**QUARTERLY FINANCIAL UPDATE – 3rd Quarter 2020**

We hope this communication finds you and your loved ones safe and healthy. If you have any questions about this or any KUMC finances, feel free to reach out. The Finance Committee meets monthly and welcomes you to our meetings (dates are posted on the KUMC calendar along with the approved meeting minutes: [Calendar](https://kellerumc.shelbynextchms.com/calendar/calendar_public/embeded/e452b9d4ca2a6f6f0ecaa7021b089e55#month)).

Please find the financial update for the third quarter (Q3) below along with other updates on items your Finance Committee and church staff have been working on.

**GENERAL FUND**

The below chart summarizes 2020 general operating fund activity, as of September 30, 2020.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | September Year-to-date |  | Annual Budget |
| Total Income \* | 660,061 | 812,238 | 567,954 | 2,040,253 |  | 2,769,747 |
| Total Expenses | 675,743 | 515,247 | 543,329 | 1,734,319 |  | 2,769,747 |
| Net Inc/(Exp) | (15,682) | 296,991 | 24,625 | 305,934 |  | - |

*\* Total income includes pledged/non-pledged income, registration fees and other income.*

*\*Q2 and Year-to-Date Total income includes $221K from the Paycheck Protection Program. By meeting certain obligations, the PPP amount is eligible to be forgiven and converted to a grant. At the time of this communication, and through the diligence of KUMC finance staff, the PPP amount is anticipated to be fully forgiven.*

**DEBT REDUCTION UPDATE**

At the end of 2018, KUMC launched an initiative to pay down its debt, primarily incurred due to the DAC building addition. KUMC’s debt reduction campaign runs for three years (2019 – 2021). Below are the contributions made during the campaign thus far, which have been paid towards the debt principal.

* 2019 Debt Reduction Contributions $419,375
* 2020 Debt Reduction Contributions (through September 30, 2020) $283,394

As of September 30, 2020, the principal amount remaining on KUMC’s note is $4,970,097.

As the church embarked on this three-year journey, no person could have envisioned we would be living through a global pandemic, civil unrest, and a fluctuating economy while in the middle of this campaign. But through the Grace of God and your enduring faithfulness, as you can see, the campaign has been successful in significantly reducing the church’s debt. So, thank you for your continued generosity – it makes a tremendous impact.

**AUDIT RESULT**

For the first time in several years, and through persistent diligence of the KUMC Finance staff, KUMC contracted PSK, an audit firm specializing in churches, to perform a financial audit of 2019 records. PSK presented its finding of an unqualified (clean) opinion to the Finance Committee at the August meeting. The audit firm found no weaknesses or deficiencies in internal controls. The auditors commented on a number of positive items, including the small number of restricted funds, recording fixed assets on the balance sheet, allocating payroll expenses across departments, and recording revenue, as applicable, within each department. PSK recommended several best practices to further refine the system. The Finance Committee and staff members are working to put those recommendations into place.

**CASH MANAGEMENT POLICY**

Your Finance Committee developed a plan to manage the church’s cash position in response to the continued generosity of the congregation and the need for a longer-term strategy. The plan utilizes a tiered approach as explained in this video:

[Financial House Video](https://www.youtube.com/watch?v=7jqNmmFiVxY&feature=youtu.be)

As we enter into a season of stewardship planning and prayerful consideration of our intentions for gifts in 2021, please know that your tithes and offerings are managed in the ongoing effort to fulfill the mission of our church. If so called, here’s a link to the giving portion of the church’s website where a 2021 commitment card can be completed.

[2021 Commitment Card](https://www.shelbygiving.com/App/Form/8ea4c53b-a45b-4bb4-9f37-09c13f35d50b)

Peace,

Erik Skaarer and Amanda Stansberger

Finance Committee Co-Chairs