

ET FY 22/23 Budget highlights for Budget Meeting

Below are a few key points related to the operating budget for next year:

- Voting membership was certified in January 2022 at 302. This puts us firmly in Mid-Size II range. All our pay rates are within the UUA recommendations for this size congregation.
- Pledge results as of 5/9/2022 are \$448K. We are using a projection of \$455K for pledge income (line 5 plus line 10)
- In order to balance the budget we are proposing the use of general reserves (Line 13 in ops budget, refer to balance sheet for a list of all our reserve funds – acct # listed below)
 - We have \$53K in general reserves (QB 2155-00 in the balance sheet)
 - We have \$47.7K remaining of the PPP loan forgiveness funds (QB 2155-01 in the balance sheet)
 - We anticipate an additional \$17K from the Employee Retention Tax Credit (ERTC) but the funds have not yet been received. These funds can be carried over to next year.
 - Total reserves on hand = \$100,700. Total reserves projected \$117,700 including the ERTC.
 - Proposed pull from reserves for FY 23/24 is = \$64K
 - Potential pull from reserves for current fiscal year \$14.5K (final determination to be made at end of fiscal year). This will draw down our general reserve fund.
 - We recognize that using this much of our reserve funds is a difficult choice, however, by maintaining reserves in the good years we are able to weather the more difficult years. Use of our undesignated reserves in this way will allow us to support the mission of the church in future years by funding needed staff and operational expenses.
 - This is how we will structure the use of the reserves:
 - We will allocate \$10K from the PPP loan funds to our Capital Maintenance Reserve.
 - We will use the remaining \$37.7K PPP loan funds to cover a portion of our operating expenses for FY 22/23.
 - We will borrow \$26.3K from our general reserve fund to cover a portion of our expenses for FY 22/23, with a plan to pay ourselves back over a

period of 5 years, starting in FY 23/24. This will add a loan payment expense of \$5,260 per year to the operating budget.

- The Service Auction is essential for additional funding so we have plans to hold the auction in the fall of 2022.
- Rental income is funded based on pre-pandemic levels plus our existing parking lot rentals. Although we are hoping to increase building rentals this year, we do not know what to expect both in terms of new renters and in terms of potential pandemic impacts next winter to building use.
- We are proposing a 1.75% across the board salary rate increase for all staff, including the minister. We wish we could do more but we are constrained by income.
 - UUA is recommending minimum of 3% increases for most positions, with a recommendation for 4% for support and admin positions.
 - COLA inc for Jan 2022 is 5.9%.
 - ET is recommending that we keep our current staff structure, including AV Tech and CYRE guide as permanent positions.
 - Most of our positions are part time. Our minister and business manager are full time, remaining positions are less than 40 hours per week. Our total FTE (full time equivalent) staffing is 6.5FTE. We have 12 employees total.
- Health insurance increased by 10% in July 2021 and again in January 2022 by 6%. We are estimating a 5.3% increase based on a 5 year average of increases for the second half of FY 22/23, from January 2023-June 2023.
- FY 22/23 keeps us under the 70% rule (board policy requires that we keep staff related expenses under 70%).
 - Multi-platform worship adds a new category of paid staff support (AV Tech) that we did not need in the pre-pandemic world.
 - Personnel costs in general have been increasing quickly while our income is flat or trending downward.
- In order to balance the budget we have eliminated the cleaning contractor in FY 2022-2023.
 - We are terminating our contract with the cleaning contractor effective 4/31/2022.

- This will add more cleaning duties to our evening custodial staff and Sunday custodial staff, however we are not increasing the number of hours they will be on duty.
- Our custodians are responsible for more than cleaning, they are here to make sure the building is secure in the evenings, do our room set ups and provide support for social events and rentals. Cleaning will be managed as best they can while still setting up rooms for events and supporting our renters and church groups that meet in the building. Please note that the day care center employs their own custodian to clean their classrooms.
- We also reduced the Music Operations budget (Line 157) by \$2.1K in order to balance the budget. Counterpoint (QB 2225 in the balance sheet) has a balance of over \$12K in reserve which is available to supplement the operations budget. Music is also supported under the contractor budget (Line item 69 in the operations budget) so we feel that for FY 22/23 the lower amount will not have a negative impact on the music program. IN future years, however, we will need to fund this line item at usual levels of \$4K to \$5K.

General thoughts:

Income is our biggest challenge for budget planning.

We are hopeful that as we return to the building and offer more opportunities to build community in person, that we will add new members and friends who will help our community grow. Our Lifestream@FirstUnitarianWilmington series has been well attended and open to the public. Our free Google ads grant and our paid Facebook ad campaigns are seen by thousands of people in our area. Newcomers have been present at several recent worship services, and we believe this trend will continue.