

Covenant Conversation on Church Finances

October 16, 2017

Main Focus Points

- 2016 Financial Events
- 2016 Cash Flow
- Looking toward the Future
- Making connections
- Stewardship update
- Questions

Finance Committee Members

- Richard Kluger, Chair
- Greg Jordan
- Joel Klee
- Charles Young
- Doshia Stewart
- Don Nelson
- Non Voting
 - John Drake – Church Treasurer
 - Joshua Jordan – Finance Director
 - Jessica White – Stewardship Committee Representative

Audit Committee

- Kris Altice, Chair
- Greg Jordan
- Marie Powell

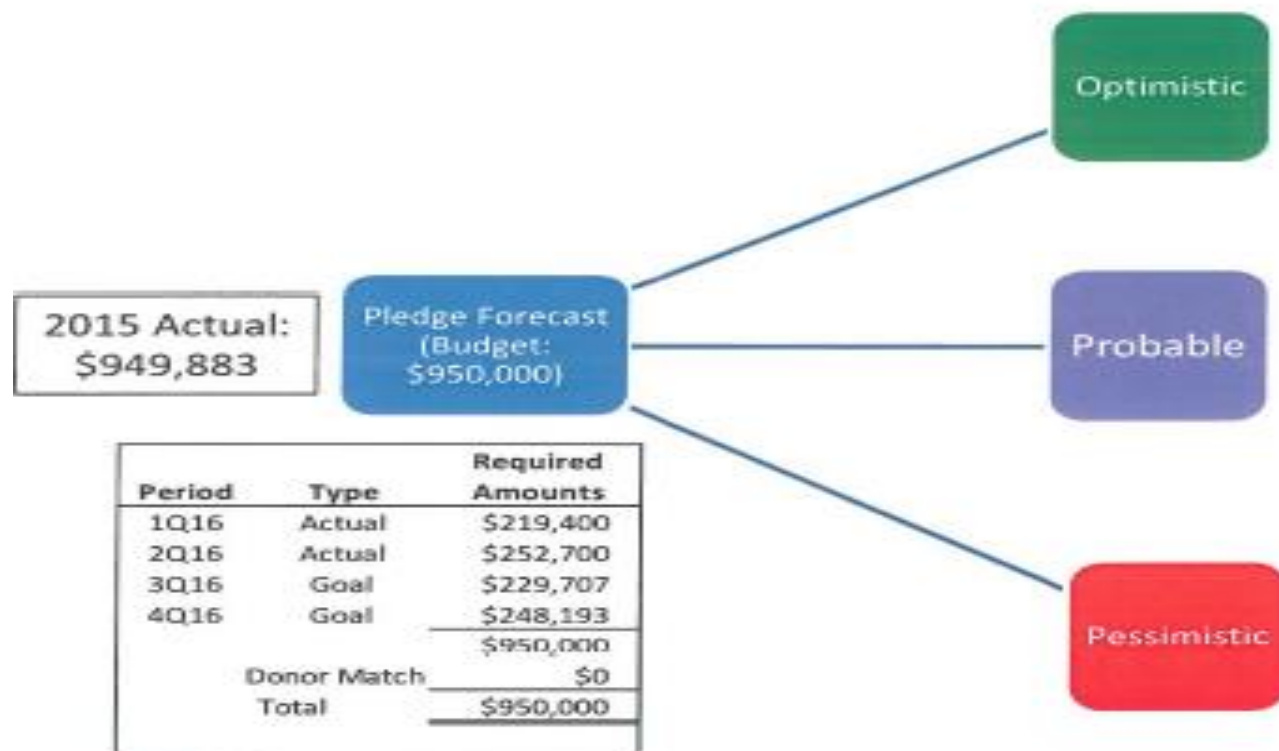
Financial Events

- January - 2014 Audit was finalized
- March - Switched to cloud version of Shelby
- May - 2015 Audit was finalized
- August – Bank loan was renewed for another 10 years. New payment increased by less than \$300 per month.
- September – Started the 2017 Budget process
- Land Development

Budgeted Financial Report							
September 2016							
		Actual YTD		Budget	Percent of	Actual YTD	Prior Year
Acct #	Description	2016	Budget YTD	Variance	Budget	2015	Variance
	REVENUE						
41010	Prior Year Pledges	\$2,903.00	\$0.00	\$2,903.00		\$4,527.00	(\$1,624.00)
11461	Current Year Pledges	\$701,584.52	\$712,499.99	(\$10,915.47)	-1.53%	\$735,367.56	(\$33,783.04)
41025	Pre-Paid Pledges	\$5,431.07	\$0.00	\$5,431.07		\$54.64	\$5,376.43
41030	Non-Pledge Contributions	\$82,931.12	\$120,000.01	(\$37,068.89)	-30.89%	\$97,075.20	(\$14,144.08)
41070	Contributions-Designated	\$6,737.83	\$29,887.48	(\$23,149.65)	-77.46%	\$14,108.23	(\$7,370.40)
42010	Fees/Registrations Rcvd	\$6,715.50	\$7,177.50	(\$462.00)	-6.44%	\$4,767.00	\$1,948.50
42020	Sales	\$1,876.98	\$2,399.99	(\$523.01)	-21.79%	\$1,248.17	\$628.81
42030	Interest	\$369.03	\$374.99	(\$5.96)	-1.59%	\$511.77	(\$142.74)
42040	Gain/Loss on Investments	(\$385.24)	\$0.00	(\$385.24)		(\$1,177.73)	\$792.49
42050	Rentals/Leases	\$3,794.00	\$6,750.00	(\$2,956.00)	-43.79%	\$6,659.44	(\$2,865.44)
	TOTAL REVENUE	\$811,957.81	\$879,089.96	(\$67,132.15)	-7.64%	\$863,141.28	(\$51,183.47)

Pledge Contributions 3Q-4Q16 Forecast

(As of July 1, 2016)



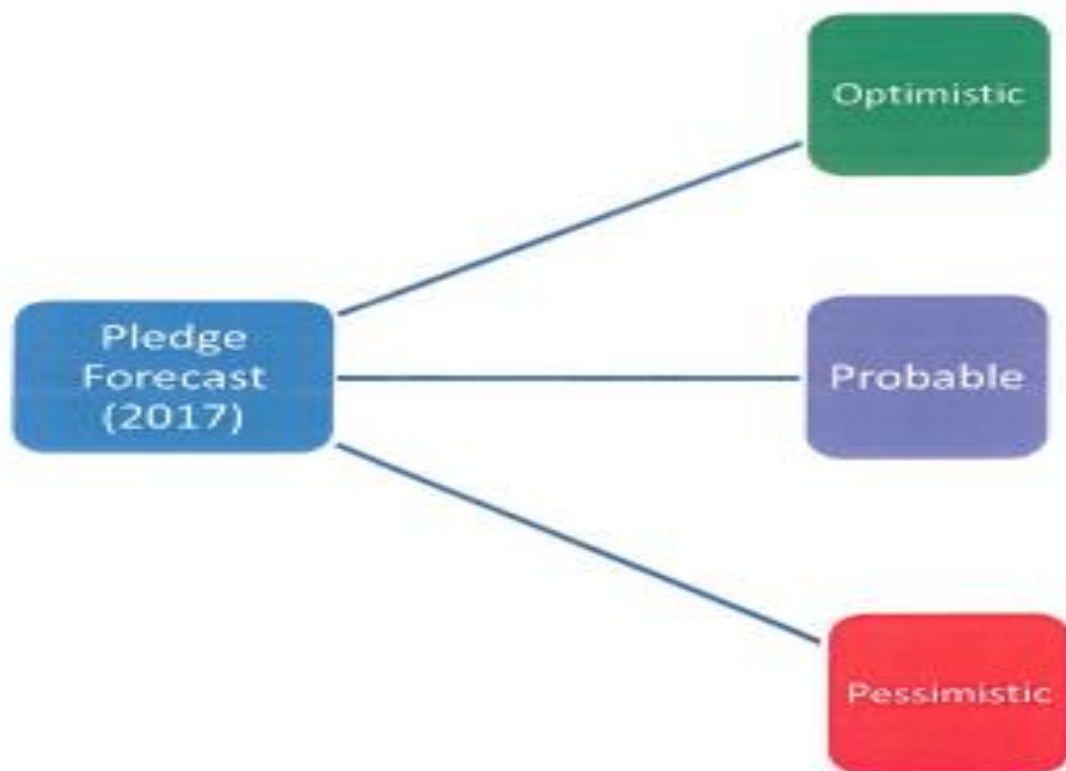
Period	Type	Amount
1Q16	Actual	\$219,400
2Q16	Actual	\$252,700
3Q16	Forecast	\$236,300
4Q16	Forecast	\$252,800
	Total	<u>\$961,200</u>

Period	Type	Amount
1Q16	Actual	\$219,400
2Q16	Actual	\$252,700
3Q16	Forecast	\$204,700
4Q16	Forecast	\$221,200
	Total	<u>\$898,000</u>

Period	Type	Amount
1Q16	Actual	\$219,400
2Q16	Actual	\$252,700
3Q16	Forecast	\$173,100
4Q16	Forecast	\$189,600
	Total	<u>\$834,800</u>

Pledge Contributions 2017 Forecast

(As of July 1, 2016)



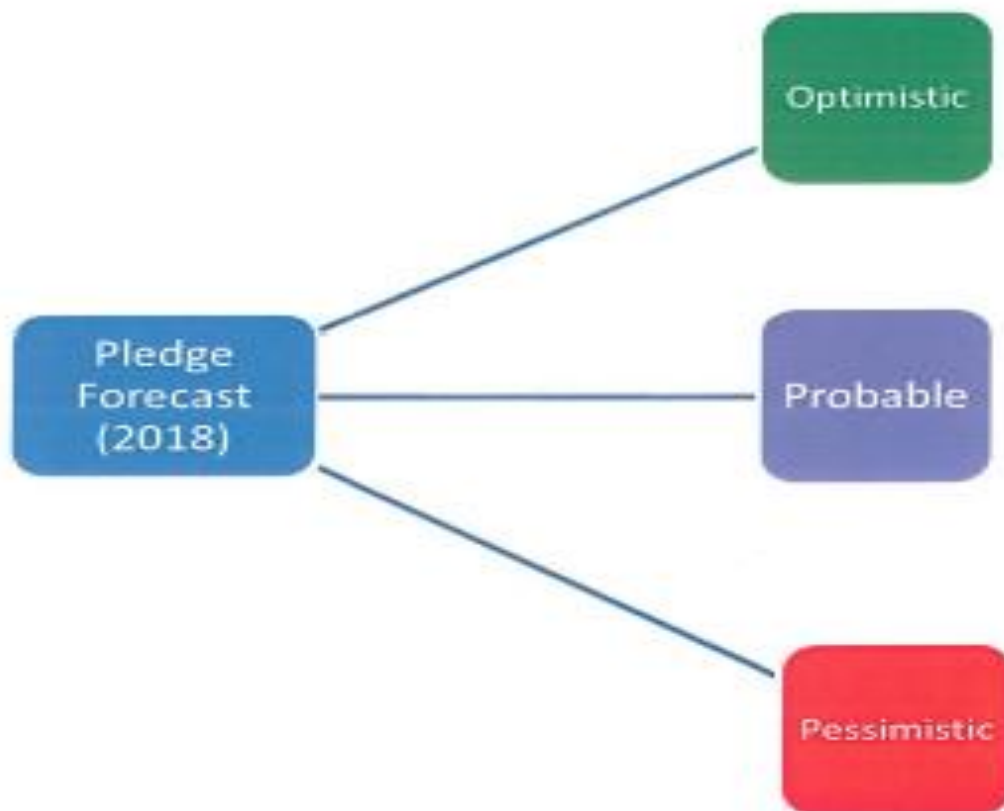
Period	Type	Amount
1Q17	Forecast	\$282,400
2Q17	Forecast	\$254,100
3Q17	Forecast	\$230,200
4Q17	Forecast	\$246,700
Total		<u>\$1,013,400</u>

Period	Type	Amount
1Q17	Forecast	\$251,000
2Q17	Forecast	\$222,700
3Q17	Forecast	\$198,600
4Q17	Forecast	\$215,100
Total		<u>\$887,400</u>

Period	Type	Amount
1Q17	Forecast	\$219,600
2Q17	Forecast	\$191,300
3Q17	Forecast	\$167,000
4Q17	Forecast	\$183,500
Total		<u>\$761,400</u>

Pledge Contributions 2018 Forecast

(As of July 1, 2016)

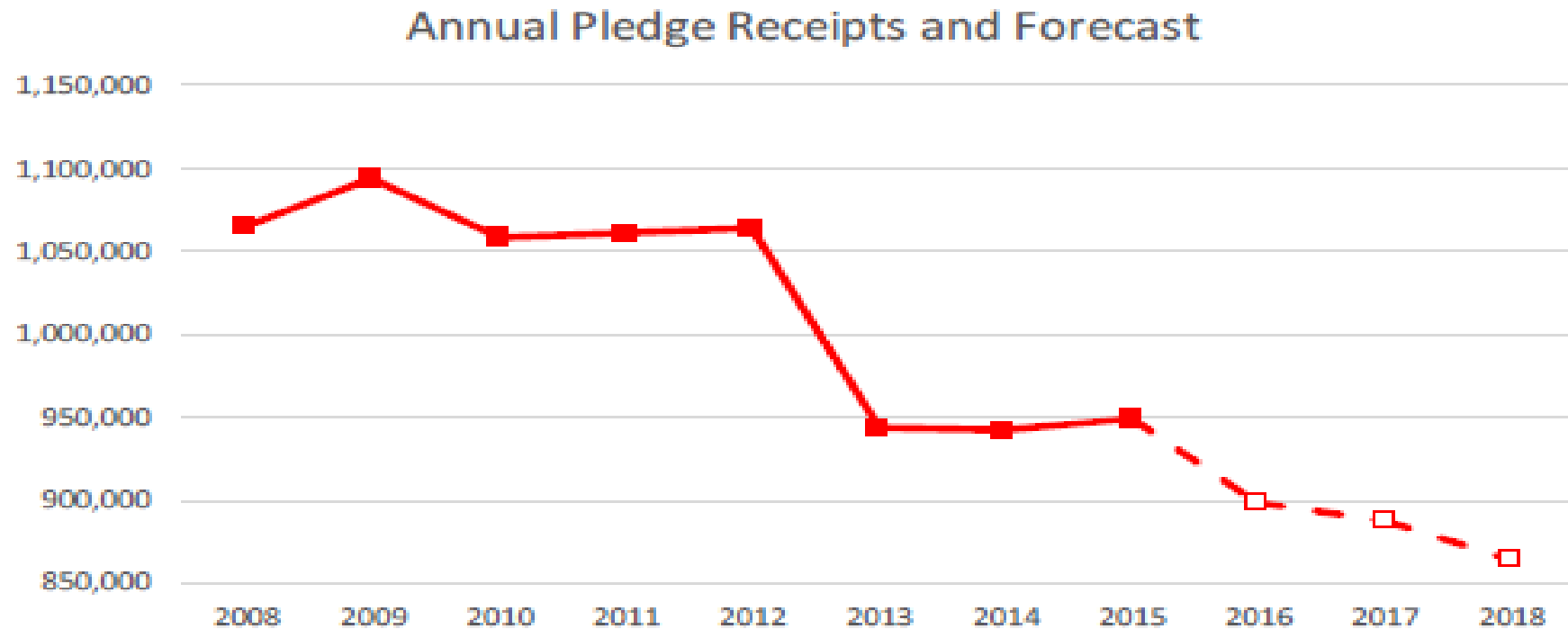


Period	Type	Amount
1Q18	Forecast	\$276,400
2Q18	Forecast	\$248,000
3Q18	Forecast	\$224,200
4Q18	Forecast	\$240,700
Total		<u>\$989,300</u>

Period	Type	Amount
1Q18	Forecast	\$245,000
2Q18	Forecast	\$216,600
3Q18	Forecast	\$192,600
4Q18	Forecast	\$209,100
Total		<u>\$863,300</u>

Period	Type	Amount
1Q18	Forecast	\$213,600
2Q18	Forecast	\$185,200
3Q18	Forecast	\$161,000
4Q18	Forecast	\$177,500
Total		<u>\$737,300</u>

Pledge Contributions: History and Forecast



Pledges

- Third quarter 2016 actual results were better than forecasted at \$229,484
- When the 2016 budget was set, we estimated a 92% collection rate on pledges. Much more aggressive than prior years
- The forecasts are based on historically trends. Trends can change based on actions taken today.

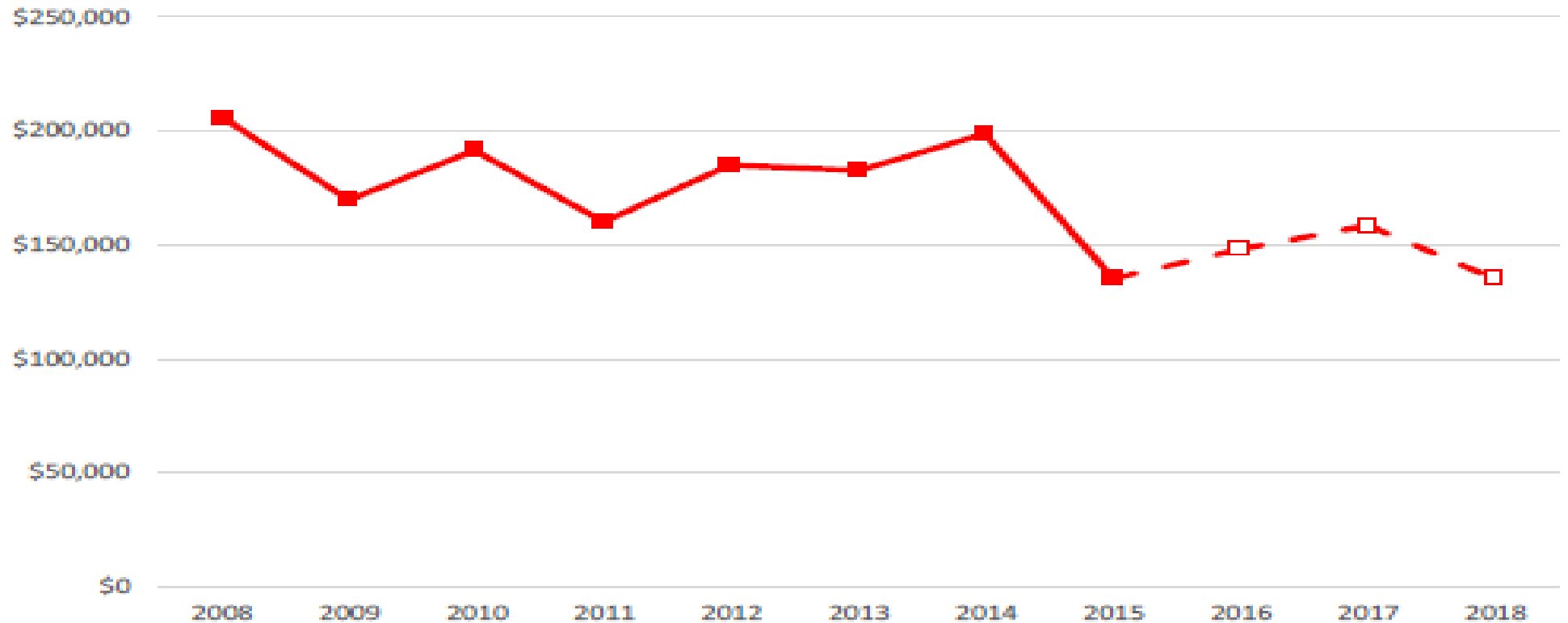
Recent Pledge Suggestions

- Application where contributions can be made on their phone
- Cards in the Pew saying the gave electronically
- Introduce tithes starting as early as elementary age children
- Offer financial budgeting classes
- Other Suggestions or questions ???

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Non-Pledge Contributions

Non-Pledge Receipts: History and Forecast



Trends & Projected Shortfalls

- The projections are based on historical trends with the greatest emphasis on the more current periods.
- When the 2017 budget is set, we expect our expenses to exceed our income.
- Over the past several years, we have had large cuts to expenses. A lot of the expenses can't be cut much more without causing huge impact on services. The answer to balancing the budget now and long term lies in growing the revenue stream.
- Positive actions today can have a huge impact in the future

Budgeted Financial Report

September 2016

		Actual YTD		Budget	Percent of	Actual YTD	Prior Year
Acct #	Description	2016	Budget YTD	Variance	Budget	2015	Variance
	TOTAL REVENUE	\$811,957.81	\$879,089.96	(\$67,132.15)	-7.64%	\$863,141.28	(\$51,183.47)
	Total Expense	\$955,849.40	\$964,644.69	(\$8,795.29)	-0.91%	\$875,199.13	\$80,650.27
	Shortfall	(\$143,891.59)	(\$85,554.73)	(\$58,336.86)	68.19%	(\$12,057.85)	(\$131,833.74)
	Other Revenue						
45045	Other Discretionary Income	\$28,726.92	\$88,500.01	(\$59,773.09)		\$8,407.94	
	Total Other Revenue	\$28,726.92	\$88,500.01	(\$59,773.09)		\$8,407.94	
	TOTAL EXCESS INCOME/(EXPENSE)	(\$115,164.67)	\$2,945.28	(\$118,109.95)		(\$3,649.91)	

Budgeted Financial Report								
September 2016								
		Actual YTD		Budget	Percent of	Actual YTD	Prior Year	
Acct #	Description	2016	Budget YTD	Variance	Budget	2015	Variance	
	EXPENSE							
50010	Wages/Salaries	\$446,344.84	\$471,432.01	(\$25,087.17)	-5.32%	\$429,632.68	\$16,712.16	
50020	Housing Allowances	\$19,500.00	\$15,750.00	\$3,750.00	23.81%	\$15,750.00	\$3,750.00	
50030	Social Security/Medicare	\$28,691.30	\$22,693.50	\$5,997.80	26.43%	\$22,935.63	\$5,755.67	
50040	Health Insurance	\$98,688.60	\$78,696.00	\$19,992.60	25.40%	\$58,990.19	\$39,698.41	
50050	Pension	\$23,452.49	\$36,985.50	(\$13,533.01)	-36.59%	\$28,443.30	(\$4,990.81)	\$60,925.43
50060	Outsourced Personnel	\$39,258.94	\$28,500.02	\$10,758.92	37.75%	\$32,323.77	\$6,935.17	
50061	Sub Musician Pay	\$206.00	\$1,147.50	(\$941.50)	-82.05%	\$0.00	\$206.00	
50070	Continuing Education	\$2,547.37	\$3,862.46	(\$1,315.09)	-34.05%	\$2,491.30	\$56.07	
50080	Travel Reimbursement	\$5,399.26	\$4,649.99	\$749.27	16.11%	\$3,650.21	\$1,749.05	
52010	Office Supplies	\$3,705.85	\$6,975.00	(\$3,269.15)	-46.87%	\$4,070.17	(\$364.32)	
52020	Postage	\$2,190.31	\$3,937.50	(\$1,747.19)	-44.37%	\$2,426.08	(\$235.77)	
52030	Telephone/Internet	\$10,256.92	\$11,250.00	(\$993.08)	-8.83%	\$10,098.77	\$158.15	
52040	Photocopies	\$14,293.01	\$15,150.01	(\$857.00)	-5.66%	\$14,339.74	(\$46.73)	
52050	Printing/Design/Layout	\$773.27	\$1,087.51	(\$314.24)	-28.90%	\$436.15	\$337.12	
52060	Technology Hardware	\$24,039.56	\$22,500.00	\$1,539.56	6.84%	\$20,465.25	\$3,574.31	
52070	Software/Support	\$3,119.00	\$7,500.01	(\$4,381.01)	-58.41%	\$2,495.98	\$623.02	

		Actual YTD		Budget	Percent of	Actual YTD	Prior Year
Acct #	Description	2016	Budget YTD	Variance	Budget	2015	Variance
	EXPENSE						
52080	Banking Expense	\$2,335.17	\$1,875.01	\$460.16	24.54%	\$1,418.93	\$916.24
52090	Audit	\$18,590.00	\$11,250.00	\$7,340.00	65.24%	\$11,850.00	\$6,740.00
53000	Legal	\$510.00	\$0.00	\$510.00	#DIV/0!	\$0.00	\$510.00
53010	Ministry Supplies	\$10,830.62	\$11,775.04	(\$944.42)	-8.02%	\$11,586.08	(\$755.46)
53015	Curriculum	\$2,108.10	\$3,150.00	(\$1,041.90)	-33.08%	\$1,716.69	\$391.41
53020	Membership Fees	\$802.00	\$1,462.50	(\$660.50)	-45.16%	\$949.22	(\$147.22)
53030	Marketing/Advertising	\$3,598.77	\$3,375.00	\$223.77	6.63%	\$4,142.38	(\$543.61)
53040	Food/Meals	\$8,801.66	\$8,999.97	(\$198.31)	-2.20%	\$13,729.55	(\$4,927.89)
53050	Lodging	\$3,853.20	\$3,000.01	\$853.19	28.44%	\$3,698.60	\$154.60
53060	Honoraria	\$2,225.00	\$3,637.49	(\$1,412.49)	-38.83%	\$1,925.00	\$300.00
53070	Scholarships	\$150.00	\$824.99	(\$674.99)	-81.82%	\$345.06	(\$195.06)
53090	Registrations/Fees Exp	\$2,044.41	\$1,949.99	\$94.42	4.84%	\$2,455.34	(\$410.93)
54010	Books/Periodicals/Music	\$5,929.63	\$2,475.00	\$3,454.63	139.58%	\$3,155.98	\$2,773.65
55010	Grants to Others	\$0.00	\$1,875.01	(\$1,875.01)	-100.00%	\$0.00	\$0.00
55020	Benevolences	\$184.30	\$374.99	(\$190.69)	-50.85%	\$88.96	\$95.34
55030	Conference Apportionments	\$18,820.53	\$17,812.49	\$1,008.04	5.66%	\$19,087.47	(\$266.94)

		Actual YTD		Budget	Percent of	Actual YTD	Prior Year
Acct #	Description	2016	Budget YTD	Variance	Budget	2015	Variance
	EXPENSE						
55040	District Apportionments	\$2,823.08	\$2,672.24	\$150.84	5.64%	\$10,161.72	(\$7,338.64)
56010	Rentals/Leases	\$0.00	\$3,749.99	(\$3,749.99)	-100.00%	\$2,713.72	(\$2,713.72)
56020	Electricity	\$44,891.58	\$41,437.49	\$3,454.09	8.34%	\$41,138.35	\$3,753.23
56021	Water/Sewer	\$3,890.22	\$3,012.75	\$877.47	29.13%	\$2,708.30	\$1,181.92
56025	Heating Fuel	\$10,205.40	\$17,249.99	(\$7,044.59)	-40.84%	\$15,379.96	(\$5,174.56)
56030	Insurance	\$35,764.01	\$32,967.76	\$2,796.25	8.48%	\$29,806.73	\$5,957.28
56040	Janitorial Supplies	\$12,061.36	\$10,125.00	\$1,936.36	19.12%	\$8,191.90	\$3,869.46
56050	Building Materials	\$2,708.45	\$3,749.99	(\$1,041.54)	-27.77%	\$1,506.27	\$1,202.18
56055	Contracted Services	\$11,527.00	\$12,000.01	(\$473.01)	-3.94%	\$11,135.94	\$391.06
56060	Building/Equipment Repairs	\$18,415.26	\$17,624.98	\$790.28	4.48%	\$16,544.03	\$1,871.23
56065	Grounds Upkeep	\$9,050.00	\$10,499.99	(\$1,449.99)	-13.81%	\$9,100.00	(\$50.00)
56070	Equipment/Furnishings	\$32.09	\$1,125.00	(\$1,092.91)	-97.15%	\$85.59	(\$53.50)
56080	Vehicle Gasoline	\$302.03	\$1,125.00	(\$822.97)	-73.15%	\$846.33	(\$544.30)
56085	Vehicle Repair/Upkeep	\$16.00	\$450.00	(\$434.00)	-96.44%	\$317.00	(\$301.00)
56090	Trash Removal	\$912.81	\$900.00	\$12.81	1.42%	\$864.81	\$48.00
	Total Expense	\$955,849.40	\$964,644.69	(\$8,795.29)	-0.91%	\$875,199.13	\$80,650.27

Main Feedback

- Need to focus on what North Church does well. If Music is one of our main assets, can we tape performance and put on the web?
- Stay connected to older members that can't always make the service. It was brought up sermons being taped but hard to get to on our website. To be effective, everything on the website should be reached within 3 clicks.
- Nice group at the meeting but how do we get other members, mainly under 55, more involved/updated on the financial issues.
- What steps are being taken to reverse our current pledge, membership negative trends?

2015 Financial Task Force

North UMC has the elements needed to sustain financial security over the long-term, provided 3 things occur:

1. We clarify expectations of membership and are explicit in our expectations to invite others and give
2. We initiate a regular, open dialogue on giving as a Christian discipline
3. We deepen the connection to our mission

The most successful avenue is to grow via word-of-mouth invitation from members *This should be supplemented by digital marketing investments, e.g., web, social media, and paid search (to make sure North is found by those seeking a church)*

Communicating

- Intentional communications that uses affirming language. “North UMC is traditional, progressive and inclusive.”
- Encourage conversations about spiritual discipline of giving and open dialogue on why people give. Explicitly ask for pledges/money.
- Be intentional about gathering information
- Intentional cyber presence
- Promote brand continuity (Add “North-UMC” to things like Farmer’s Market, ASP, etc.)
- Consider how we impact our community and how we offer volunteer experiences that deepen commitment to North (research shows this is important for Millennials)

Inviting

- Create worship services to invite people to attend (Gospel Mass, All Saints Day, etc.). Include more education on what these events are.
- Create “talking points” for members to use in order to better communicate what we are about with friends, co-workers, relatives
- Use Mission and Outreach to promote North UMC events to the community

Connecting

- Prioritize hospitality, outreach and education
- Create a visitation process and expansion plan that includes reaching out to inactive members
- Create cards for people to “Give” to the offering plate if they donate electronically

Forming

- Develop a long range plan for Christian Education-includes children, youth & adults; generosity as part of discipleship
- Intentional hospitality for Lay Leaders
- Intentional programming
- Intentional youth and children’s programming
- Leadership training
- Educate Sunday School teachers on stewarding giving and talking about financial support.
- Permeate giving and volunteering conversations into adult education, membership classes and communication
- Track volunteer/service hours and value them

Next Steps

Communicating

- Create a task force on branding: work with communications and stewardship committees to develop their ongoing tactics

Inviting

- Identify and train “evangelists” to share the good works that are already happening at North UMC
- Train all leaders to report back and share the good news

Connecting

- Expand lay visitors (C&N)
- Train & coordinate all leaders
- Use a trainer/study to inform and educate
- Perform an audit of Inviting & Connecting by an outside consultant

Forming

- Develop a long range plan for Christian Education that includes children, youth & adults teaching generosity as part of discipleship

Stewardship Committee

- Alice Shoemaker, Chair
- Jessica White
- Joli Heavin
- Dan Wegg
- Grafton Day/Balko