**Treasurer’s Report**

**The Episcopal Diocese of San Diego**

**For the period ending June 30, 2020**

This report is intended to accompany the unaudited financial reports dated June 30, 2020 for The Episcopal Diocese of San Diego. The bracketed letters on the three statements are provided to help show how various numbers relate to each other on the reports.

**Changes in Financial Position (Balance Sheet):** Total assets as of June 30, 2020 are $17.6 million, which are $326,958 less than the figure for December 31, 2019. The First Citizens PPP checking account (#1050) is tied in with the PPP loan account (#2750) and advances (#2751); the amount that has not yet been disbursed from the loan is $233,125 as of June 30. The valuation of the investment portfolio has improved over the previous month, although it is still below the figure for December 31, 2019 by $648,186. Account 1091 is new and reflects the amounts due to or from operating cash and investments. In the past, we included these as reductions in long-term reserves but felt it was clearer to separate them from the other adjustments.

Total current liabilities as of June 30, 2020 are $170,542. The PPP loan is reflected in long-term liabilities, although we expect the entire amount of the loan will be converted to a grant that does not have to be repaid. The deadline for using the PPP loan money for authorized purposes is 24 weeks from the date of funding (May 4, 2020), which is October 18, 2020. We will seek conversion to a grant as soon as all the funds are spent and the bank has provided guidance on how to apply for it. Total equity as of June 30, 2020 is $17.2 million. The net income account near the end of the report is reconciled to the year-to-date net income figure (#33) on the budget summary. The equity accounts are summaries of the funds shown on the change in fund balances report.

**Budget Summary**: At the diocesan convention in November 2019, a balanced budget of $2,553,965 was passed. This number is divided into two main groupings: 1) the operating sources/uses of funds, and 2) investing and financing. Operating sources shown on the report were worse than budget by $106,507 (#5). More than half of this variance is due to the COVID-19 waivers of CLS payments (#1). As of July 22, 2020, we have received $136,741.85 in contributions to the bishop’s special fund for COVID relief, *For Such a Time as This*. We have also received $5,694 in CLS Plus payments (part of the total in #3). Loan waivers affect the variance in line item #4.

Operating uses for June are generally lower than budgeted levels. The variance in episcopate personnel (#6) is due to the open position that we have carried for several months as well as the recent departure of our accountant in April. We have just posted a job opening for a controller position that will combine the responsibilities of both of these positions. The large variance in line #8 ($20,776) is due to the fact that we had budgeted the sewer repair for the ECC kitchen for $30,000 in 2020, but decided in late 2019 to move ahead with the project since the funds were approved to come from the operating reserve. The actual amount shown in line #8 are only expenses for the other property that we own, and in this case, the house on Orange Avenue in Imperial County. ECC operating expenses (#7) are below budgeted levels due to the building being generally vacant. Line #9 has a rather large variance ($180,657) because of the COVID grants and FSATAT pastoral grants being provided to congregations (approximately $200,000).

**Changes in Fund Balances**: The balances on this report reflect the activity in all funds year-to-date. The audit adjustment column has been updated to reflect the changes in fund balance as of December 31, 2019 resulting from the 2019 audit.

*Respectfully submitted,*

Kirby M. Smith, Treasurer