,308)	Sanctuary Renovations
2019	110,182	239,652	(376,051)	(26,217)	Sanctuary Renovations
Total Capital Campaign - Sanctuary	1,593,446	273,868	(1,867,278)	36	
Preservation/Homeland Security Grant					
2013	114,248	25,000	(184,339)	(45,091)	Phase I Chapel Restoration
2014	344,455	75,000	(409,562)	9,893	PH Roof Restoration
2015	325,775	79,763	(401,958)	3,580	PH Phase IIA Exterior Restoration
2016	274,873	69,252	(346,230)	(2,105)	PH Phase IIB Exterior Restoration: Slate roof replacement
2017	190,975	48,750	(242,337)	(2,612)	PH Phase IIC Exterior Restoration - Bell tower Restoration
2018	215,710	145,954	(354,450)	7,214	Steeple Project at PH/Amts are still owed from MCHPT
2019	67,850	-	-	67,850	Remaining payment from MCHPT
2020	-	-	(17,880)	(17,880)	Homeland Security Grant Expenditures - reimbursement to come in 2021
Total Preservation/Homeland Security Grant	1,533,886	443,719	(1,956,756)	20,849	
Major Maintenance					
2013	-	88,578	(88,578)	-	Cottage Renovations/ Manse siding/decking
2014	-	94,389	(94,389)	-	Door restoration/Howard House Stairs/chimney
2015	-	111,473	(120,273)	(8,800)	Boiler/Cottage Roof/Parking Lot/Steps
2016	-	68,926	(68,926)	-	Radiator Pipes/Step Repair/Window Repair
2017	-	53,000	(53,253)	(253)	PH Parking Lot project
2018	-	134,426	(138,103)	(3,677)	Completion of Slate Roof at PH/Security Enhancements
2019	-	55,000	(85,514)	(30,514)	Security Enhancements, PH Boiler Repair, Playground Fence
2020	-	83,000	(109,426)	(26,426)	Chapel window repair, Church Step Repair, COG drainage
Total Major Maintenance	-	688,792	(758,462)	(69,670)	
Total all Projects	\$ 6,238,571	\$ 1,599,766	\$ (7,887,122)	\$ (48,785)	