

**German Village Society
Treasurer's Report
February 9, 2021 Board Meeting
Highlights from the January 2021 Financial Statements**

Cash balances as of January 31, 2021

Operations: The checking account balance is \$61,940. The contingency fund account balance is \$88,586.

Designated accounts: The various designated fund accounts total \$290,858. Major balances in these accounts include the German Village Business Community \$56,569, the Fund for Historic Preservation \$145,868, and For the Good of the Neighborhood \$71,455.

Investment accounts: Long-term investments total \$862,962 and include the Brent Warner Maintenance Fund of \$245,574, the Meeting Haus Replacement Reserve Fund of \$305,222, the Village Singers Fund of \$17,337, and the Alberta Stevens Huntington Garden Fund of \$294,829.

January Operations Budget

January cash basis revenue was \$30,433 and expenses were \$15,370 for net income (not including depreciation) of \$15,063. The January budgeted net operating income was \$3,148, which equates to a positive budget variance of \$11,915 for the month.

Annual Operating Budget

The 2021 cash basis operating budget has \$191,053 of revenue, which includes \$65,000 of special event revenue, \$77,000 of membership revenue (individual and business), and \$31,000 of contributions, along with smaller amounts for advertising and miscellaneous revenue. Total expenses are budgeted at \$189,640. The largest expense categories are payroll, utilities for the Meeting Haus, bookkeeping and audit fees, insurance, and computer/internet/technology platform costs. The budgeted net operating income for 2021 is \$1,412.

The net operating income figure does not reflect interest income earned on GVS investment accounts, market increases in the value of investment assets, or depreciation expense, which is a non-cash charge.

Long-Term Designated Accounts

GVS has three large designated funds, which are invested by the Huntington Bank wealth management advisory team. Those funds are (1) the Meeting Haus Maintenance/Replacement Fund, which was originally started with the proceeds from the sale of a cottage on Third Street owned by GVS, (2) the Warner Maintenance Fund, started with a bequest received from Brent Warner, and (3) the Alberta Stevens Huntington Garden Fund, an endowment to support the maintenance of the Huntington Garden in Schiller Park. Expenditures from each of these funds are restricted to the purpose for which the funds were established and cannot be used to support GVS operating deficits.

Investment statements for each of these accounts as of January 31 are provided here. The funds are invested and managed with the same investment policy and allocation across all three.

Fund balances as of January 31, 2021 are:

- Maintenance Fund \$296,989
- Warner Fund \$252,915
- Stevens Huntington Fund \$303,720

The overall return on investment in these funds as of 12/31/20 was 14.93% for 2020, and is 8.24% since inception, which is 12/31/12, the date at which the funds were moved to Huntington for management.

Please note that the changes in market fluctuation lag one month on the internal GVS financial statements, as the Huntington reports are not available until the second week of the month. In order to provide financial statements for the monthly board meetings, we book the adjustments in the month following.

Method of Accounting

Note that both accrual and cash basis reports are provided in your board packet. This report reflects only cash basis reporting, which is a more accurate management tool in our current situation, given the pandemic and the relatively tight cash flow right now. Generally accepted accounting principles provide that multi-year pledges are booked as accrual basis revenue in the year of the pledge. Additionally, we have some prior year pledges that are delinquent. We're carrying a bad debt reserve on the accrual books for these. Neither of these factors are reflected in the cash basis reporting, so for purposes of managing the day-to-day budget and working with the actual cash on hand, the cash basis reports are more relevant.

COVID-19 Economic Impact

As discussed in prior months' board packages and announcements in Neighbors 4 Neighbors, the COVID-19 shutdown and economic crisis had a significant impact on GVS in 2020. The GVS earns a significant portion of its annual revenue through large-scale events. Our primary fundraiser, Haus und Garten, will not be able to proceed in 2021 in its traditional format, though we are working on safe, distanced, outdoor-only alternative event plans. As we currently understand it, the City of Columbus is not issuing permits for large charitable events until at least the third quarter of 2021.

As an organization, we are working on creating new opportunities to fill the financial gaps. We know that our members and supporters will be anxious to find safe social opportunities when the weather turns warm, and we hope to be a partial solution to filling this much-desired need for human interaction. Last year, we raised more than \$48,000 from the virtual Celebrate German Village event, \$37,283 from The Columbus Foundation's Big Give event, and \$5,000 from the holiday cookie sale, all of which demonstrated the wonderful support for our organization and our historic neighborhood.

GVS applied for and received a \$39,088 Paycheck Protection Program (PPP) Loan via the Small Business Administration and Buckeye State Bank in 2020. GVS falls into the SBA category that will allow automatic forgiveness of this loan. In addition, the SBA has announced a second round of PPP funding for businesses and nonprofit organizations who can demonstrate a 25% reduction in revenue in any quarter of 2020 as compared to the same quarter in 2019. GVS qualifies for this loan and we are making an application through Buckeye State Bank. We hope to receive a loan of at least \$30,000. We are also actively seeking other sources of grants and alternative funding.

Forecast

Membership renewals are heavily weighted toward the first half of the calendar year. Assuming a stable membership base, cash available from dues in the first few months of 2021 should be about \$40,000, but could be higher due to a change in the membership billing cycle to a consistent renewal date of Feb 1. This common renewal date should relieve the confusion for both members and GVS related to a rolling membership cycle implemented several years ago.

Membership renewal letters were mailed in the last week of January. As of the end of last week, GVS has collected \$25,500 in membership renewals and SLATE pledges. The budget for these categories for 2021 is \$73,723 and \$7,300, respectively, so we are off to a strong start!

The primary challenge that GVS faces is the uncertainty related to COVID-19 and when it will again be safe to gather people for events. The Board has passed a very conservative balanced budget for 2021 and is making plans to pursue additional sources of revenue as the conditions allow. We appreciate all of the ongoing support from our members, sponsors and volunteers. Together, we'll get through this and find a way to have a big celebration when it is over!

Darci Congrove, Treasurer 2/09/21