

Administrative Board Meeting -
Finance Committee Report
1-11-2010

Due to the ongoing generosity of our congregation and the careful work done in each of the operating committees and by the Trustees to hold expenses to budget, the church's finances are in good shape. We ended 2009 with a surplus of \$5,600. Revenues ended the year at \$545,300 which was 2% below budget and expenses ended the year at \$539,700 which was 3% below budget. Revenues were negatively impacted by the tough economic climate that we all experienced in 2009. Expenses were positively impacted by tight expense controls by all of operating committees. We also recognized expense saving in the staff salaries line item as a result of Betsy's mid-year departure. At the end of the year, the church's general reserve fund had a healthy balance of \$83,400, before the inclusion of the \$5,600 surplus.

For 2010, the finance committee is proposing a balanced budget with revenues and expenses both totaling \$557,100. This represents a modest 2% increase in revenues and a 3% increase in expenses. The recently completed stewardship campaign generated 187 pledges totaling \$449,900 for the 2010 fiscal year. We received 29 fewer pledges this year versus last year, however, the aggregate dollar amount of the pledges was virtually identical. Many members of the congregation increased their pledge amounts for 2010 and this successfully offset the reduction in pledging units. In 2009, we received a one-time donation of \$6,000 from one of our members. The member asked that we use the funds as we saw fit. The finance committee recommended that this money be placed in a restricted account until it could be determine where it was most needed. The money was not used in 2009 since we ended the year with a surplus. We plan to use the funds to cover certain administrative expenses in 2010. The use of this money is included in our proposed 2010 budget and did help us to balance the budget.

We also want to provide a brief update on the status of the capital campaign. As of 12/31/09, all of the capital improvements were complete and the church had paid 100% of the expenses associated with the capital improvements. When the project commenced, the church's Gifts and Memorials fund agreed to temporarily advance funds to cover all project costs in excess of the actual cash contributions received to date. The goal was to repay the funds advanced by Gifts and Memorials as additional cash contributions were received. As of 12/31/09, the outstanding balance of the funds provided by Gifts and Memorials was approximately \$61,600, net of the \$17,900 that Gifts and Memorials previously agreed to contribute for the AV equipment. The remaining balance of the capital campaign interest reserve was \$25,100, so the church's balance due to Gifts and Memorials, net of the \$25,100 interest reserve account, was \$36,500. It is important to note that at the conclusion of the three year capital campaign (12/31/09), \$43,000 in pledges remained uncollected. The finance committee discussed extending the capital campaign for an additional year or two, but we ultimately concluded that most of the uncollected pledges were not likely to come in and that extending the capital campaign could put additional strain on the church's operating budget. The finance committee will work with Gifts and Memorials to determine the optimal way to retire or repay the balance of the funds advanced by Gifts and Memorials. We will provide an update at the next Administrative Board meeting. As an immediate action item, we are requesting Administrative Board approval to use \$18,000 of the interest reserve funds to immediately reduce the balance due to Gifts and Memorials. The finance committee has analyzed the interest reserve and we feel that the \$18,000 represents surplus funds that won't be needed to pay interest.