



# Covenant Conversations Financial Quarterly Update

27 April 2014



# Agenda

- How did we do in 2013
  - 2013 Recap – income and expenses
  - 2013 Stewardship results
- 2014 Budget
- How we are doing this year
  - First Quarter Results
- Managing the rest of the year
- Pledge analysis
- Q & A

# Your Finance Committee

- Nick Tumminello, Committee Chair, Member of Board
- Troy Barker, Chair of Stewardship Committee
- John Drake
- Greg Jordan
- Mark Kays
- Bob Sachs
- Mandi Shawaria
- Doshia Stewart
- Ex-Officio, Non-Voting Members
  - Darren Cushman-Wood, Pastor
  - Jim Thieman, Business Administrator
  - Charles Young, Treasurer

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

# How did we do in 2013?

- Income
  - Income was **\$96,352** below budget
  - Pledge payments were **\$112,979** below budget
  - Non-pledged contributions were **\$7,313** below
- Expenses
  - Great effort to control expenses resulted in expenses being **\$108,845** below budget
  - Biggest contributors were
    - Building/Equipment Repair - **\$28,676** below budget
    - Compensation/Benefits - **\$20,928**
    - Supplies - **\$14,757** below
    - Contracted Services - **\$10,424**
- Overall we ended the year with expenses exceeding income by **\$74,983**

**North spent more than it took in.**

**We relied on \$75,000 from an undesignated bequest to balance the budget**

# Stewardship Results

- 2014 Stewardship Goals
  - \$1,300,000 in pledges (\$200,000 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)

# 2014 Approved Budget

- Preliminary 2014 budget: **\$1,400,000 (Pre-Stewardship Campaign)**
- Final 2014 budget: **\$1,363,142**
- Income: **\$1,283,142**
  - (\$1,050,000 pledged + \$180,000 Non-pledged + \$31,362 Designated Contributions + \$21,780 other)
  - Additional \$23,000 will come from designated accounts
- Expenses: **\$1,363,142**
  - Cost reductions have been made to multiple areas: salaries, contracted services, maintenance/repairs, food/meals, vehicle rentals, and additional smaller adjustments
- Assumes \$80,000 in income from undesignated bequests to close budget gap

# How Are We Doing So Far...

## First Quarter Results (Jan- March)

- Income - **\$5,702 Above Budget**
  - Pledged Contributions: **\$5,709** over budget
    - Includes a sizable full-year pledge payment
  - Non-Pledged: **\$3,622** below budget
- Expenses - **\$30,050 below budget**

**We are off to a solid start:**

- We expected to be \$21,000 behind at this point
- We are \$14,000 ahead of budget

# Going Forward – 2014

- Expense management
  - Continue to be conservative and prudent with spending
  - Adjust during year as needed
- Income
  - Improve understanding of pledging
  - Pay pledge commitments
- Transparency
  - Continue to have open conversations



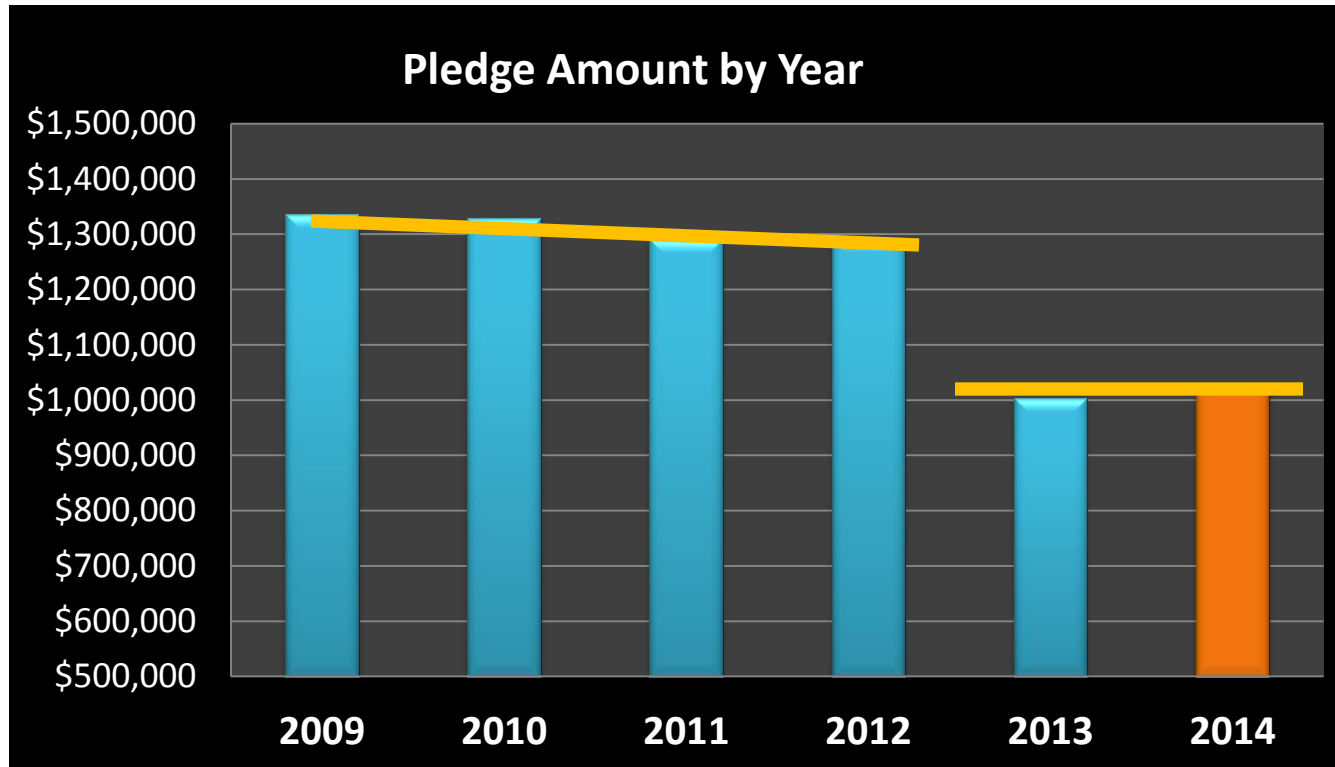
# Excerpt From October 2013 Covenant Conversations

- 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 pledger is increasing

## What to do...

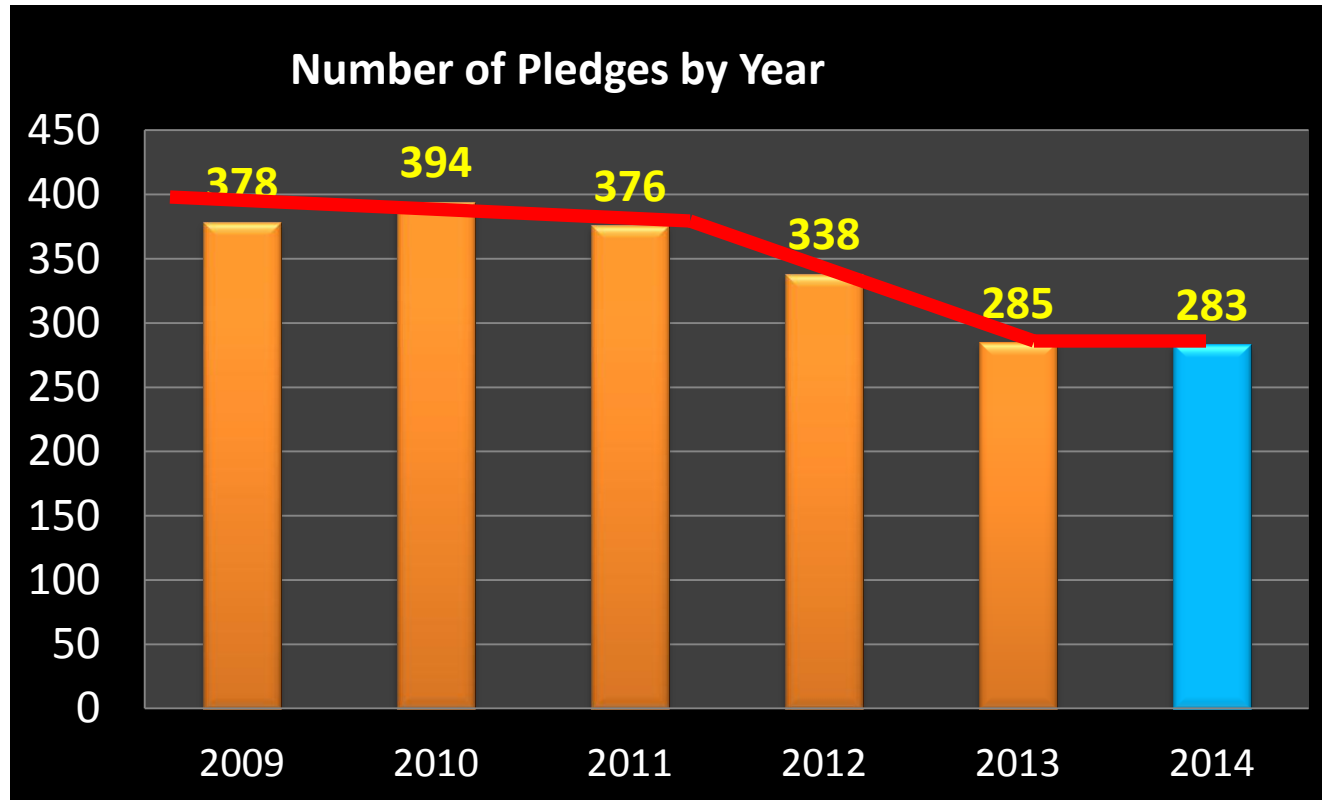
- Stewardship and Finance Committees working closely
  - Developing a 5+ year forecast of Income and Expenses
  - Deep dive into pledging data, patterns, trends, demographics

# Pledging Trends



- **Pledge amount has declined**
  - 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

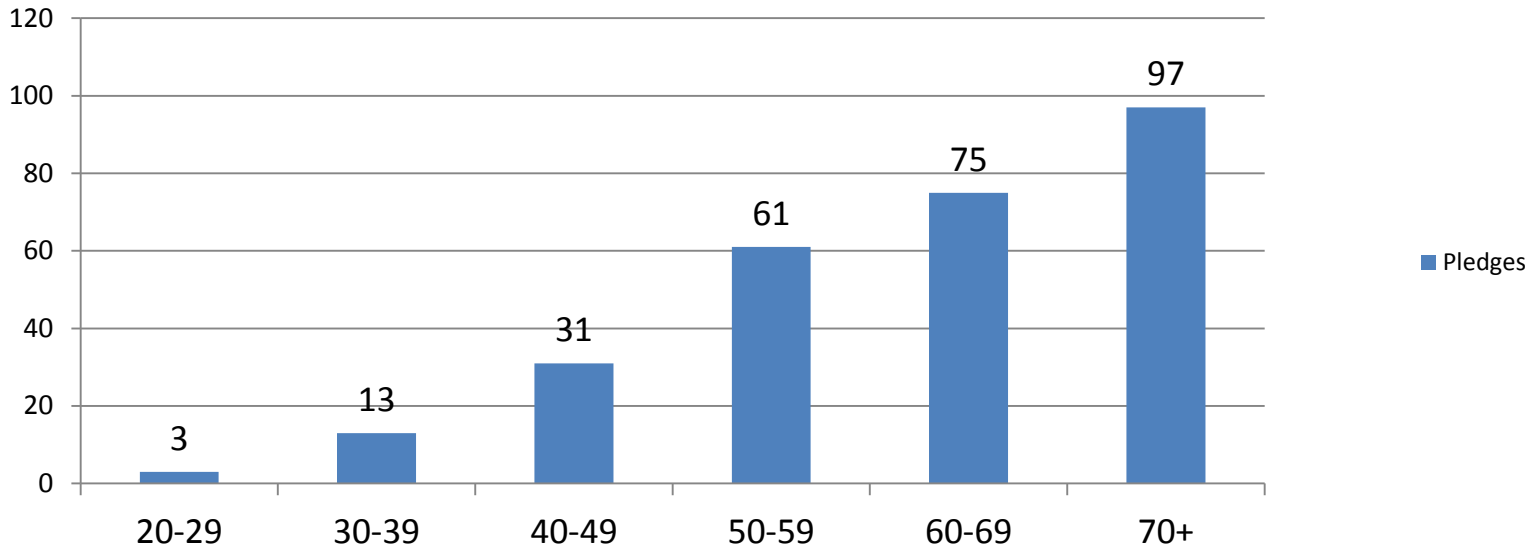


- Pledging base is getting smaller for various reason
  - Economy
  - Philosophical differences
  - Competing interests
  - Societal/generational trends
  - ???

North is increasingly relying on a smaller group to do more

# Demographic Analysis

## Pledges By Age Group



- 62% of pledges and 56% of amount come from those age 60+
- 22% of pledges and 31% of amount – 50-59 yrs old

# Demographic Analysis:

- The adjusted percent of actual 2013 giving to the 2013 pledge is **91%**
  - This confirms the trend seen in past few years
  - For budget purposes we will now use 91% instead of 95%
- Fulfilling Your Pledge in 2013
  - **75% paid** their pledge in full
  - **2% overpaid** – paid more than pledged
  - **22% underpaid** – did not pay amount pledged
  - There was an **\$87,500** shortfall of actual 2013 giving against the total 2013 pledge
  - This is consistent across all age groupings

# 2013 Pledges vs. Actual Giving

Pledge Status	Total Pledge	Actual Giving	Difference
Underpaid	\$173,170	\$82,377	(\$90,793)
Paid in Full	\$799,435	\$799,435	\$0
Overpaid	\$24,820	\$28,073	\$3,253
Life Change	\$32,000	\$8,000	(\$24,000)
<b>Totals</b>	\$1,029,425	\$917,885	(\$111,540)
Less Life Changes	(\$32,000)	(\$8,000)	\$24,000
<b>Adjusted Totals</b>	\$997,425	\$909,885	(\$87,540)
<b>Percent Giving</b>		<b>91%</b>	

# Conclusions So Far...

- Just starting to assess – data raises many questions
  - How increase the pledged vs actual paid %?
  - How much do we depend on older congregants?
  - How do we increase the size of the 30 and 40 age groups?
  - How should stewardship committee change its processes?
  - How do we change the budgeting process and revenue projections
  - ???
  - ???

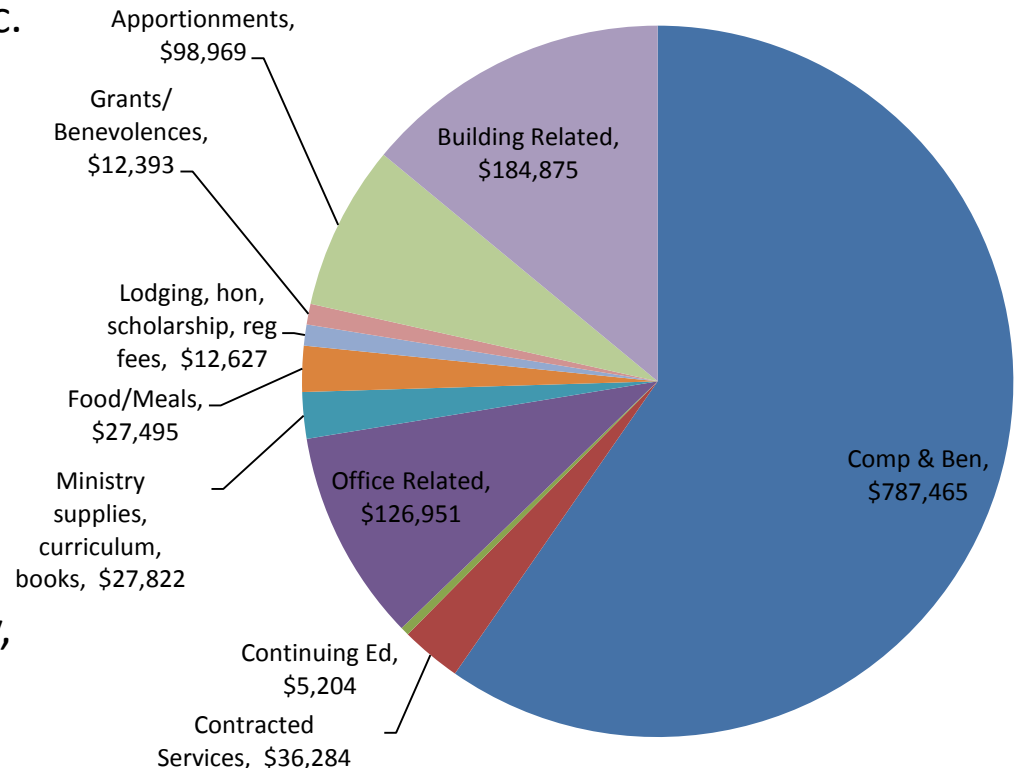
# Questions??



# Back Up Slides

# 2013 Expenses

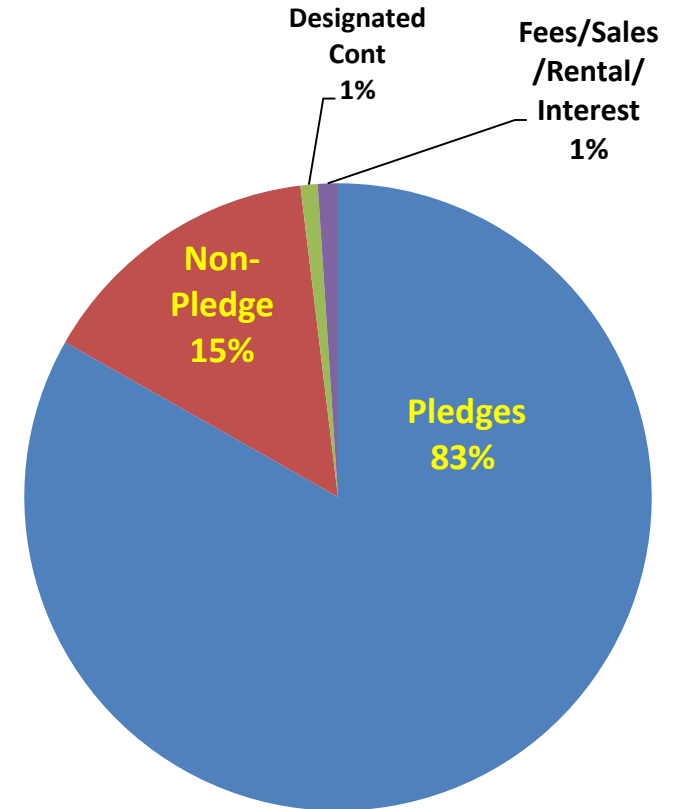
- **Compensation and Benefits** – salaries, healthcare, retirement, taxes, housing, etc.
- **Building Expenses** – utilities, repairs, grounds upkeep, janitorial supplies, etc.
- **Office Expenses** – computers, books, phone, legal fees, postage, etc.
- **Program Expenses** – ministry supplies, meals, 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 – funds that are collected each Sunday - not being paid to fulfill a pledge
  - Designated Contributions
  - Fees, sales, rental, interest
- 98% of all funds come from donation



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