



# Covenant Conversations Financial Overview

October 19, 2014



# Agenda

- Overview of the budget
  - Expenses
  - Revenue (Income)
- How we are doing this year
- What has been done to manage the budget
- Budget for 2015
- Link to Stewardship
- Q & A

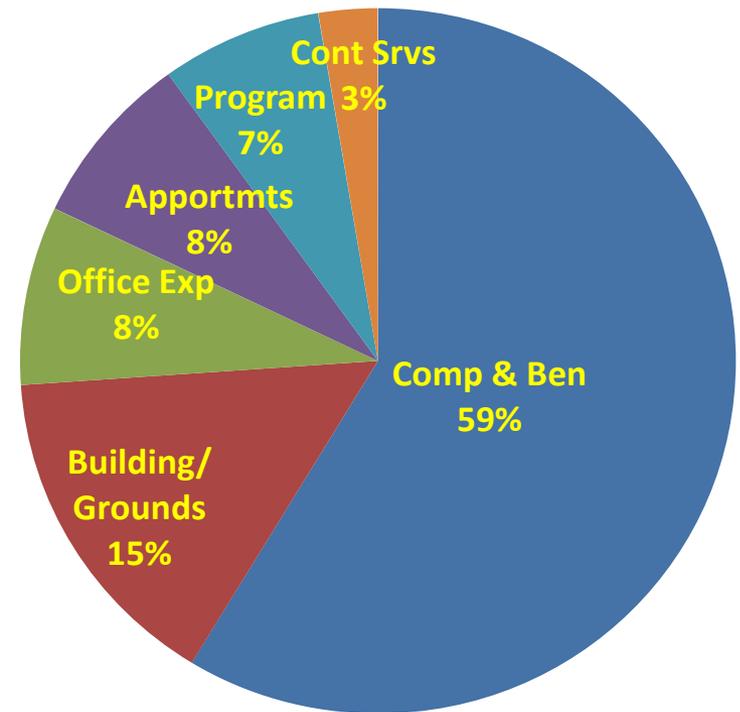
# Introductions

- Your Finance Committee
  - Nick Tumminello, Committee Chair, Member of Board
  - Troy Barker, Chair of Stewardship Committee
  - John Drake
  - Julie Eggert
  - Greg Jordan
  - Mark Kays
  - Bob Sachs
  - Doshia Stewart
- Ex-Officio, Non-Voting Members
  - Darren Cushman-Wood, Pastor
  - Cindy Dale, Business Office
  - Charles Young, Treasurer

6pm Third Tuesday of the Month  
Open to all members of North

# Budget/Expenses

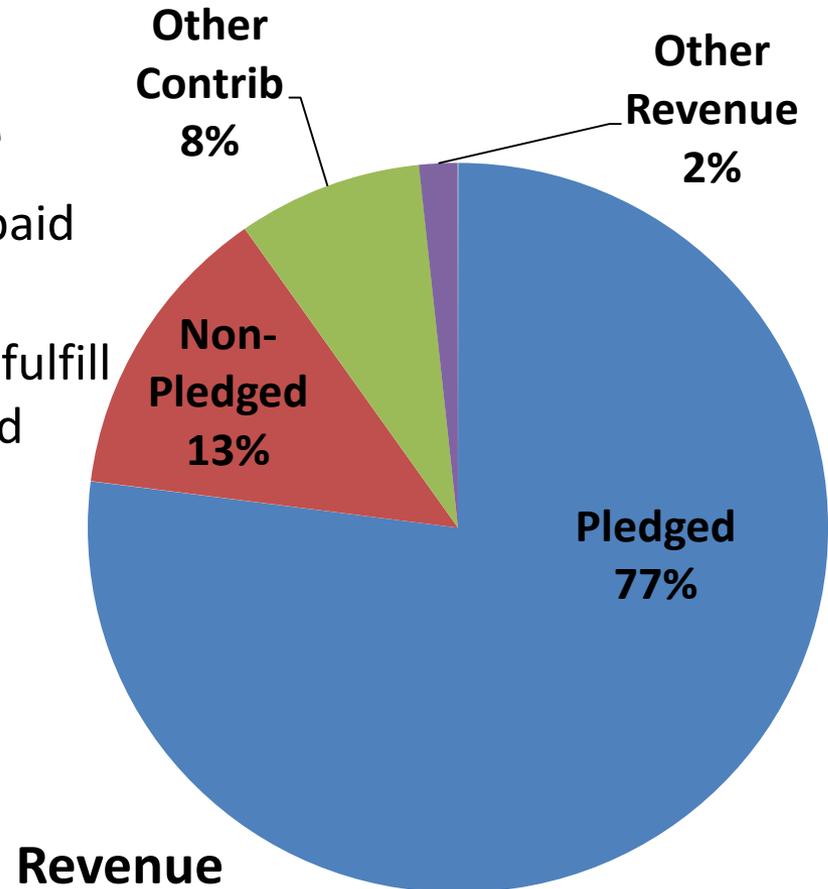
- **Compensation and Benefits** – salaries, healthcare, retirement, taxes, housing, etc.
- **Building Expenses** – utilities, repairs, grounds upkeep, janitorial supplies, etc.
- **Office Expenses** – computers, books, phone, legal fees, postage, etc.
- **Program Expenses** – ministry supplies, meals,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



**North's budget is dominated by people and facilities – 75%. 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**

# 2014 Finances – As of September

- 2014 budget \$1,363,000 (deficit budget \$80,000)
  - Board approved “deficit budget” which relies use of an undesignated bequest to cover the expected shortfall - **if needed**
- Expenses have been managed tightly and are below budget so far
  - Comp and Ben is below plan
  - Office expenses are down
  - Maintenance and repairs are over budget
- Revenue is down so far this year
  - Pledged income is **-\$82,000** below plan
  - **Current rate is of payment of pledge is 89% (~110,000 impact)**
  - **Non-pledged income** is tracking with plan and above forecast
  - Revenue includes a \$50,000 bequest
- Through September – Expenses exceeding revenue by **\$55,299**
- We expect a traditionally strong December

If pledge payments rebound, North will end the year with approximately **\$50,000 over budget**



# 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 2014 (Rev. Steele joining in August)
  - Lay
    - Full-time - from 7 in 2010 to 4 in 2013
    - 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% since 2010
    - \$9,100/year to \$15,100/year
  - We have reduced the number of people covered from 9 to 6
  - HOWEVER actual annual costs have still grown

# 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%
- **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 2015 and beyond

- 2015 Preliminary budget
- [Link to Stewardship Campaign](#)

# 2015 Preliminary Budget

- Preliminary budget approximately \$1,400,000
  - Assumes current staffing levels, further restoration of apportionment payments, prudent fiscal management and no further budget cuts
- Assumes
  - INCREASE in pledging of \$225,000 over 2014 levels
  - INCREASE in Actual to Pledge payment rate from 90% to 95%
  - SAME level of non-pledges as 2014
- **Budget adjustments will be made in reaction to results of stewardship campaign**

**The bigger the gap the harder the decisions**

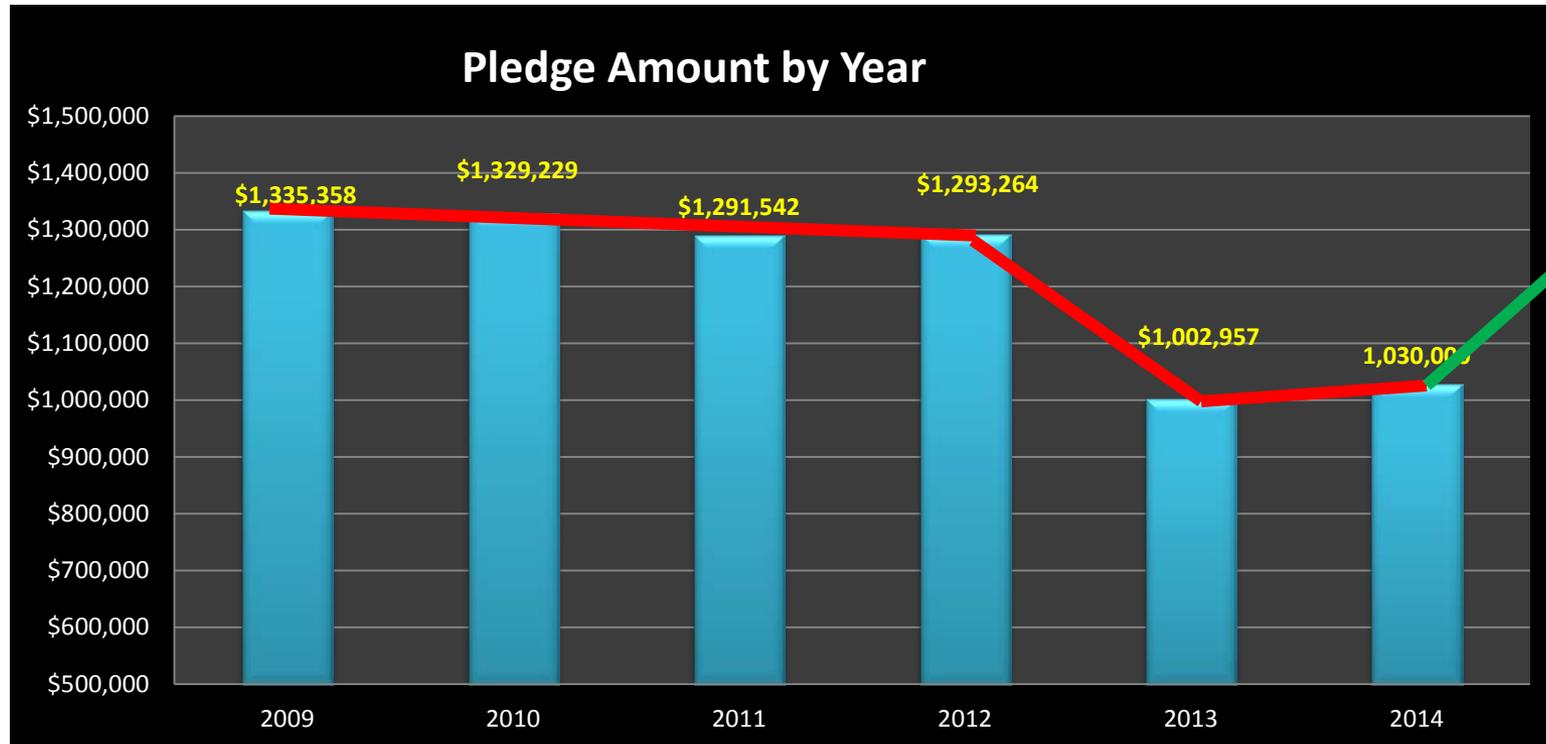
# Budget adjustment options

- 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
- Reducing ministry supplies and curriculum requests **(saves \$21,000)**
- Reduce the amount held for unplanned repairs **(saves \$21,000)** note: exposed if major repair needed
- Others to be determined

# Stewardship Results

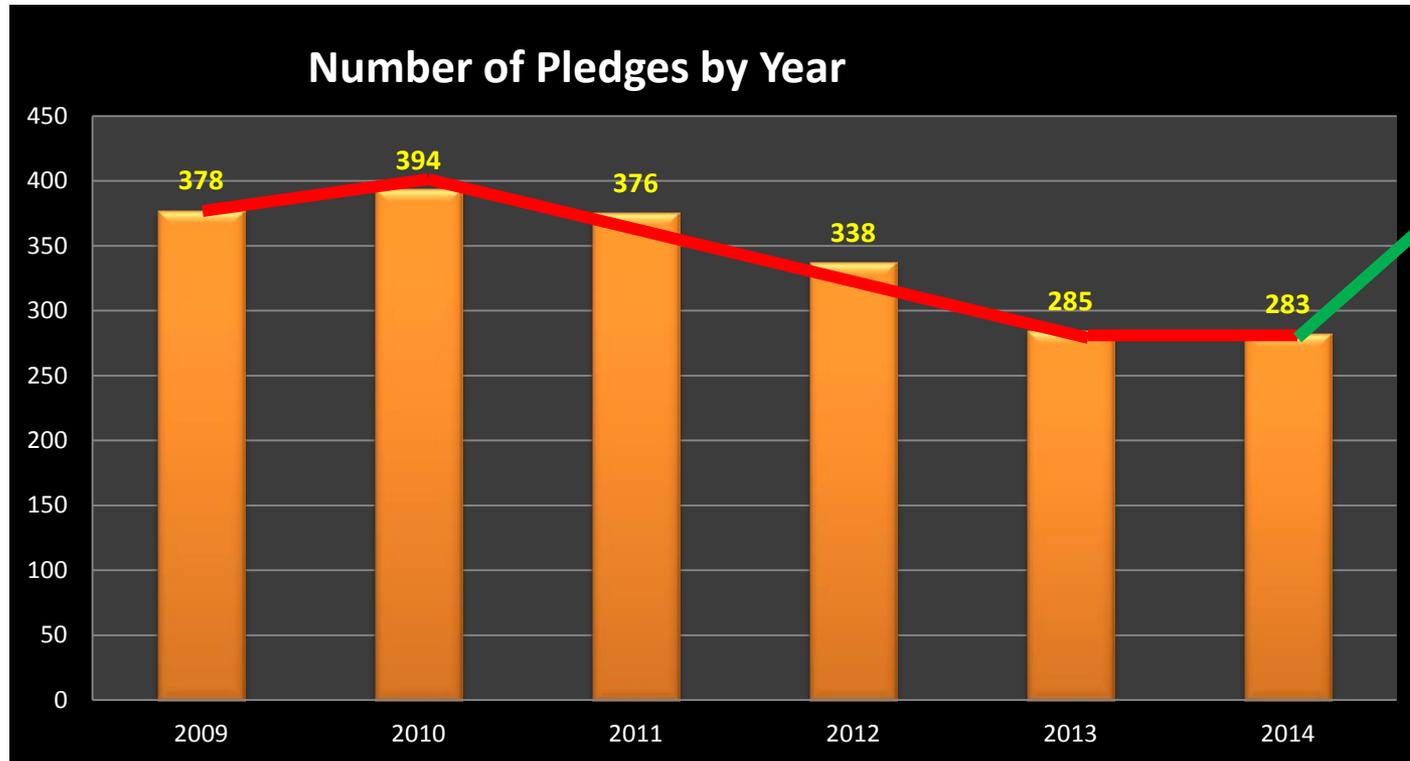
- 2015 Stewardship Goals
  - \$1,300,000 in pledges (\$250,000 increase)
  - 315 pledging units (10% increase)
- 2014 Stewardship Results
  - \$1,050,000 in pledges (\$250,000 below goal - \$50,000 below 2013)
  - 283 pledging units (32 units below goal - 2 less than 2013)

# Pledging Trends



- **Pledge amount declined and may have stabilized at a new low level**
  - Part due to gradual shift since 2011 of a pledge/donation previously directed to General Operation fund to be directed to endowment
  - Part due to contribution to patterns

# Pledging Trends



- Pledging base is getting smaller for various reason
  - Economy
  - Philosophical differences
  - Competing interests
  - Societal/generational trends
  - ???

North is increasingly relying on a smaller group to do more

# 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 “revenue problem”
  - Pledging participation is down and reliance on fewer pledges is increasing
  - Actual FULL payment of pledges is down - currently at 89%

# 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 “Step Up”
  - We will adjust the budget in response to the stewardship campaign results

**North needs ALL of us to “Share in the goodness of God”**

- **Increase your pledge over 2014**
- **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**
- **Pledge Online - Pay on-line**
- **Set up automatic payments**