

Saint Philip's
IN THE HILLS

Annual Meeting Reports

Financial Practice and
Commission Reports

January 2024

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BACKGROUND

The Rector of the parish is a member of the vestry and the CEO of the corporation. As such the Rector is responsible for everything the parish does. The Rector, wardens and vestry are charged by the Canons of the Diocese of Arizona to oversee all the financial operation and business affairs of the church. These include: the maintenance and upkeep of the buildings and grounds; handling of gifts, trusts, and permanent funds; annual budgeting; accounting records and audits; insurance and bonding; and reports to the parish and diocese on the financial health of the church. The Vestry has established the Finance Committee to act in an advisory capacity for all these matters and submit recommendations to the vestry for their consideration. In addition, an Investment Committee was formed to handle church investment funds.

The 2021 audit report recommends that St. Philip's have education sessions for all staff and parish leaders involved in church business transactions including best business practices, methods of accounting, designation of funds, and capitalization. This document is the beginning of the process.

SCOPE

For all its business transactions, St. Philip's In The Hills (SPITH) operates as a limited liability corporation (LLC) under the auspices of the Diocese of Arizona. As such it is required to file annual reports describing all of its financial transactions for both the government and the diocese, and these must be audited. Financial transactions refer to anything associated with what SPITH controls as **assets under management**, which means anything belonging to the church that has a monetary value. These can be divided into real estate (buildings and grounds with built-in attachments), **capital** equipment (items worth over \$5,000 with a lifetime of more than one year), non-capital equipment (less expensive items or consumables with a lifetime of less than one year), and monetary funds. The correct designation of items as capital equipment or non-capital equipment is important for two reasons. The first is that the audited financial condition of the parish must be legally correct and the second is that it impacts our diocesan assessment. Whenever new equipment is purchased, or old equipment is disposed of, the capital equipment inventory of the church must be updated.

The church tries to follow best business practices by using the Generally Accepted Accounting Principles (**GAAP**) which uses the rules, standards, and procedures established by the Financial Accounting Standards Board. One of the difficult areas to comply with is segregation of duties. This requires that more than one person must be involved in a financial transaction from the time it takes place to the time it is recorded, which is difficult with our limited staff. However, by spreading the financial duties among several staff members, this issue is being addressed and will be described in a separate document. Payment procedures and staff expense level of approval are also under review and will be described in separate documents

We are currently using a **modified cash basis of accounting**. This method books short-term income or expense transactions (e.g. utilities payments) at the time that cash changes hands while long-term transactions (e.g. a multi-month contract that is paid upon completion) are

recorded at the time they occur regardless of cash flow. This gives a clear picture of the church's financial position at any point in time.

STRUCTURE

To fulfill its fiscal responsibilities, SPITH relies on professional financial advisors, church staff, and lay leadership. The Rector is the CEO of the corporation and as such is responsible for everything the parish does. The wardens and vestry are charged by the diocese to oversee the financial operation of the church. They have established committees on Finance, Investments, and Building and Grounds, consisting of lay leaders in the parish, to advise them in these areas. The daily financial activities of the parish are carried out by staff members: Mother Mary Trainer, Business Administrator; Milo Meacham, Facilities Director; Shelby Parsons, bookkeeper; and Cheryle Johnson, administrative assistant. The church has chosen to outsource the duties of controller to a firm that provides controller services to non-profit organizations, Your Part-Time Controller (YPTC). As the controller for SPITH, it is their responsibility to ensure that all our accounting and financial reporting procedures are done correctly. The church also uses professional advisors at BMO Harris for its investment accounts and uses Automated Clearing House (ACH) for paying vendors and payroll. The treasurer selects a firm to perform the annual audits.

The bookkeeper is responsible for all financial documents and uses Quick Books Online (QBO) to keep track of all SPITH financial transactions. Documents are kept by the bookkeeper and entered into the SPITH Finance Department Dropbox which is accessible to the business administrator, treasurer, controller and bookkeeper. The conscientious job of the bookkeeper as steward of financial documents has greatly facilitated auditing, reporting, and making information available to appropriate committees.

The key to a smoothly functioning financial system for SPITH is the Finance Committee, which consists of several lay leaders. The church Treasurer chairs the Finance Committee and is an officer of the Vestry. The Treasurer provides a financial report from the Finance Committee to the Vestry each month. Each Fall the Finance Committee has the responsibility of preparing a proposed annual operating budget to submit to Vestry for their approval. (The church fiscal year is the calendar year.) The Finance Committee meets monthly to review input from the controller and staff on income and expenses compared to the approved budget. The Treasurer serves as a liaison to the Vestry, providing monthly updates on financial issues. Any problems that are identified are reported to the vestry for their resolution. The Finance Committee and Vestry also evaluate any off-budget items such as emergency repairs that occur during the year.

The Investment Committee is a lay leadership committee charged with the oversight of the church funds that are invested. This includes endowments, bequests, and other money reserved for future use. Some of these are designated for specific purposes like the Ministry Endowment Fund (MEF) which has categories of outreach, music, and ministry. The MEF works with a financial advisor to determine the appropriate asset allocation for church funds and meet at least quarterly to review the status of the investments. Each year, the Investment Committee estimates the anticipated return on investment for the various church funds and lets the Finance Committee know how much income from investments can be included in the annual budget, including restrictions on the use of the funds.

The Building and Grounds Committee is a lay leadership committee that works with the SPITH facilities director and the facilities manager to ensure that the parish acts as good stewards of the beautiful, historic campus we are privileged to have for doing God's work. The SPITH reserve study provides a roadmap of the major projects that are required each year. This committee helps the facilities manager prepare an annual list of projects, prioritized by quarters, to submit to the Finance Committee. In preparing the budget, the Finance Committee determines which fund sources should be used for each project, specifically:

- which should be funded through Mandatory Campus Expense funds,
- which are appropriate for submitting to Preservation and Endowment Foundation (P&E),
- which should be funded from the general operating budget, and
- which require a special appeal to the parish.

This is forwarded to the vestry for approval as part of the annual budget. After vestry approval, the projects for P&E funding are submitted to P&E for their consideration.

The church benefits from having a Preservation and Endowment Foundation (P&E). This is officially a separate 501(c)(3) but exists solely for the benefit of the church by contributing funds for the preservation and restoration of the St. Philip's church's historic grounds, buildings and artifacts. It has its own board of directors and officers who make the decisions about how their money is spent. They have an investment portfolio derived from gifts of people interested in preserving the historic nature of St. Philips. Each year, the board estimates their income and expenses and determines how much money they can make available to the church. Their by-laws allow them to fund church maintenance and repair projects with priority given to historic preservation. Building and Grounds identifies appropriate projects and after Vestry approval they are submitted to P&E with a request for funding. P&E does not fund the project itself but provides the church with money to fund it.

REVENUES

The financial operations of the church are based primarily on income from gifts of parishioners along with earned income like facilities rental and grants. Operating revenues are defined by the diocese as all funds, from whatever source, that are used for the general operation of the congregation are operating revenues. The general operating income of the congregation are funds that cover – but not limited to – compensation of clergy & lay staff, all expenses related to operating and insuring the building(s), expenses of the music program, church school, adult education programs, flowers and supplies for the altar, diocesan mission share and office expenses. All transactions, revenues and expenses, are made from the church operating budget. Money from other accounts such as restricted accounts, P&E, etc. are transferred into the operating budget to reimburse it for appropriate expenses.

Restricted Funds:

The gifts can be given in different ways, and it is important that they be classified accordingly.

The major categories are unrestricted, restricted, and designated. Truly “**restricted**” funds are funds whose use of the principal or investment income is restricted by outside agencies or persons as contrasted with funds over which the organization has complete control and discretion. These are contributions restricted BY THE DONOR in writing to a particular purpose. Accepting a donor-restricted gift means that the Vestry agrees to abide by the restriction, and the parish should have copies on file of all documents restricting donations. Those documents should be reviewed from time to time to be sure that the church is abiding by the donor’s restrictions.

Once the restricted contribution is accepted, there is a legal obligation to honor the donor’s restrictions. It is important that the parish maintains a record of each restricted gift that includes:

- 1) Date of gift
- 2) Exact description and amount of the gift
- 3) Nature of restrictions on the use(s) of the gift

The Vestry should approve the acceptance of any restricted gift and, if it is other than cash, determine the disposition of the gift. ***Restrictions are legally binding.*** Donor or court approval is required in order to use the restricted funds for any purpose other than that imposed by the donor at the time of the gift.

Restricted funds should be segregated in the accounting records so that information is available to demonstrate that fund expenditures have been made in conformity with the restrictions imposed by the donor. It is recommended that all receipts of restricted gifts be deposited into the general operating bank account and then transferred to the appropriate segregated account. For gifts having time or purpose restrictions, the gift income plus subsequent earnings, less transfers to make expenditures, is recorded as temporarily restricted net assets.

The only way the Vestry can redirect funds that have been restricted by the donor is to ask the donor or donors for permission in writing to change the purpose of the gift. If the donor has died, the Vestry must petition the court to change or eliminate the restrictions on the donation.

Funds not restricted by the donor in writing are therefore unrestricted. However, if funds are solicited telling donors that their contributions will be used for a particular purpose, then those funds should also be considered donor-restricted, because the donors gave the money based on the Vestry's representation that the funds would be used for a stated purpose. To do otherwise is an act of bad faith which can destroy relationships with congregants and other donors. For example, if funds are solicited for a carillon which ends up costing less than the amount originally planned, the Vestry might write to the donors to that campaign and ask their permission to use excess funds for another stated purpose, like the organ or building fund.

Designated funds:

Unrestricted funds set aside for specific purposes by action of the Vestry. Such action may be reversed or modified by the vestry at any time.

The Vestry is free to "designate" unrestricted money for any corporate purpose. This money is and remains legally unrestricted. If the Vestry designates funds for one purpose at one meeting, they can redirect those funds at another meeting, and so can another Vestry group elected in the future.

Unrestricted Funds:

Gifts for operating revenue include all funds such as

Plate offerings, including but not limited to:

- Loose plate offerings (checks or cash)
- Payments from persons who made no pledge or declined to use envelopes
- Donations from visitors or persons not members of the congregation.

Pledge payments, including but not limited to:

- All payments toward pledges (checks, envelopes and envelopes of members of the Church School

Regular support, including but not limited to:

- Payments from persons on a regular basis who made no pledge

Undesignated offerings, including but not limited to:

- All unpledged or undesignated offering from any special services, **Christmas, Easter, etc if used for operating purposes**

As described above, **restricted gifts** include money that the donor has specified to be used for a specific purpose. This can be a permanent or temporary restriction. **Unrestricted gifts** may be **designated**, but not restricted by the vestry for a specific purpose. A donor may restrict a gift for an operating purpose (e.g. the fuel bill or the rector's salary), and the portion used in the given month is considered operating income because the gift can only be used for an operating purpose. Restricted income used for operating purposes, includes but is not limited to all donations "restricted" for operating purposes, e.g., donations for flowers, utilities, the support of clergy, etc.

Some gifts are made as **endowments**. This money may be invested under the auspices of the Investment Committee and a certain amount of the endowment made available each year to the operating budget based on the restrictions placed on the endowment and adherence to UMIFA guidelines. Operating revenue from investments represents all investment revenues including but not limited to:

- All amounts from investment that were actually transferred into operating accounts.
- All interest or dividends used for church operating expenses.
- Restricted investment income used for operating expenses, e.g, flower funds, music funds, etc.
- Withdrawals of principal or capital gains made to cover operating expenses.

- If using a total return policy for investments, the amount transferred or spent during the month from the portfolio (whether principal, interest, dividends or accumulations) to support the operations of the congregation.

Other Operating Income includes unrestricted and restricted gifts used for operations, and contributions from the congregation's organizations, including but not limited to:

- Net use of property income. The income received from the rent for the use of property less direct expenses is considered operating income. This includes rental of rectories or vicarages, or rooms for pre-schools and classes.
- Net fundraising income. The income received from fundraising events less the direct expenses from the fundraising event is considered operating income.
- Surplus operating revenues from cemeteries, schools, real estate, special grants from non-church sources.
- Principal of all undesignated gifts used for all operating expenses
- Memorials that were used for operating expenses
- Income from congregation's organizations and foundations used for operating expenses, i.e. ECW gifts used for operating purposes, foundation grants, men's groups, Altar Guild, Flower Guild, Discretionary Funds, etc. that support the operating budget, etc.
- Unrestricted bequests used for operations, including but not limited to principal of all unrestricted legacies and bequests that were used for operating purposes. For example, the church receives an unrestricted bequest of \$15,000. \$5,000 is used for operating purposes and \$10,000 is invested. The \$5,000 is considered operating income. In future months the invested money may become operating income if used for operations (see Money from investments used for operations).

Other Accounts

SPITH has other financial accounts other than the operating budget and the investment portfolio. For example, it has a special account for the columbarium. When someone buys a niche in the columbarium a portion of the money is put in a special account to be used for perpetual upkeep of the columbarium. This is part of the Ministry Endowment Fund. However, this is NOT considered to be a restricted gift. Instead, this goes into the accounting books as a business transaction where the church has sold something to the buyer. The church must maintain Cemetery Liability coverage, which is insurance that protects against civil liability arising from negligence in the burial, cremation, disinterment, or handling of human remains.

The church receives some money from bequests each year that is designated specifically for building and grounds projects. These are called "Mandatory Campus Expense" accounts.

Other special accounts include special fund-raising contributions for outreach and other activities such as school Christmas projects or paying medical debts. In these cases, the funds are collected by the church and transferred directly to the designated organization without appearing on the SPITH operating budget.

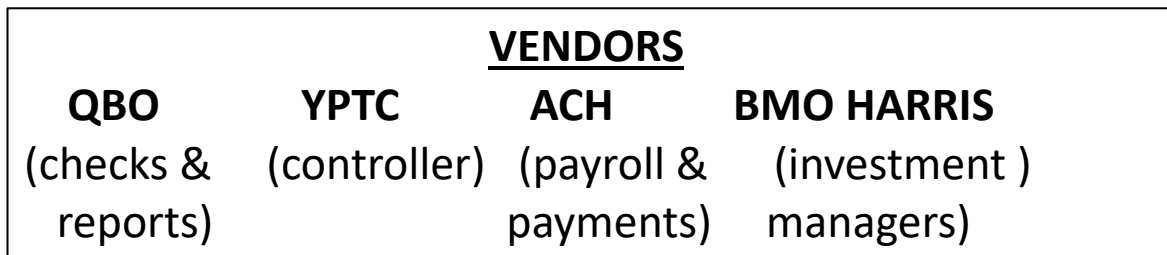
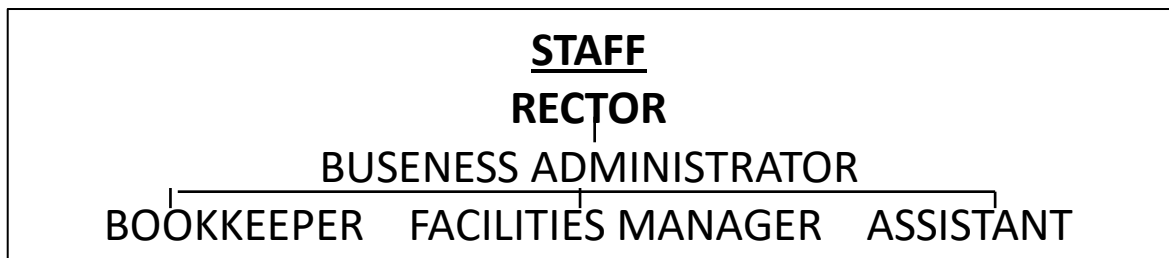
Also, it is the policy of SPITH that when a large (over \$1,000) gift is made to the parish, 10% of the gift is deposited into a Vestry discretionary account and the rest of the gift is deposited into the account designated by the donor. This discretionary account is used by the Vestry to fund emergency items as needed.

REPORTING

Financial reports should be prepared by the Finance Committee for the Vestry on a monthly basis and should include all funds of the congregation. Quarterly financial results are prepared by *Your Part-Time Consultant* (YPTC) and presented to the Finance committee. The reports should contain enough detail to enable the Vestry members to exercise their fiduciary responsibility for church funds, to make informed financial decisions, and to determine how they are doing in relation to the budget.

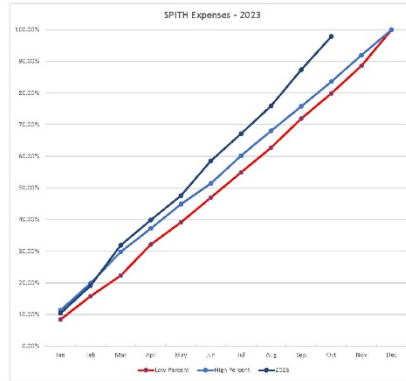
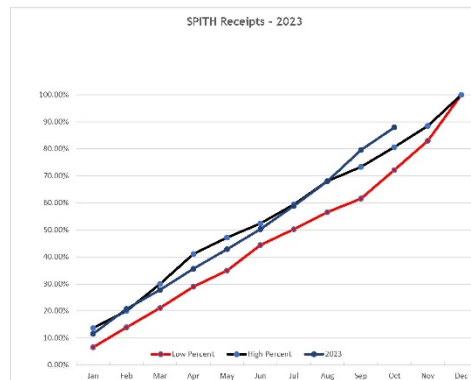
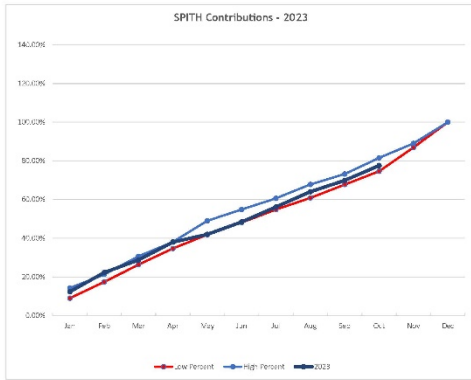
Exhibits

Financial Management Structure



ST. PHILIP'S IN THE HILLS EPISCOPAL CHURCH
 Summary of Financial Practices

Feather Charts



ST. PHILIP'S IN THE HILLS EPISCOPAL CHURCH
Summary of Financial Practices

Actual vs Budget Financials

St. Philip's in the Hills Episcopal Church, Inc.
Budget vs. Actuals: Budget 2023 - FY23 P&L Classes
January - December 2023

	Oct 2023					Total				
	Actual	Budget	over Budget	Remaining	% of Budget	Actual	Budget	over Budget	Remaining	% of Budget
Revenue										
Contributions			0.00	0.00		0.00	0.00	0.00	0.00	
10.40100 Contributions for Current Pledge Year	83,303.29	97,500.00	-14,196.71	14,196.71	85.44%	881,064.61	1,300,000.00	-418,935.39	418,935.39	67.77%
10.40150 Contributions for Prior Pledge Year	841.08		841.08	-841.08		70,015.98	0.00	70,015.98	-70,015.98	
10.40175 Contributions for Next Pledge Year	13,551.80		13,551.80	-13,551.80		18,291.80	0.00	18,291.80	-18,291.80	
10.40200 Loose Plate Donations	2,022.45		2,022.45	-2,022.45		39,420.15	0.00	39,420.15	-39,420.15	
Total Contributions	\$ 99,718.62	\$ 97,500.00	\$ 2,218.62	\$ 2,218.62	102.28%	\$ 1,008,792.54	\$ 1,300,000.00	\$ 291,207.46	\$ 291,207.46	77.60%
Direct Ministry (Worship)			0.00	0.00		0.00	0.00	0.00	0.00	
10.44950 Adult Formation Income	69.00		69.00	-69.00		343.00	0.00	343.00	-343.00	
10.45450 Youth Events Income	1,134.00		1,134.00	-1,134.00		1,134.00	0.00	1,134.00	-1,134.00	
Total Direct Ministry (Worship)	\$ 1,203.00	\$ 0.00	\$ 1,203.00	\$ 1,203.00		\$ 1,477.00	\$ 0.00	\$ 1,477.00	\$ 1,477.00	
Health Ministries			0.00	0.00		0.00	0.00	0.00	0.00	
10.49430 Clay Class Income			0.00	0.00		25,835.00	0.00	25,835.00	-25,835.00	
Total Health Ministries	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00		\$ 25,835.00	\$ 0.00	\$ 25,835.00	\$ 25,835.00	
Misc. Income			0.00	0.00		0.00	0.00	0.00	0.00	
10.40220 Diocesan Rebate		1,200.00	-1,200.00	1,200.00	0.00%	12,545.40	14,400.00	-1,854.60	1,854.60	87.12%
10.40225 Easter Offering Income			0.00	0.00		853.00	0.00	853.00	-853.00	
10.40230 Christmas Offering Income	266.66		266.66	-266.66		896.86	0.00	896.86	-896.86	
10.42300 Memorial Service Income	3,400.00		3,400.00	-3,400.00		4,050.00	0.00	4,050.00	-4,050.00	
10.42350 Beloved In the Desert Income			0.00	0.00		400.00	0.00	400.00	-400.00	
10.42500 Gifts	125.00	2,500.00	-2,375.00	2,375.00	5.00%	29,275.00	30,000.00	-725.00	725.00	97.58%
10.45050 Parochial Discretionary Income	2,100.00		2,100.00	-2,100.00		2,100.00	0.00	2,100.00	-2,100.00	
Net Operating Revenue	\$ 35,822.14	\$ 4,810.72	\$ 31,011.42	\$ 31,011.42		744.63%	\$ 164,050.38	\$ 1,654.00	\$ 165,704.38	\$ 165,704.38
Net Revenue	\$ 35,822.14	\$ 4,810.72	\$ 31,011.42	\$ 31,011.42		744.63%	\$ 164,050.38	\$ 1,654.00	\$ 165,704.38	\$ 165,704.38

St. Philip's in the Hills Episcopal Church, Inc.
Budget vs. Actuals: Budget 2023 - FY23 P&L Classes
January - December 2023

	Oct 2023					Total thru 10/31				
	Actual	Budget	over Budget	Remaining	% of Budget	Actual	Budget	over Budget	Remaining	% of Budget
Expenditures										
1-Operating Expenses (Parochial Report)			0.00	0.00		0.00	0.00	0.00	0.00	
Column 12-Doicese for Assessment			0.00	0.00		0.00	0.00	0.00	0.00	
Diocesan Assessments			0.00	0.00		0.00	0.00	0.00	0.00	
10.50220 Diocesan Assessments	23,213.40	11,000.00	12,213.40	-12,213.40	211.03%	214,491.61	132,000.00	82,491.61	-82,491.61	162.49%
Total Diocesan Assessments	\$ 23,213.40	\$ 11,000.00	\$ 12,213.40	\$ 12,213.40	211.03%	\$ 214,491.61	\$ 132,000.00	\$ 82,491.61	\$ 82,491.61	162.49%
Total Column 12-Doicese for Assessment	\$ 23,213.40	\$ 11,000.00	\$ 12,213.40	\$ 12,213.40	211.03%	\$ 214,491.61	\$ 132,000.00	\$ 82,491.61	\$ 82,491.61	162.49%
Column 13-Outreach from Operating Budget			0.00	0.00		0.00	0.00	0.00	0.00	
Outreach from Budget			0.00	0.00		0.00	0.00	0.00	0.00	
10.51100 PCICEO Expenses		625.00	-625.00	625.00	0.00%	3,750.00	7,500.00	-3,750.00	3,750.00	50.00%
10.51150 Food Pantry Expenses	307.84		307.84	-307.84		2,814.54	0.00	2,814.54	-2,814.54	
10.51800 TIHAN/Poz Cafe Expenses	366.22	66.67	299.55	-299.55	549.30%	397.12	800.00	-402.88	402.88	49.64%
Total Outreach from Budget	\$ 674.06	\$ 691.67	\$ 17.61	\$ 17.61	97.45%	\$ 6,961.66	\$ 8,300.00	\$ 1,338.34	\$ 1,338.34	83.88%
Total Column 13-Outreach from Operating Budget	\$ 674.06	\$ 691.67	\$ 17.61	\$ 17.61	97.45%	\$ 6,961.66	\$ 8,300.00	\$ 1,338.34	\$ 1,338.34	83.88%
Column 14-All Other Operating Expenses			0.00	0.00		0.00	0.00	0.00	0.00	
Administration			0.00	0.00		0.00	0.00	0.00	0.00	
10.59250 Init. Offering/Envelopes			0.00	0.00		341.56	0.00	341.56	-341.56	
10.59600 Bulk Postage		125.00	-125.00	125.00	0.00%	424.00	1,500.00	-1,076.00	1,076.00	28.27%
10.60255 Conventions/Retreats (to be deactivated)		362.50	-362.50	362.50	0.00%	873.85	4,350.00	-3,476.15	3,476.15	20.09%
10.68999 Reconciliation Pending			0.00	0.00		1,604.33	0.00	1,604.33	-1,604.33	
10.91300 Rector Special Projects	421.56	2,083.33	-1,661.77	1,661.77	20.23%	17,976.05	25,000.00	-7,023.95	7,023.95	71.90%
Computers/Software/Hardware			0.00	0.00		0.00	0.00	0.00	0.00	
10.60220 Software/Program Subscriptions	1,097.33	799.33	298.00	-298.00	137.28%	7,116.72	9,592.00	-2,475.28	2,475.28	74.19%
Net Operating Revenue	\$ 35,822.14	\$ 4,810.72	\$ 31,011.42	\$ 31,011.42		744.63%	\$ 164,050.38	\$ 1,654.00	\$ 165,704.38	\$ 165,704.38
Net Revenue	\$ 35,822.14	\$ 4,810.72	\$ 31,011.42	\$ 31,011.42		744.63%	\$ 164,050.38	\$ 1,654.00	\$ 165,704.38	\$ 165,704.38

Invoice Payment Process

Vendor	Department	Payment Method	Approver	Approved for Payment
CONTRACTS: Any executed contracts on file serve as "original proof of authorization to pay." By executing the contract, the Approver acknowledged the monthly charges. Approver is required to notify bookkeeper if the contract is to be cancelled and payments stopped. Charges deviating from contracted fees must be approved prior to payment. INVOICE RECEIVED BY BOOKKEEPER - PAID IMMEDIATELY				
Acacia Information Technologies	Administration	Recurring Auto ACH	Bus Admin	Contractual
ADP, LLC	Sitewide	Recurring Auto ACH	Bus Admin	Contractual
Advanced Reserve Solutions, Inc.	Administration	QBO Drafted Check	Bus Admin	Contractual
UTILITIES: Utility accounts require payment on a monthly recurring basis. Designated utility accounts are pre-approved for payment by the Business Administrator. All statements are shared for review by the Treasurer, BA, and Facility Director. It is their responsibility to review statements on a regular basis and contact the vendors with questions or with auditing needs. INVOICE RECEIVED BY BOOKKEEPER AND- PAID IMMEDIATELY				
City of Tucson Utility Lockbox	Facilities	Recurring Auto ACH	Facilities Manager	Utility
Cox Communications	Facilities	Recurring Auto ACH	Facilities Manager	Utility
Quadient Leasing USA Inc.	Administration	Monthly Recurring ACH	Facilities Manager	Utility
Southwest Gas	Facilities	Recurring Auto Credit Card	Facilities Manager	Utility
TEP	Facilities	Recurring Auto ACH	Facilities Manager	Utility
Waste Management of Arizona	Facilities	Recurring Auto ACH	Facilities Manager	Utility
CREDIT CARDS & RECURRING AUTO ACH TRANSFERS: Expenses are authorized for payment upon receipt of invoice by the Bookkeeper. Receipts and documentation of expenses are required from each cardholder. INVOICE RECEIVED BY BOOKKEEPER- PAID IMMEDIATELY.				
1&1 IONIS Inc.	Music	Recurring Auto Credit Card	Music Director	
Adobe Creative Cloud	Sitewide	Recurring Auto Credit Card	Bus Admin	
QBO-Drafted Checks & ACH Transfers are issued upon receipt of invoices that are approved for payment by the authorized purchaser and received by bookkeeper to process payment.				
Aarow Plumbing	Facilities	QBO Drafted Check	Facilities Manager	
Abbott Church Goods	Administration	QBO Drafted Check	Bus Admin	

Non- Budgeted Items - Approval Levels

Individual	Approval Limit	Approval Required
Rector	\$ 1,000	Treasurer
Associate Rector	500	Treasurer
Business Administrator	500	Treasurer
Music Director	500	Treasurer
Facilities Manager	500	Business Administrator
Treasurer	5,000	Vestry
Other	250	Treasurer
Contracts/Leases		Treasurer

YPTC Report

STATUS UPDATES

2021 Audit

The 2021 audit has been completed. It was conducted by Gregory Coy, CPA.

FINANCIAL DISCUSSIONS

Statements of Financial Position

Cash has decreased \$20K during the fiscal year bringing the balance to \$413K.

Other current liabilities and accounts receivable include a \$10K loan from SPITH to BITD.

Net Assets has increased \$139K from the beginning of the fiscal year. The \$10,284K is significantly higher than the \$8,873K which was the balance two years ago on September 30, 2021.

Statements of Activity

Revenue is \$1,275K higher than the \$504K which was the balance for the same time last year. Most of the increase is the variance of \$1,025K in investment income. There is also an increase of \$260K in restricted income.

The YTD expenses are \$13K higher than the same time last year. Net revenue is \$138K for YTD 2023 and was (\$1,125K) for YTD 2022 which shows that this fiscal year is \$1,263K better off than at the same time last year. However, when adjusted for investment income, it shows that this fiscal year is (\$82K) is slightly better off than the (\$320K) at the same time last year.

ATTACHMENTS

3. Statements of Financial Position
4. Statements of Activity by Class
5. Budget vs Actuals
6. Statement of Designated Funds
7. Statement of Donor Restricted Funds
9. Statement of Cash Flows

Glossary

Accrual Accounting - revenue is [accounted for when it is earned](#). Expenses for goods and services are recorded before any cash is paid out for them.

Assets - a resource with economic value owned and controlled by SPITH.

Automated Clearing House – online network used to electronically move money between bank accounts.

Buildings and Grounds Committee - a lay leadership committee that works with the SPITH facilities manager to maintain grounds and facilities.

Capital Equipment - Items worth over \$5,000 with a lifetime of more than 1 year.

Cash Accounting - Revenue is reported only when cash is received. Expenses for goods and services are recorded only when cash is paid out.

Controller - has responsibility for all accounting-related activities, including high-level accounting, managerial accounting, and finance activities, within SPITH.

Designated Funds - Unrestricted funds set aside for specific purposes by action of the Vestry. Such action may be reversed or modified at any time.

Endowment – gifts given with an indefinite, perpetual restriction for a specific purpose according to the will of its founders and donors. Endowments are often structured so that the inflation-adjusted principal or "corpus" value is kept intact, while a portion of the fund can be (and in some cases must be) spent each year, utilizing a prudent spending policy.

Expense levels of approval - the rules that determine who can review, approve, reject, or escalate expenses submitted by SPITH employees.

Expenses - money spent by SPITH to acquire something, including daily transactions and major purchases.

Financial Accounting Standards Board (<https://www.fasb.org/>) - establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles (GAAP)

Generally Accepted Accounting Principles (GAAP) - a common set of accounting rules, requirements, and practices to standardize the classifications, assumptions and procedures used in accounting.

Investment Committee - SPITH lay leadership committee charged with the oversight of the church funds that are invested.

Mandatory Campus Maintenance Funds- money given to the church each year from accounts restricted to the use of campus maintenance projects.

Modified Cash Accounting - an accounting method that combines elements of the two primary bookkeeping practices: cash and accrual accounting.

Non-capital equipment - Less expensive items or consumables with a lifetime of less than 1 year.

ST. PHILIP'S IN THE HILLS EPISCOPAL CHURCH
Summary of Financial Practices

Operating Income - SPITH total income, which is equivalent to total revenue minus costs of goods and all operating expenses.

Preservation and Endowment Foundation - supports and enriches SPITH community by soliciting, investing, and contributing funds for the preservation and restoration of the church's historic grounds, buildings and artifacts.

Restricted Funds - funds whose use of the principal or investment income is restricted by outside agencies or persons.

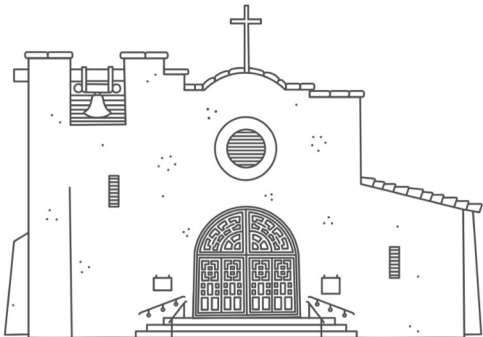
Revenue – all income to the church.

Unrestricted Funds - Gifts for operating revenue include all funds such as plate offerings, pledge payments, and undesignated offering.

Commission Reports

Saint Philip's in the Hills

January 2024



Saint Philip's
IN THE HILLS

Commission Development Process

In the fall of 2021, anticipating the potential for a reduced staff capacity with the departure of Lois Britton and the impending departure of Fr Peter Helman, the Rector asked a small group of parishioners to begin to re-imagine the commission structure that had been employed twice before under both Fr Kitagawa and Fr Douglas.

This group (Bonnie Winn, Mary Trainor, and Mary Cutting) began to consult with various ministries to assess a feasible timeline and, importantly, to figure out how to structure such a system so that it worked in close coordination with vestry and staff to ensure that the proper resources, support, and coordination could be harnessed for any plans that emerged.

It was determined that the best chance for success would be for a gradual onboarding of these commissions at a rate of two per year so that each could get the support it needed as it came online. The CYFM Commission and Music Commission were the first two and have demonstrated the potential for this system with their energy, creativity, and close cooperation with staff support.

Creation Care has come online with this as its onboarding year along with the Outreach Commission. We anticipate the onboarding of our Pastoral Care and Adult Formation Commissions in the year ahead.

Commission Onboarding Timeline

2022-2023

- Children, Youth, and Family
 - Co-Chairs: Kate Appel, Chelsea Bayley, Becky Friesen, Angelina Hannum
 - Staff Liaison: Mtr Taylor Devine
- Music
 - Chair: Roger Rainbolt
 - Staff Liaison: Justin Appel

2023-2024

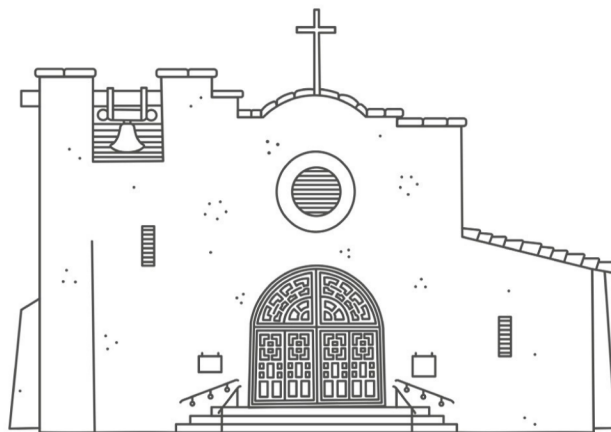
- Creation Care
 - Chair: Erika Johnson
 - Staff Liaison: Kiki Cheney
- Outreach
 - Co-Chairs: Dcn Susan Erickson, Dcn Leah Sandwell-Weiss
 - Staff Liaison: Fr Robert Hendrickson

2024-2025

- Pastoral Care
 - Chair: Dcn Tom Lindell
 - Staff Liaison: Mtr Mary Trainor
- Adult Formation
 - Co-Chairs: Julia Annas, Kelsi Venada
 - Staff Liaison: Mtr Taylor Devine

Children, Youth, and Family Commission Report

January 2024



Saint Philip's
IN THE HILLS

2023 Annual Report of the Commission for Children, Youth, and Family Ministries

*Kate Appel, Chelsea Bayley, Becky Friesen, and Angelina Hannum—Co-Chairs
Mtr Taylor Devine—Staff liaison*

In January, we launched year two of the CYFM Commission and included a new member, Chelsea Bayley. The mission of the CYFM Commission is “to foster the growth of our children in their purpose and rootedness in the faith and its community.” Our guiding questions include: 1) How can we create opportunities for our children and youth to build relationships and learn from people of other generations, increasing sense of belonging in this community? 2) How can we help our children and youth learn to practice following Jesus, to become disciples? 3) How can we help our children and youth learn about evangelism and explore how they can develop and practice evangelism in their own individual personal ways?

This past year, we redesigned rooms to better suit the needs of children and youth formation. The redesigned rooms are also useful to the church community at large. These rooms include the former Parish Nurse’s office, Room 6, the Ferguson Room, and the West Transept.

We have been blessed with inspired and committed formation leaders. In August, we held a teacher training and orientation. We currently support the spiritual lives of 90 active children and youth. We welcomed 14 new families in 2023 and as a result, our Sunday morning formation classes are bursting and continue to strive to be inclusive for all children and youth. Likewise, the Parents Formation group is going strong, this year focusing on fostering “sticky”/lasting faith in the home. Several of these new children have joined the choir and many have been serving as acolytes. At the Christmas pageant, 50+ kids participated, including all ages (from infants to teenage helpers) and abilities.

We hosted several family events including at the high ropes course at the Tucson Village Farm, a family night at a parishioner’s house in October for 60+ people, a well-attended family retreat at Chapel Rock in November, and various informal meetups during the summer and fall. In addition to these family events, we hosted guest teachers who led yoga (Flow Like a Mother) and Music and

Movement for our youngest children and their parents. Several parishioners participated in the Catalina preschool's Trunk or Treat.

For the pilgrimage, we have recruited pilgrimage chaperones and conducted initial gathering in the form of a lock-in. In addition, the youth involved in the pilgrimage and residencies conducted multiple fundraisers, including a Shrove Tuesday pancake dinner, selling wreaths/crafts, etc.

Looking forward

We are working on re-envisioning nursery practices because our church currently is called to serve 20 toddlers and infants. This work includes imagining what an ideal space for nursery could be, possibly separating infant and toddler rooms. This would involve redesigning the Bride's Room in keeping with the work done in the Lounge to allow for use by young children, meetings, as well as be a meaningful space for brides.

We will continue to focus on planning and fundraising for the residency/pilgrimage this summer. The next fundraiser will be the Shrove Tuesday pancake dinner. We also want to form a steering committee for post-pilgrimage youth, focused on how to keep them engaged and vibrant in church life, perhaps through "holy hikes" or service projects.

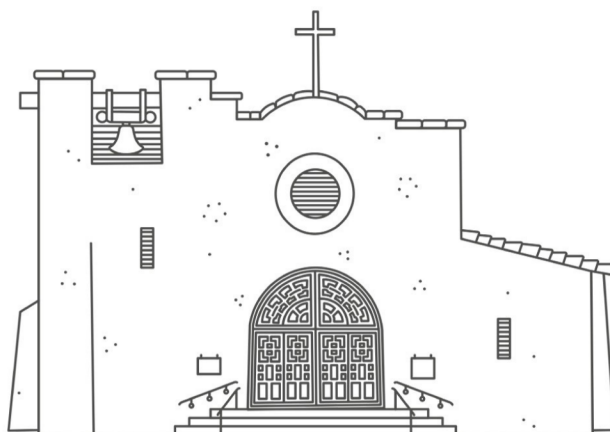
The number of families involved at Saint Philip's greatly increased last year and we continue to grow. As a result, we are looking at how we might offer pathways to support that growth including creating subcommittees, continuing to hold fellowship events, planning another family retreat, considering a VBS, and talking about ways to incorporate new families.

We are also working to offer training for new Catechists in our Catechesis of the Good Shepherd atriums this fall.

Finally, we are planning for Mtr Taylor's sabbatical this April-June.

Music Commission Report

January 2024



Saint Philip's
IN THE HILLS

2023 Annual Report of the Music Commission

*Roger Rainbolt—Chair; Dinny and Peter Cosyns, Anne Boyer Cotton, Bill and Yvonne Kuhlman, Beth Lee, and Bonnie Winn—Commission members
Dr Justin Appel and Dr Jeffrey Campbell—Staff liaison*

Saint Philip's Music Commission was formed to assist Dr Appel, Director of Music (DOM), with the myriad tasks required to plan and execute the seasonal schedule of service music for Saint Philip's and to offer, free of charge, sacred music concerts for the parish family and the wider Tucson community.

The work of the Commission continues throughout the year but the planning for the coming season begins in earnest in late Spring. Dr Appel and Dr Campbell meet with staff to develop the church calendar for next season. Repertoire is selected and presented to Commission members for information and comments.

Commission members can then begin, in consultation with the DOM and Dr Campbell, the design, printing and mailing of a detailed seasonal brochure to those on the church mailing list and to other interested patrons of sacred choral music. Commission members Dinny and Peter Coysns, with backgrounds in advertising and publicity, take the lead on brochure development but all Commission members have input.

Commission members meet with Kiki Cheney, Associate for Communications, to establish responsibilities and deadlines for the various communications outlets in an effort to help parties better plan their respective work schedules. The Commission works with members of the Rising Stars Board to publicize the concerts that the group has planned.

While the Saint Philip's Operating Budget included funds for salaries, instrument maintenance and similar sundry items, the Commission is charged with raising funds to support First Sunday Music, the additional concerts, and the biennial UK Residency. For the UK Residency, Bonnie Winn takes lead as she has done so for a number of residencies. Commissioners see that all donors to the music program receive acknowledgement and thanks for their gifts.

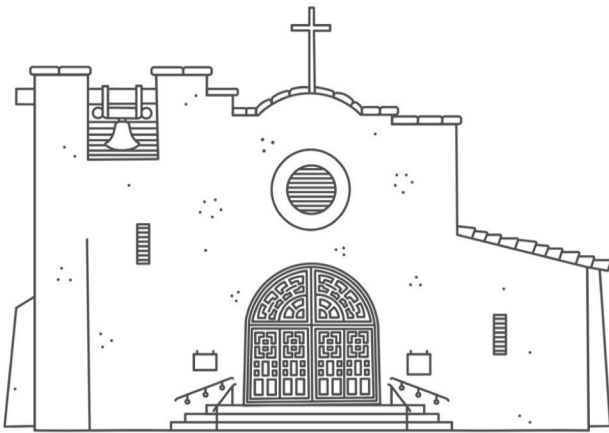
Commissioner Beth Lee assists the DOM in the receipt and distribution of funds in the Music Department budget. Beth works closely with Shelby Parsons, Saint Philip's bookkeeper, to ensure donations are tracked to appropriate accounts and disbursements are likewise distributed from appropriate accounts. Lay Clerks payroll and income tax forms are also prepared for disbursement and compliance with Federal and State requirements to aid the bookkeeper in her work.

Commission members are sometimes asked to arrange receptions, meals or other hospitality and informational events. For example, the recent University of Notre Dame's Magnificat Choir Concert on January 8, needed dinner for choir members following their rehearsal and prior to the concert. Working in conjunction with the Notre Dame Club of Tucson, Commissioners planned, prepared, and served a meal for about 35 participants.

Anyone with skills in finance, organization, publicity, fund raising, hospitality or just a generous spirit to help ensure that the tradition of fine sacred music continues at Saint Philip's should speak with any of Commission members listed above. Donations to the UK Residency, First Sunday Music or Friends of Music (FOM) are greatly appreciated.

Creation Care Commission Report

January 2024



Saint Philip's
IN THE HILLS

2023 Annual Report of the Creation Care Commission

Erika Johnson—Chair

Kiki Cheney—Staff liaison

The Creation Care Commission began this year as an umbrella for some ongoing ministries: Saint Philip's Garden Guild, Adopt-A-Road, Water Sustainability, Recycling, and the animal ministry-St Hildegard's Guild.

The mission of the Creation Care Commission is to steward all resources as gifts that God has pronounced good, to model excellent care of our desert environment, and to join together in community to serve our neighbors who share these resources.

Our hope is that each of the projects the Commission takes on contributes to increasing awareness of our responsibility to the flourishing of our world. We also know that we must join with the larger community to have a meaningful impact.

The Garden Guild has helped with the maintenance and care of Saint Philip's campus. Its members oversee irrigation, work on the removal of diseased plants, and the planting of new plants. This ministry meets most Saturday mornings and Pam Henderson leads the work.

Adopt-A-Roadway is a county program. Saint Philip's volunteers clean the last northern mile of Campbell Avenue (the portion north of Sunrise). Across the county, in 2023 the program collected over 2,200 bags of trash, using more than 1,844 volunteers. This covered more than 550 miles of roadway. Greg Silva leads Saint Philip's contribution to this larger community effort.

The Commission's water conservation efforts merged with volunteers' flood mitigation concerns this year. Emily Swartz led other volunteers, including Erika Johnson, who created rainwater catchment basins in front of the office area and in the Children's Courtyard.

The basins are designed to collect rainwater that flows from the roof and use it to maintain new pollinator feeding plants there. The plants were purchased with the kind help of Carianne Funicelli, who specializes in designing native plant gardens.

Ruth Campbell spearheads our recycling program. Curbside recycling in Tucson doesn't take glass or most types of plastic. Truckloads that are contaminated by items like plastic bags have to be taken to the landfill. Tucson does take glass to crush for sand substitute and it works with ByFusion to make previously unrecyclable plastic into building blocks.

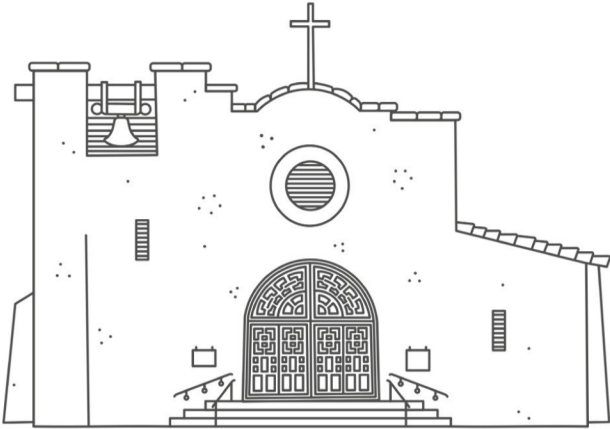
If you can't get to the recycling drop-off locations, you can leave them in the bins at church and Ruth will transport them.

The members of St Hildegard's Guild offer pastoral care for those who have lost pets and food/supplies to those struggling to feed and care for their pets. They also run the Animal Fair, which this year hosted a huge variety of pet organizations, animal education programs, and the popular Blessing of the Animals. Every third Sunday this ministry collects pet food to share with Interfaith Community Services and Saint Philip's own food pantry.

This Commission has been funded by special donations and funds so far. Plans for the year ahead include hosting a series of forums, a campus-wide clean up morning, and continuing our ongoing work.

Outreach Commission Report

January 2024



Saint Philip's
IN THE HILLS

2023 Annual Report of the Outreach Commission

*Dcn Susan Erickson and Dcn Leah Sandwell-Weiss—CO-Chairs
Fr Robert Hendrickson—Staff liaison*

In 2023 St. Philip's excelled at serving the community through food, community advocacy and refugee support.

Saint Philip's Food Pantry, supported through parishioner financial and in-kind contributions, continues to serve up to 30-40 visitors per month (often repeat clients), including unhoused people. Most visitors are regulars and have told us that they depend on the weekly food pantry to get by. In 2023 the food pantry also began distributing donated pet food (the monthly pet food drives also benefit Interfaith Community Services' food pantry). The food pantry was also featured in a spot on KGUN TV last fall.

Kitchen on a Mission rolled out a new ministry in October 2023 by signing up to provide a monthly dinner to about 50 men at the Primavera Men's Shelter. Volunteers meet in the parish kitchen on the third Sunday of each month to prepare a hot meal that is delivered to the shelter the following day. Kitchen on a Mission depends on a dedicated line item in the Outreach budget but will also explore other revenue sources to support its mission(s). For example, the hamburger stand at October's Animal Faire.

The kitchen has a paying user La Unica Salsa; this provides not only revenue for Saint Philip's but also supports a start-up woman entrepreneur from the community.

For two years a team of 8-9 volunteers from Saint Philip's has volunteered on the first Friday of each month to distribute food at Prince Elementary's mobile food pantry. The mobile food pantry begins at 6:00am and serves 70-some families and individuals each month. Food is provided by the Community Food Bank of Southern Arizona.

In addition, a continuing series of special "First Sunday" drives supports not only Saint Philip's food pantry but other non-profits in the community, most recently by collecting winter wear for students at Rio Vista and Prince Elementary Schools.

Saint Philip's involvement with Pima County Interfaith (PCI) continues through the hard work of Dcn Leah Sandwell-Weiss and parishioner Jane Prescott-Smith. PCI has sponsored vaccine clinics and citizen education forums, which will become even more important in 2024, an election year.

Leah and Jane were also instrumental in helping a Syrian refugee family establish itself in Tucson last year; this effort involved finding housing, helping settle children in school, and accessing needed medical care.

Nancy Atherton and Dcn Susan Erickson represent Saint Philip's in the Arizona Chapter of the Union of Black Episcopalians, seeking to learn from our Black siblings and to assist in making the Episcopal Church truly inclusive. This February, Saint Philip's will host UBE's annual celebration of Absalom Jones, the first Black Episcopal priest.

December 2023 was the third year that Saint Philip's participated in the Pascua Yaqui Village's Children's Christmas Boutique. Parishioners were once again generous in providing donated items that children were able to choose from to gift to their elders; Saint Philip's volunteers helped with selection and gift-wrapping.

