



# Covenant Conversations

## Financial Overview

October 18, 2015



# Spiritual Context

- Luke 21:1-4 Widow's offering
- Matthew 6:24 Serving two masters

# Overview of the budget

- Expenses
- Revenue (Income)
- How we are doing this year
- What has been done to manage the budget
- Preliminary Budget for 2016
- Link to Stewardship
- Q & A

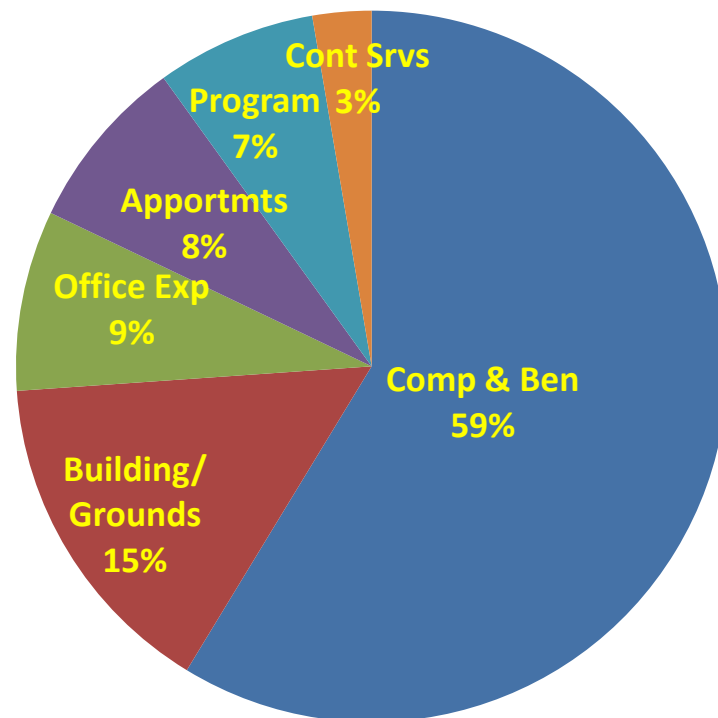
# Introductions

- Your Finance Committee
  - Nick Tumminello, Committee Chair, Member of Board
  - Alice Shoemaker, Chair of Stewardship Committee
  - John Drake, Treasurer, Member of Board
  - Joel Klee
  - Greg Jordan
  - Charles Young
  - Doshia Stewart
  - Richard Kluger
- Ex-Officio, Non-Voting Members
  - Darren Cushman-Wood, Pastor
  - Josh Jordan, Finance Director
  - John Drake, Treasurer

6:00 p.m. Third Tuesday of the Month  
Open to all members of North

# Budget/Expenses

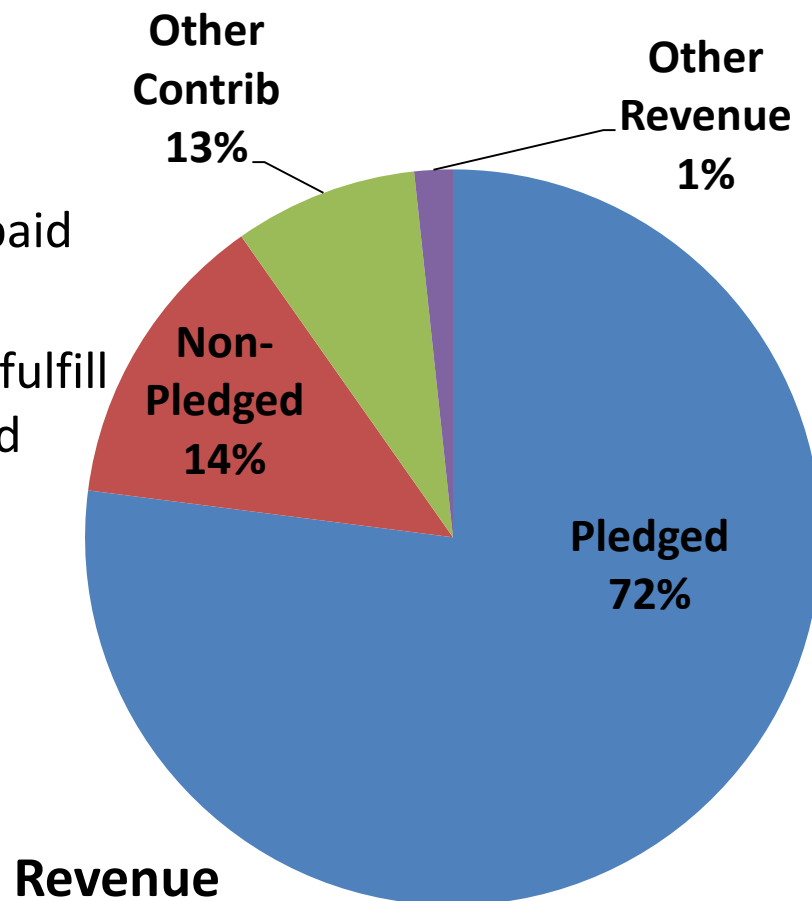
- **Compensation and Benefits** – salaries, healthcare, retirement, taxes, housing, etc.
- **Building Expenses** – utilities, repairs, grounds upkeep, janitorial supplies, etc.
- **Office Expenses** – computers, books, phone, legal fees, postage, etc.
- **Program Expenses** – ministry supplies, meals, curriculum, lodging, scholarships, etc.
- **Apportionments** – conference and district
- **Contracted Services** – security, accounting services



**North's budget is dominated by people and facilities – 74%. Other expenses are much smaller by comparison**

# Revenue/Income

- Source of revenue/income
  - Pledge – pledges made that are paid during the year
  - Non-pledged - not being paid to fulfill a pledge - funds that are collected each Sunday
  - Designated contributions
  - Fees, sales, rental, interest
- 98% of all funds come from contributions



**North relies almost completely on pledges and donations to pay for staff, mission, services and facilities**

# 2015 Finances – As of September

- 2015 budget \$1,275,954
  - Board approved one-time use of sources of funds to cover the expected shortfall - **if needed**
- Expenses have been managed tightly and are below budget so far
  - Comp and Ben are below budget
  - Office expenses are below budget
  - Maintenance and repairs are under budget
- Revenue is up this year (Forecast Model predicts strong finish)
  - Pledged income is **60,335 above budget**
  - **Current rate is of payment on pledge is 109%**
  - **Non-pledged income** is tracking below budget – 4<sup>th</sup> quarters are strong
- We expect a traditionally strong December

If pledge payments stay consistent, North will not need to use one-time sources of funds

# What has been done to manage the budget??

- Specific actions to reduce/manage expenses
- React and adjust to revenue trends
- Increased transparency with the congregation on financial matters



# What has been done to manage/reduce expenses

- Staffing has been reduced – and continues to be managed cautiously
  - Clergy
    - From 6 in 2010 (4 full-time, 2 part-time) to 3 in 2016 ( Amy Sell joining in September)
  - Lay
    - Full-time - from 7 in 2010 to 5 in 2015
    - Part-time from 31 in 2012 to 29 in 2013
  - Reduced the number of staff receiving benefits by moving to increased use of part-time staff
- Health Insurance
  - Cost per employee has risen by 46% from 2010 to 2015
  - Until 2016, We had reduced the number of people covered from 9 to 6
  - In 2016, we have added two new staff which has increased costs

# What has been done to manage/reduce expenses

- **Conference/District Apportionments –**
  - Expected Obligation: Conference – 10% of income , District 1.5%
  - Approximately \$130,000 per year
    - 2011 – notified conference North would not make full payment - would restore when able
    - 2012 – budgeted for payment of 50% of obligation (saved \$70,000)
    - 2013 – increased to 75% - on path to restore full payment (saved \$30,000)
    - 2014 – increased to 82%
    - 2015 – reduced to 25%
- **Building Operations/Repairs/Utilities**
  - Reduced “open hours” to lower staff, utilities
  - Upgraded heating/cooling – lowering utility usage
  - Setting aside lower amount for unplanned repairs
- **Programs/Mission**
  - Many small actions to manage expenses

# Looking ahead to 2016 and beyond

- 2016 Preliminary budget
- Link to Stewardship Campaign

# 2016 Preliminary Budget

- Preliminary expense budget approximately \$1,400,000
- Preliminary income budget approximately 1,262,000
  - Assumes current staffing levels, further restoration of apportionment payments, prudent fiscal management and no further budget cuts.
  - Deficit is highly likely in this scenario.
- Revenue Assumptions
  - \$ 975,000 in pledges based on our forecast model.
  - INCREASE in Actual to Pledge payment rate from 90% to 92%
  - Took out one time sources of revenue totaling 113,500

# Expense Key Assumptions

- Wages – budgeted to be higher  
Due to 1.) filling vacant positions 2.) staff pay increase
  1. \$ 54,716 (2% raise)
  2. \$ 59,545 (3% raise) SPRC goal
- Health Insurance – Increased 31,348 over 2015 – added 2 people to policy
- Conference Apportionment – Assumes a restoration from 25% to 80%

# Budget adjustment options

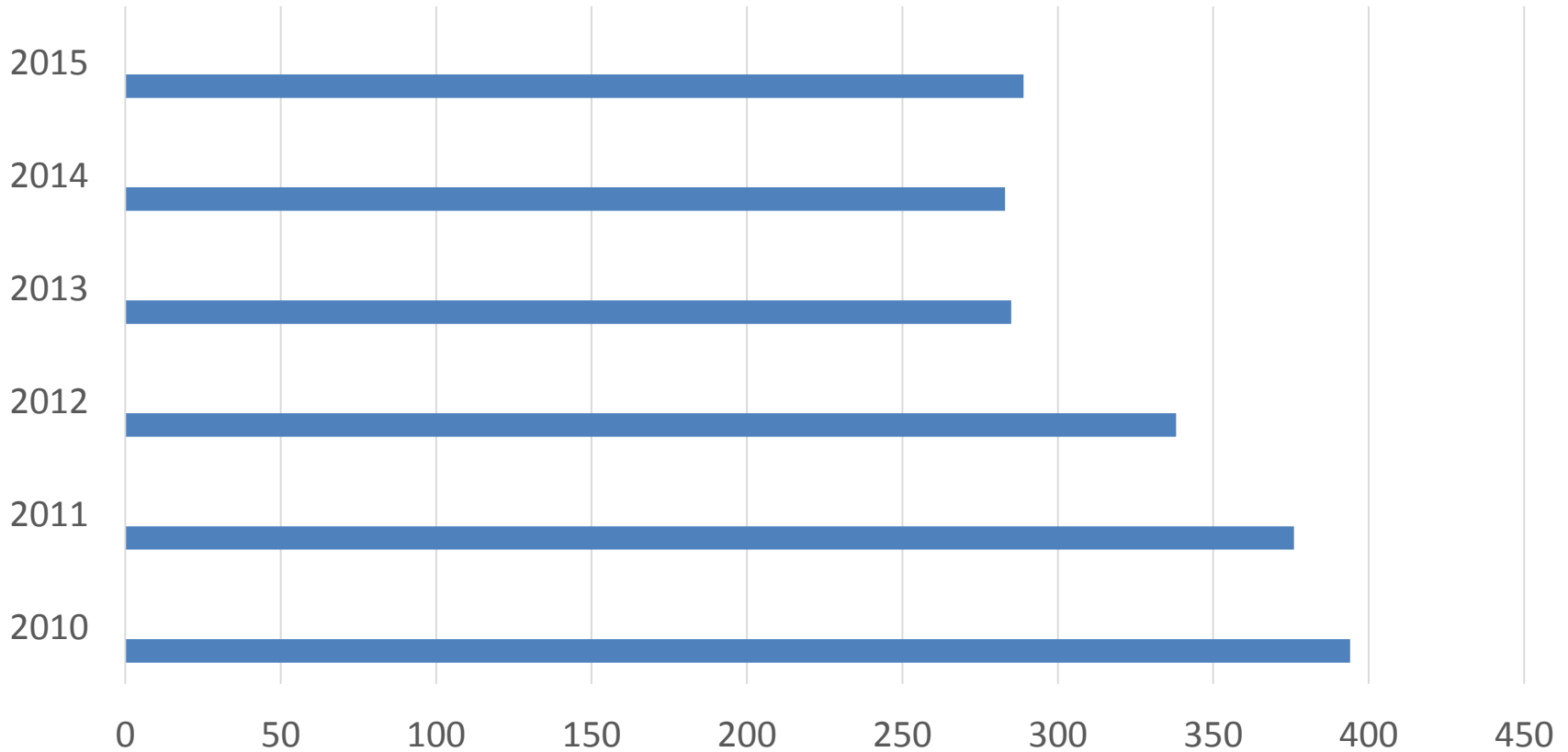
- Reducing North's conference/district apportionment obligation payment – back to 50%  
**(saves \$40,000)**
- Staff/Clergy actions **(saves \$15,000)**
  - Limited or No raises Staff/Clergy
- Reduce the amount held for unplanned repairs  
**(saves \$21,000)** note: exposed if major repair needed
- Other budget adjustments as needed based on Stewardship Campaign.

# Stewardship Results

- 2016 Stewardship Goals
  - \$1,056,000 in pledges
- 2015 Stewardship Results
  - \$1,050,000 in pledges (\$250,000 below goal - \$50,000 below 2013)
  - 289 pledging units (28 units below goal - 6 more than 2014)

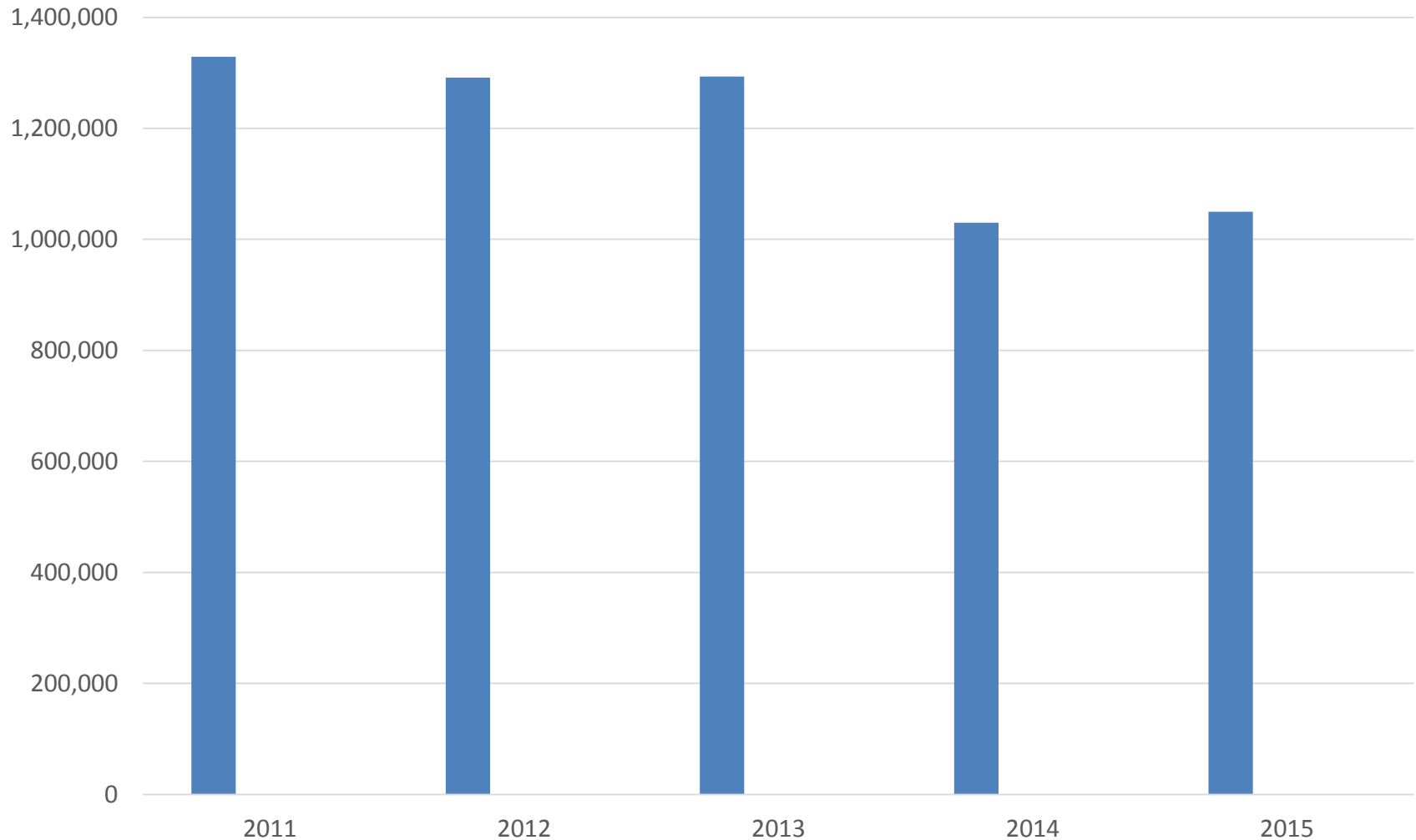
# Pledging Trends

Number of Pledges by Year





# Pledging Trends



# Conclusions

- North has taken many actions over the past few years to reduce and manage expenses
  - The easy/prudent cuts have been – there are limited options that don't significantly impact North's character and mission
- North has a “revenue problem”
  - Pledging participation is up slightly
  - Actual FULL payment of pledges is up in 2015
  - However, we are not pledging at a rate to meet our operational expenses

# Link to Stewardship Campaign

- Board of Directors and Finance Committee
  - Present the budget and the challenge to the congregation
  - Let the congregation decide how to respond – give them the opportunity to “Face the Future Together”
  - We will adjust the budget in response to the stewardship campaign results

## North needs ALL of us to “Allow God to lead us”

- Increase your pledge over 2015
- If you pledged in the past but not last year...now is the time to come back
- If you have not pledged before...Now is the time to start
- Set up automatic payments