

Treasurer's Report
The Episcopal Diocese of San Diego
For the period ending September 30, 2020

This report is intended to accompany the unaudited financial reports dated September 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 September 30, 2020 are \$17.7 million, which are \$196,653 less than the figure for December 31, 2019. Total cash on hand is \$701,985. All of the PPP loan money has been disbursed to the missions. Valuation of the investment portfolio (#1500) is still below the figure for December 31, 2019 by \$417,894, which is an improvement over last month, although we are still seeing a lot of volatility in the markets leading up to the election. Under account #1300, Other Receivables, are the notes that we have with congregations. As part of the COVID aid provided to these congregations, principal payments for the loans have been deferred and interest forgiven for a limited time period. As a result, the loan balances are higher than we originally projected.

Total current liabilities as of September 30, 2020 are \$190,617. While we expect the entire amount of the PPP loan to be converted to a grant, and we are now beginning that application, we will soon know if that is the case. In addition to using the loan for authorized purposes, we need to provide calculations using employment comparisons to a base period to be made. These comparisons involve the number of employees as well as the rates the employees were paid. Our deadline for using the PPP loan money for authorized purposes was October 18, 2020. Total equity as of September 30, 2020 is \$17.3 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, although a \$81 discrepancy remains to be found.

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 \$115,664 (#5). About half of this variance is due to the COVID-19 waivers of CLS payments (#1).

Operating uses for September 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. The controller position, combining some of the responsibilities of the assistant treasurer and accountant positions was filled September 1st. The large variance in line #8 (\$31,601) 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. ECC operating expenses (#7) are below budgeted levels due to the building being largely vacant. Line #9 has a rather large variance (\$283,542) because of the COVID grants and FSATAT pastoral grants being provided to congregations. As of September 30, 2020, the diocese has provided COVID aid in the amount of \$223,583.

Net Sources/(Uses), line #28, shows a deficit of \$305,993, which compares unfavorably to the budgeted deficit of \$142,993. Neither of these figures include any draw from the investment income, which we projected for the year to be \$224,390. The executive council authorized a deficit of

\$280,000 to supply aid to the congregations during COVID, so once draws are made on the investments, we will be within that level.

Changes in Fund Balances: The balances on this report are being audited, so we expect there to be changes next month. We are going through each use of temporarily restricted funds that was budgeted and releasing those funds, which will help offset some of the deficit mentioned above.

Respectfully submitted,
Kirby M. Smith, Treasurer