

2021 Annual Audit Report

With this report, the Audit Committee presents the results of its audit for the period beginning January 1, 2021, and ending December 31, 2021, of the financial books and records of St. Mark's Evangelical Lutheran Church of Chula Vista, California. The audit was performed on December 6, 2022, by a committee consisting of the following members: Diane Nissen and Tom Larsen. Diane Flint Wages audited the Legacy Endowment Funds. Treasurer Krystina Torres was present to answer questions and provide information.

In the examination of receipts and disbursements, no material discrepancies were discovered, however, the committee did make note of the following items:

The following changes/events occurred during this audit period:

- In person gatherings resumed in April 2021 following an extended period of no in person gatherings due to the Covid-19 pandemic.
- The PPP Loan (Payroll Protection Program) balance of \$25,000 was forgiven.
- **Assets:**
 - Bank Accounts:
 - Cash Balances total \$345,950.31 as of December 31, 2021
 - Union Bank
 - Checking - \$184,218.46
Note: The bank reconciliation for the period showed a balance of \$185,913.46, a difference of \$1,695. Correcting entries were made in January 2022.
 - MMDA - \$161,322.17
Note: \$105,832.72 of this balance is set aside for future Facilities Expense. \$25,000 is set aside for future pastoral health insurance expenses should the need arise.
 - Mission Investment Fund - \$309.68
 - Petty Cash - \$100.00
 - **Receipts**
 - Scope of the audit included a sampling of bank deposits to identify the source of the funds and review the accompanying detail for proper classification in the financial statements. Although almost all deposits were properly documented, it was noted that documentation may be incomplete when other volunteers are fulfilling the duties.
 - *Recommendation: Ensure that all volunteers are proficient in established procedures.*

Disbursements

- Scope of the audit included a sampling of payments made to various individuals for reimbursement of expenses incurred. The payments were checked for appropriateness, Request for Check documents, and backup including receipts, invoices, or other documentation.
- Payments were reviewed and all appeared appropriate. However, some Request for Check were signed as "Council Approval" when specific Council Approval was not required.
- *Recommendation: In order to achieve consistency in procedures, Amend the Request for Check document to eliminate the Council Approval line when expenses are budgeted items not requiring specific Council approval.*

Memorial Endowment Fund (Audited by Diane Flint Wages)

- **Assets**

- Confirmation of the December 31, 2020, Fund Balance of \$156,060.11:
Thrivent Moderate Allocation Fund-A \$154,755.11
Banner Bank Checking Account - \$ 1,305.00

- **Disbursements**

- Confirmation of Distributions for the period totaling \$5,645.00 Approval of distributions were noted.

Committee records were complete and found to be in good order.

Based on the audit work performed, the Audit Committee found no significant, material departure from best practices of church accounting. Testing performed also found that controls governing the financial operations appear to be reasonable considering all factors, including the size of the congregation and its budget.

Respectfully submitted,
Audit Committee
January 5, 2023

2022 Financial Statements
Balance Sheet as of December 31, 2022

ASSETS	
Current Assets	
Checking/Savings	
10000 · CURRENT ASSETS	
10100 · Petty Cash-Office	100.00
10200 · Union Bank-Checking	107,244.87
10300 · Mission Investment Fund	310.96
Total 10000 · CURRENT ASSETS	107,655.83
10201 · Union Bank Money Market	
10201.1 · Reserve Facilities	69,659.48
10201.2 · Reserve Pastoral Insurance	25,000.00
10201.4 · Money Market Main	30,567.82
Total 10201 · Union Bank Money Market	125,227.30
10400 · Restricted Accounts	
10401 · Banner Bank - Endowment	1,813.00
10402 · Investment	155,431.82
Total 10400 · Restricted Accounts	157,244.82
Total Checking/Savings	390,127.95
Total Current Assets	390,127.95
Fixed Assets	
FIXED ASSETS	
12100 · Land and Building	5,495,000.00
12300 · Furniture, Fixtures & Equip	826,391.47
Total FIXED ASSETS	6,321,391.47
Total Fixed Assets	6,321,391.47
Other Assets	
OTHER ASSETS	
14200 · Deposits & Prepaid Expenses	
14205 · Prepaid Insurance	4,803.17
Total 14200 · Deposits & Prepaid Expenses	4,803.17
Total OTHER ASSETS	4,803.17
Total Other Assets	4,803.17
TOTAL ASSETS	6,716,322.59

LIABILITIES & EQUITY**Liabilities****Current Liabilities****Accounts Payable****20000 · Accounts Payable** 1,535.23**Total Accounts Payable** 1,535.23**Credit Cards****20800 · Union Bank CC** 1,118.97**Total Credit Cards** 1,118.97**Other Current Liabilities****CURRENT LIABILITES****OTHER CURRENT****LIABILITES****20700 · Security Deposit** 400.00**Total OTHER CURRENT****LIABILITES** 400.00**Total CURRENT LIABILITES** 400.00**Designated Funds** 9,188.55**Temporarily Restricted Funds** 66,830.95**Permanently Restricted Funds** 157,244.82**Total Other Current Liabilities** 233,664.32**Total Current Liabilities** 236,318.52**Total Liabilities** 236,318.52**Equity****EQUITY****38000 · Church Equity** 5,848,330.75**39000 · Retained Earnings** 730,667.31**Net Income** (98,993.99)**Total Equity** 6,480,004.07**TOTAL LIABILITIES & EQUITY** 6,716,322.59

St. Mark's Lutheran Church
Actual vs Annual Budget
December 2022 Year to Date

	<u>Year to Date</u>	<u>Prev Year Comp</u>	<u>Annual Budget</u>	<u>% of Budget</u>
INCOME				
Envelopes	278,849	263,732	290,000	96%
Spanish Ministry	10,730	13,607	18,000	60%
Loose Offering	1,471	2,031	1,550	95%
TOTAL MEMBER GIVING	291,050	279,370	309,550	94%
Other Income	-	-	-	
Thrivent Choice	1,857	1,993	2,500	74%
Interest Income	94	134	150	63%
FACILITY USE FEES				
Lutheran Social Services	9,360	8,100	8,100	116%
Areumdaun Church	19,800	18,000	18,000	110%
Glory Lutheran Church	7,805	7,860	7,200	108%
Other Users	3,880	1,510	2,700	144%
TOTAL FACILITY USE FEES	40,845	35,470	36,000	113%
TOTAL INCOME	333,846	316,967	348,200	96%
OPERATING EXPENSE				
SALARIES & BENEFITS				
Clergy Salary	26,847	29,250	26,475	101%
Clergy Housing Allowance	50,983	40,083	52,950	96%
Clergy Professional Expenses	1,273	427	1,700	75%
Clergy Auto Allowance	-	-	-	
Clergy Pension, Med,Dis	18,563	17,696	19,403	96%
Clergy Continuing Education	807	303	1,000	81%
TOTAL CLERGY	98,474	87,759	101,528	97%
Staff Salaries	115,300	76,151	123,192	94%
TOTAL SALARIES & BENEFITS	213,774	163,910	224,720	95%
INDEPENDENT CONTRACTORS				
Music Director	-	19,925	-	
Independent Contract Musicians	1,150	1,050	1,500	77%
Supply Pastors	121	68	700	17%
Independent Worship Tech.	90	450	-	
Contract Visitation Pastor	-	-	-	
Contract Accounting Services	6,100	4,000	6,000	102%
Payroll Taxes	8,876	5,797	9,424	94%
TOTAL INDEPENDENT CONTRACTORS	16,337	31,290	17,624	93%
ADMINISTRATION				
Property Taxes	365	358	500	73%
Payroll Expense	1,150	1,200	1,200	96%
Bank Charge	69	162	100	69%
Computer Equipment & Supplies	237	1,283	1,000	24%
Insurance	11,842	8,500	12,000	99%
Copier-Lease & Supplies	3,192	3,086	3,000	106%
Loan Interest Expense	-	-	-	
Office Supply & Printing	4,505	4,625	5,000	90%
Outside Services	-	-	-	
Postage	-	277	300	0%
Mileage Reimbursement Staff	-	-	2,000	0%
Miscellaneous	-	-	-	
TOTAL ADMINISTRATION	21,360	19,491	25,100	85%

St. Mark's Lutheran Church
Actual vs Annual Budget
December 2022 Year to Date

	<u>Year to Date</u>	<u>Prev Year Comp</u>	<u>Annual Budget</u>	<u>% of Budget</u>
BUILDINGS & GROUNDS				
Building Maintenance	11,166	18,202	15,000	74%
Termite Protection Program	3,480	3,179	3,200	109%
Utilities	24,244	18,962	20,000	121%
Miscellaneous	-	-	-	
TOTAL BUILDINGS & GROUNDS	38,890	40,344	38,200	102%
EDUCATION				
Christian Education	587	960	1,500	39%
TOTAL EDUCATION	587	960	1,500	39%
COUNCIL				
Council & Conventions	1,608	844	1,800	89%
TOTAL COUNCIL	1,608	844	1,800	89%
EVANGELISM & FELLOWSHIP	1,308	1,266	2,500	52%
WORSHIP				
Altar & Communion Supply	1,680	1,018	700	240%
Music	1,101	1,749	1,500	73%
Worship Materials	1,695	6,241	2,500	68%
TOTAL WORSHIP	4,475	9,008	4,700	95%
PROGRAMS				
Youth Ministry	2,000	1,449	2,000	100%
TOTAL PROGRAMS	2,000	1,449	2,000	100%
SYNOD BENEVOLENCE	29,000	24,000	29,000	100%
MISSION	-	-	-	
TOTAL EXPENSES	329,340	292,563	347,144	95%
NET ORDINARY INCOME	4,506	24,404	1,056	427%

<u>CASH ACCOUNT BALANCES</u>	
Petty Cash Office	100
Union Bank Checking	105,838
Union Bank MMDA	125,227
Mission Investment	311
Banner Bank	1,363
Thrivent Endowment Fund	155,432
Total Cash Balances 12/31/22	388,271
Less Designated/Activity Funds	232,814
Less Facilities Reserve	69,659
Less Pastoral Insurance	25,000
Total Available Cash 12/31/22	60,797

2023 Proposed Budget

	Year Ending 12/31/21	2021 Budget	Year Ending 12/31/22	2022 Budget	2023 Budget
INCOME					
Envelopes	263,732	240,000	278,849	290,000	319,500
Spanish Ministry	13,607	10,000	10,730	18,000	
Loose Offering	2,031	1,000	1,471	1,550	1,550
TOTAL MEMBER GIVING	279,370	251,000	291,050	309,550	321,050
Other Income (Special)		1,200			
Thrivent Choice	1,993	3,500	1,857	2,500	3,600
Interest Income	134	100	94	150	150
FACILITY USE FEES					
Lutheran Social Services	8,100	8,100	9,360	8,100	12,377
Aremdaun Church	18,000	18,000	19,800	18,000	19,440
Glory Lutheran Church	7,860	7,200	7,805	7,200	7,776
Facility Use Fees-Other	1,510	3,200	3,880	2,700	4,000
TOTAL FACILITY USE FEES	35,470	36,500	40,845	36,000	43,593
Verizon Income					
TOTAL INCOME	316,967	292,300	333,846	348,200	368,393
EXPENSES					
SALARIES & BENEFITS					
Clergy Salary	29,250	31,000	26,847	26,475	26,475
Clergy Housing Allowance	40,083	36,000	50,983	52,950	52,950
Clergy Pension, Medical, Disability	17,696	17,758	18,563	19,403	19,398
Clergy Professional Expenses	427	1,700	1,272	1,700	1,700
Continuing Education - Pastor	303	1,000	807	1,000	1,000
Total Clergy	87,759	87,458	98,472	101,528	101,523
Staff Salaries	76,042	78,338	115,300	123,192	144,889
Total Staff Salaries and Benefits	163,801	165,796	213,772	224,720	246,412
Independent Contractors					
Music Director	19,925	19,500			
Other Musicians	1,050	900	1,150	1,500	1,500
Supply Pastors		1,225	121	700	700
Accounting	4,000	6,000	6,100	6,000	7,200
Visitation Pastor/Youth Pastor	176				
Worship Technician	450		90		
Total Independent Contractors	25,601	27,625	7,461	8,200	9,400
Payroll Taxes	5,797	5,993	8,876	9,424	
TOTAL SALARIES & BENEFITS	195,199	199,414	230,109	242,344	255,812

	Year Ending 12/31/21	2021 Budget	Year Ending 12/31/22	2022 Budget	2023 Budget
ADMINISTRATION					
Property Taxes	358	370	365	500	500
Payroll Expense	1,200	1,200	1,150	1,200	1,200
Bank Charge	162	100	69	100	100
Computer Equipment & Supplies	1,283	1,000	237	1,000	1,000
Insurance	8,500	10,000	11,842	12,000	12,000
98 Copier-Lease & Supplies	3,086	1,800	3,192	3,000	3,000
Loan Payment Interest Expense					
Office Supply & Printing	4,625	1,500	4,505	5,000	5,000
Outside Services					
Postage	277	300		300	300
Mileage Reimb. Staff		2,000		2,000	1,000
Misc Admin Expense		250			
TOTAL ADMINISTRATION	19,491	18,520	21,360	25,100	24,100
BUILDINGS & GROUNDS					
Building Maintenance	18,202	10,000	11,166	15,000	12,448
Termite Protection Program	3,179	3,200	3,480	3,200	3,500
Utilities	18,962	20,000	24,244	20,000	24,933
Miscellaneous					
TOTAL BUILDINGS & GROUNDS	40,343	33,200	38,890	38,200	40,881
CHRISTIAN EDUCATION	960	1,500	587	1,500	1,000
COUNCIL & CONVENTIONS	844	1,800	1,608	1,800	1,800
EVANGELISM & FELLOWSHIP	1,266	1,200	1,308	2,500	2,500
COMMUNITY OUTREACH					2,000
WORSHIP					
Altar & Communion Supply	1,018	700	1,680	700	700
Worship Music	1,749	1,000	1,101	1,500	1,500
Worship Materials	6,241	2,500	1,695	2,500	3,000
TOTAL WORSHIP	9,008	4,200	4,476	4,700	5,200
PROGRAMS					
YOUTH	1,449	2,000	2,000	2,000	3,000
SYNOD BENEVOLENCE	24,000	24,000	29,000	29,000	32,100
MISSION		2,500			
TOTAL EXPENSE	292,560	288,334	329,338	347,144	368,393
Net Income	24,407	3,966	4,508	1,056	-
LOAN PRINCIPAL PAYMENT					
Net Cash Flow	24,407	3,966	4,508	1,056	-

2023 Memorial Endowment Proposed Budget

2022 Financial

2023 Proposed Budget

\$ 6,272.00

Per the Bylaws of the Legacy Committee, this figure represents 4% of the total balance of funds available in the Thrivent investment account and the checking account as of December 31, 2022.

Prepared by: Dick Bolin, Acting Chairperson