

# First Unitarian 2021-2022 Budget Information Meeting

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April 25, 2021

# Agenda

- Financial Health of the Church
- Stewardship Campaign Results to date
- COVID-19 Financial Impact
- Overview of 2021 Budget vs Last Year
- Review 2021-2022 Operating Budget
- Review 2021-2022 Capital Reserve Budget

# Q3 Surplus

| Year             | Q3 Surplus                  |
|------------------|-----------------------------|
| 2016-2017        | \$64,500                    |
| 2017-2018        | \$72,800                    |
| 2018-2019        | \$94,648                    |
| 2019-2020        | \$83,465                    |
| <b>2020-2021</b> | <b>\$40,219 (\$73,447*)</b> |

\*EEC prepaid all rent through year, which has inflated the apparent surplus. The \$40,219 amount reflects discounting the prepaid rent.

# Heritage Fund Endowment

| Year             | Q3 Balance    |
|------------------|---------------|
| 2016-2017        | \$786K        |
| 2017-2018        | \$864K        |
| 2018-2019        | \$859K        |
| 2019-2020        | \$865K        |
| <b>2020-2021</b> | <b>\$970K</b> |

Fiscal Year-to-Date return of UU Common Endowment Fund is **21.2%**,  
as of March 31, 2021.

# Maintenance Endowment

| Year             | Q3 Balance    |
|------------------|---------------|
| 2018-2019        | \$511K        |
| 2019-2020        | \$528K        |
| <b>2020-2021</b> | <b>\$606K</b> |

# Overall Balance Sheet

| Year             | Q3 Balance      |
|------------------|-----------------|
| 2016-2017        | \$2,319K        |
| 2017-2018        | \$2,539K        |
| 2018-2019        | \$2,532K        |
| 2019-2020        | \$1,919K        |
| <b>2020-2021</b> | <b>\$2,219K</b> |

70% of gain is due to endowment (Heritage Fund and Maintenance), both of which are primarily invested in the UUCEF.

# Reserves

| Year             | Q3 Balance    |
|------------------|---------------|
| 2016-2017        | \$134K        |
| 2017-2018        | \$170K        |
| 2018-2019        | \$155K        |
| 2019-2020        | \$186K        |
| <b>2020-2021</b> | <b>\$253K</b> |

Most of the reserve gain is due to a reserve to repay the PPP loan. When the loan is forgiven, that amount can be allocated to other reserves.

## Stewardship Campaign Results to date vs Last Year's Stewardship Campaign as of 4/19/2021

| Group           | Last Year #<br>April 20 | Last Year \$<br>April 20 | This Year #<br>April 19 | This Year \$<br>April 19 |
|-----------------|-------------------------|--------------------------|-------------------------|--------------------------|
| New & Returning | 21                      | +\$21K                   | 17                      | +\$13K                   |
| Increased       | 80                      | +\$35K                   | 50                      | +\$18K                   |
| Same            | 71                      | -                        | 86                      | -                        |
| Decreased       | 27                      | -\$18K                   | 23                      | -\$19K                   |
| Dropped         | 9                       | -\$13K                   | 10                      | -\$18K                   |
| Change          |                         | +\$25K                   |                         | +\$5K                    |
| <b>Total</b>    |                         | <b>\$468K</b>            |                         | <b>\$424K</b>            |



# Goals

FY 2020-2021

Goal: \$513K

Actual: \$495K

Current Results for FY 2021-2022

Goal: \$490K

Results To-Date: \$424K

Budget Projection: \$465K

# COVID-19 Impact

**87% of expected pledge income (March 31)**

**Postponed fundraisers (-\$10K)**

**Operating Income 89% of budget**

**Operating expenses 94% of budget**

**Expecting to end year at small shortfall (-\$5K)**

# Operating Income

| Category   | 2020-2021 Budget | 2021-2022 Proposed Budget   |               |
|--|------------------|---|---------------|
| Certified Members                                    | 346              | 331   | -15           |
| Pledge Income minus Shrink                           | \$497K           | <b>\$444K</b>   | <b>-\$53K</b> |
| Heritage Fund (Typ. 4%) & Maintenance Fund (Typ. 4%) | \$55K            | <b>\$103K<br/>(6% from Heritage + \$29K from General Reserve)</b> | <b>+\$48K</b> |
| EEC Rental   | \$130K           | \$135K  | +\$5K         |
| Other Rentals  | \$17K            | \$23K   | +\$5K         |
| Non-Pledge, Plate Giving, Fundraisers                | \$41K            | \$37  | -\$4K         |
| Designated Donations and Other Income                | \$29K            | \$28K   | -\$1K         |
| <b>Total</b>   | <b>\$769</b>     | <b>\$770</b>  |               |

# Major Changes to Budget

## Current Fiscal Year

- Cost-of-Living Adjustment of + **1.2%**
- Staffing
  - Increase Music Director to 0.75 FTE
  - Add CYRE Paid Guides
- No proposed funding of reserves for FY21/22
  - Reserves typically funded from Operating Gain
- 100% Annual Program Fund Dues = **\$41K**

# Operating Expenses

| Category              | 2020-2021<br>Budget     | 2021-2022<br>Proposed Budget |        |
|-----------------------|-------------------------|------------------------------|--------|
| Salaries              | \$353K                  | \$362K                       | +\$9K  |
| Benefits and<br>Taxes | \$88K                   | \$110K                       | +\$22K |
| Prof. Expenses        | \$15K                   | \$13K                        | -\$2K  |
| Subtotal              | \$456K                  | \$485K                       | +29K   |
| <b>70% Maximum</b>    | <b>\$456 &lt; \$532</b> | <b>\$485K &lt; \$539K</b>    |        |

# Operating Income

- Significantly reduced expected pledge income.
- Propose using increased Heritage Fund withdrawal of 6% and \$29,000 draw from General Reserve.
  - Typical draw is 4% of the 36-month running average.
  - 6% draw proposed for FY 2021-2022 only.
  - This year's FY return (July 2020-Present) is 21.2% as of March 31, 2021. Three-year return is 9.6%.
  - Reserve of \$72,700 being held to repay PPP loan. When loan is forgiven, that reserve can be released to other reserves.
- EEC has renewed lease through August 2023.
- Already strong interest in facility rentals once building is re-opened.

# Operating Expenses

| Category              | 2020-2021<br>Budget | 2021-2022<br>Proposed Budget |              |
|-----------------------|---------------------|------------------------------|--------------|
| Staff (from previous) | \$456K              | \$484K                       | +\$28K       |
| Offices Expenses      | \$25K               | \$25K                        | -            |
| Financial Mgmt.       | \$10K               | \$8K                         | -\$2K        |
| Facilities Operations | \$165K              | \$155K                       | -\$10K       |
| Church Programs       | \$37K               | \$29K                        | -\$8K        |
| Denominational Dues   | \$41K               | \$41K                        | -            |
| Designated Donations  | \$17K               | \$15K                        | -\$2K        |
| Other Expenses        | \$12K               | \$12K                        | -            |
| <b>Total</b>          | <b>\$763K</b>       | <b>\$769K</b>                | <b>+\$6K</b> |

# Operating Expenses

- Facility Operations
  - No proposed transfer of regular operations income to Maintenance and Capital Expenditure Reserve (-\$10K)
    - Could be funded if there is an operating gain at end of FY
- Church Programs
  - Reduced expenses due to church re-opening later in FY – coffee hour, flowers/decorations, social gatherings (-\$5K)
  - No proposed transfer of funds to search reserve or sabbatical reserve (-\$3K)
    - Could be funded if there is an operating gain at end of FY



# Maintenance Capital FY 2020 -2021 Projects

## **Funded by Maintenance Reserve \$77K**

Music Room HVAC– completed

Move Library to music room – completed

Roof over New RE Wing – to be completed in April/May

Roof over Old RE Wing - deferred to 21/22

Upgrade walkie-talkie system – deferred to 21/22

Roof over Chancel Ante Room – deferred to 22/23

Carpets and bathroom floor in Office wing – deferred to 23/24

New outdoor shed - deferred to 23/24

# Maintenance Capital FY 2021 -2022 Projects

## **Funded by Maintenance Reserve \$37.5K**

Roof over Old RE Wing (\$32,000 estimate)

Upgrade walkie-talkie system (\$500 estimate)

Upgrade to security cameras (\$5,000 estimate)

# What Can I Do to Help for 2021/22?

- Budget Assumptions remain **Uncertain**
- If you know or believe you will not be able to fulfill your pledge this fiscal year (before June 2021) or next fiscal year (June 2022): **PLEASE INFORM** the Church office staff so we can adjust our budget
- If you have not pledged yet, please do so by calling the Church
- Communicate with your Church to help all of us!

# What Can I Do to Help Forever?

## Make a Bequest to our Endowments

- Two Options:
  - Heritage for Operating Funds - “giving forever”
  - Maintenance Endowment for our Facilities
- **\$10K** Bequest provides **\$400** every year forever
- **\$50K** Bequest provides **\$2000** every year

- If you have an IRA, Investment or Life Insurance policy, you can name our Church's Heritage Fund as one of your beneficiaries
- Change your Will or Estate Plan to name our Church's Heritage Fund or Maintenance Endowment as one of your beneficiaries
- Contact the church for more information

QUESTIONS??