



2018 PARISH BOOKLET SUPPLEMENT

43rd Celebration Lunch and Annual Parish Meeting
January 28th, 2018

The Episcopal Church of the Transfiguration
A Parish Church in the Vail Valley and in the Episcopal Church of Colorado

“To know Jesus Christ, the Son of God, and to make Him known.”

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LATHROP FINANCIAL SERVICES

Episcopal Church of the Transfiguration
19 Vail Road
P.O. Box 1000
Vail, CO 81657

You contracted with this firm for a special purpose audit of the Episcopal Church of the Transfiguration utilizing certain agreed upon procedures for the year ended December 31, 2016. You requested that we perform these agreed upon procedures in accordance with standards established by the American Institute of Certified Public Accountants rather than conducting a standard financial statement audit under generally accepted auditing standards. Due to the limited nature of the audit work, we will not deliver any financial statements as a product of my audit procedures.

You requested that we perform only certain procedures. As part of our review process, we reviewed transactions in the general ledger and performed limited testing of transactions, using sampling methods, to note if documentation and coding of transactions and adjusting journal entries appears to be in accordance with standard accounting practices and procedures. However, the scope of our work was not sufficient to constitute an audit under generally accepted auditing standards. Thus we will not be able to express an opinion that your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.

Based on our limited special procedures, we can state the following:

- it appears the balance sheet and statements of actual and budgeted revenues and expenses accompanying the annual report are consistent with the accounting records and vestry meeting minutes.
- It appears that the statement reflecting 2016 budgeted items and the variances between the budget and actual amount are reasonable.
- It appears that the 2017 budget amounts are reasonable after consideration of 2016 activities and considering modifications to the prior year activities.
- It appears that the historical and projected changes to assets and liabilities are consistent with financial records, budget and minutes.
- It appears that the estimates for changes to the accumulated fund balances represented in reserves are reasonable based on budgeted activity.

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Episcopal Church of the Transfiguration

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This special purpose audit was conducted in accordance with generally accepted auditing standards for such a special purpose engagement and included tests of your accounting records and other procedures considered necessary under the agreed upon procedures. However, due to the limited audit procedures performed, our audit work does not enable us to express an opinion that your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.

Because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and were not detected. We did not note any material errors, irregularities, or illegal acts while performing our audit procedures, but those issues may exist and were not detected by us.

We appreciate the opportunity to be of service to you.

Yours truly,

Lathrop Financial Services, LLC
Lathrop Financial Services, LLC.

Edwards, Colorado

December 7, 2017

2017 Parish Treasurer's Report

Dear ECOT Family,

I am honored to be your new Treasurer and I am looking forward to working with you to ensure that we have a solid financial situation in the church.

With that said, 2017 ended amazingly strong and puts us in a great position to start the new year.

CPA Review for 2016

Our CPA Review for 2016 was completed with no deficiencies or misstatements.

Financial Performance for 2017

The Plate receipts and Unrestricted Pledges exceed the 2017 Budget putting the income for the year at \$923,791, just over \$70,000 more than projected. Expenses came in below budget as we had reduced costs in the Parish Life budget and we did not start funding the Youth Ministry until midyear. The year-end result was \$79,000 in net income!

Reserves and Balance Sheet

The positive Operating Income will allow us to fund the Church's Asset Reserve account to make necessary repairs to the Rectory and updates to the church office. The ECOT Operating Reserve account is currently funded to meet our policy of a minimum of 4 months of operating expenses.

I will be focusing my time during the first part of 2018 in putting together an Investment Committee to design an investment strategy that allows our assets to grow in a financially responsible manner.

Mission and Outreach

For 2017 we collected close to \$40,000 in mission donations. This provided much appreciated support to our local, domestic, and international mission partners.

Other Parish Expenditures

The 2017 budget offered many opportunities for our youth. They met for bowling, coffee, performances, dinners and a statewide youth retreat in Buena Vista. The Children's Ministry continues to provide great programs like the Mother's Group, Summer Camp, Christmas Pageant, Sunday School, and the Nursery. We also continued to have many wonderful Parish Gatherings throughout the year.

Thank you to all of you for your continued support of time, talent and treasure. Please know that all financial statements are available at the church office. I am happy to answer any questions that you might have. Please feel free to call me at 970-376-8693.

Shawna Knauf

Parish Treasurer

2017 ECOT Financial Summary and 2018 Parish Budget

	2017 Budget	2017 Actual	2018 Budget
<u>INCOME</u>			
Donations			
Plate	\$105,000	\$136,534	\$100,000
Unrestricted Pledge	\$364,000	\$413,404	\$410,000
Restricted Pledge	\$338,500	\$304,900	\$310,000
Total Donations	\$807,500	\$854,837	\$820,000
Interest Income	\$2,700	\$2,511	\$2,000
Ministry Donations	\$43,333	\$66,443	\$76,616
TOTAL INCOME	\$853,533	\$923,791	\$898,616
<u>EXPENSES</u>			
Total Rector's Expenses	\$353,226	\$369,984	\$374,560
Total Assistant Rector's Expenses	\$168,564	\$167,021	\$176,895
Total Deacon's Expenses	\$2,200	\$0	\$2,200
Total Children's Ministries Exp.	\$103,299	\$105,046	\$100,550
Total Youth Ministries Exp.	\$42,638	\$22,886	\$50,591
Total Parish Life Exp.	\$32,156	\$7,227	\$8,500
Total Director of Communications Exp.	\$30,480	\$32,550	\$27,110
Total Administrative Exp.	\$138,866	\$139,923	\$160,858
TOTAL EXPENSES	\$871,429	\$844,637	\$901,263
NET OPERATING INCOME/(EXPENSE)	(\$17,896)	\$79,154	(\$2,646)

2017 ECOT Operating Balance Sheet

	Actual 12/31/17
<u>Current Assets</u>	
Checking and Savings	\$309,031
Accounts Receivable	\$0
Prepaid Rent	\$11,867
Prepaid Insurance	\$8,068
Asset Reserves	\$60,483
ECOT Reserves	\$281,282
Total Current Assets	\$670,730
<u>Fixed Assets</u>	
Furniture and Equipment	\$3,007
Rectory and Rectory Improvement	\$168,399
Automobiles	\$19,998
Total Fixed Assets	\$191,405
Total Assets	\$862,135
<u>Liabilities and Equity</u>	
Payroll Liabilities	\$7,522
Prepaid Pledges	\$96,000
Restricted Prepaid Pledges	\$500
Accrued Payroll	\$11,974
Accrued Payable	\$30,199
Accrued Expenses	\$5,000
Due to/from Designated Account	\$492
Credit Card Payable	\$6,735
Youth Trips - Scholarships	\$765
Total Current Liabilities	\$159,187
Operating Fund-Current Year Total	\$511,447
Priest Discretionary Fund-Current Year Total	\$16,947
Capital Fund	\$174,555
Total Liabilities and Equity	\$862,135

2017 ECOT Mission & Outreach Financial Summary

	Actual 12/31/17
<u>Donations & Income</u>	
Fundraisers	\$2,915
Restricted Giving	\$32,998
Local Donations	\$888
Domestic Donations	\$0
International Donations	\$2,405
Total Donations & Income	\$39,206
<u>Expenses</u>	
Fundraisers	\$763
Local Giving	
Salvation Army	\$4,000
Samaritan Center	\$10,000
Habitat for Humanity	\$2,000
Young Life/Wild Life	\$1,000
Total Local Giving	\$17,000
Domestic Mission Project	\$18,599
International Giving	
Honduras Project	\$3,000
Diocese of Jerusalem	\$1,500
International - Other	\$14,416
Total International Giving	\$18,916
Youth Mission	\$3,000
Bank Charges	\$75
Total Expenses	\$58,353
Income Over Expenses	(\$19,147)

2018 PARISH BUDGET NARRATIVE SUMMARY

INTRODUCTION

The annual parish budget is a ministry blueprint of how we intend to best fulfill our shared mission *to know Jesus Christ, the Son of God, and to make Him known* in 2018. According to the Canons of the Episcopal Church, our denominational church law, each parish Vestry is responsible for approving the parish budget as the Board of our 501(c)3 non-profit organization entitled “The Episcopal Church of the Transfiguration.” The Finance Committee, chaired by our Parish Treasurer, develops a draft budget in consultation with the Rector and staff. This draft budget is rigorously reviewed multiple times before being presented to the Vestry for their amendment or approval. A summary of the approved Parish Budget is then presented to the congregation at the Celebration Lunch and Annual Parish Meeting. The Rector and staff are responsible to manage their ministries to this budget during 2018. A printed copy of this narrative Parish Budget is kept in the Church Office, and any ECOT member or seasonal member is welcome to review our monthly financial summaries at any time.

TOTAL DONATIONS AND INCOME

\$ 898,616.00

ECOT’s Parish Budget has always been founded upon member pledges of time, talent and treasure to successfully fulfill our parish mission. Our 2018 projected income is derived from various donations sources including open plate from worship services, unrestricted and restricted pledges, and gifts designated by the donor. Additionally, we are blessed by financial support from Leadership Pledgers. ECOT does not receive income from a Parish Endowment or any external church finding source, thus being dependent upon member, seasonal member and guest generosity to entirely fund our annual budget.

TOTAL EXPENSES

\$ 901,263.00

2018 expenses comprise our best projection of what we need to spend within our means to best serve our congregation, interfaith chapels, local community, mountain Northwestern Region of neighboring Episcopal congregations, the broader Episcopal Church in Colorado, and various mission partners. Our Vestry policies require a balanced budget or very close to balanced if we have reserved funds sufficient to cover the shortfall. The Vestry and Finance Committee have prudently accrued Reserve funds available to cushion unexpected fiscal shortfalls if necessary. All expenses are audited or reviewed annually by an external professional auditor following close-of-year, and the signature page of this audit is always included in the Parish Booklet.

2018 PARISH BUDGET EXPENSE BY CATEGORY

TOTAL MISSION AND OUTREACH EXPENSES **\$ 106,150.00**

These expenses support our local mission partners, our own members as they conduct short-term mission trips, and canonically-required giving to the Northwestern Region and the Episcopal Church in Colorado.

TOTAL CONGREGATIONAL MINISTRY EXPENSES **\$ 98,375.00**

These expenses include all congregational activities such as worship, parish life, teaching and pastoral care to ECOT members and seasonal members of all ages.

TOTAL INTERFAITH CHAPEL EXPENSES **\$ 50,700.00**

These expenses include rent, office usage, and chapel use fees of all three interfaith worship sites.

TOTAL STAFF COMPENSATION AND BENEFITS EXPENSES **\$ 571,820.00**

These expenses enable ECOT to fund a talented staff of professional ordained and lay leaders in various ministry areas, including all stipends, health insurance, pensions, and all other expenses necessary to support our staff in their leadership service.

TOTAL OTHER EXPENSES **\$ 74,218.00**

These expenses include any other expenses not included by category above.