**2020-21 South Church Financial Report**

From: Lorens Jorgensen, Treasurer

First and foremost, thank you. It has been a tumultuous 2020. We have all had to make changes both big and small. Thank you for being present and helping each other, this church, and the world. It has been inspiring.

The purpose of this narrative is to put into words the reasons and values for the upcoming fiscal year. It is a projection of income and expenses.

The year with the pandemic may bring us many surprises, but we have done fair job projecting some of this out. One of the bigger things that helps us going into the new fiscal year is that we received Paycheck Protection Plan (PPP) money that we used to pay salaries. Despite the pandemic, the congregation has stepped up and our pledges met the goal. This has left us with an additional sum in our checking account that is there to help us through unforeseen difficulties that may arise upcoming year.

In the overall budget, the good news is we are projecting a surplus. This includes having an interim associate minister’s salary, housing, health insurance, and pension based on that individual starting on November 1st

We set the expected the pledge fulfillment at $291,650. This is not to say we will do better. This year’s pledge drive bought an amazing $307,000 in pledges for this upcoming year. Thank you very much for continuing with your pledge fulfillment. There are two reasons for setting the budgeted expected pledge fulfillment number at $290000 instead of $307,000. First, for budgeting purposes, the long standing South Church principle (established by Mae Murdoch) is to discount pledge fulfillment by 5% to allow for changes in the lives of those who pledged, life happens especially during a pandemic.

The 2nd reason for setting the lower budget expectation is that we typically withdraw from the church's endowment each year. We have a policy that allows us to withdraw up to 7%. That projection is integrated into the budget calculation for your approval. However, please understand, if we don’t need that full 7% of funds, we won’t withdraw them. The catch is, within our governing rules, if a lower percentage is approved as part of the annual budget, we can’t go back during the year to withdraw more funds equal to that 7% if they are needed. In actuality last year we approved the 7%, however we only withdrew 4%.

We also project our loose offering to increase by $10,000, from $50,000 to $60,000. As that is the what has occurred this past year. Again, Thank You.

There are two areas where income has dropped. Rental income from the Pleasant St. rental property. Also, the drop in rental income because during the pandemic the church facilities have not been rented for weddings, funerals and outside meetings.  We don’t anticipate that to change until sometime after January.

We still have an ambitious fundraising goal of raising $7,000 between January and June. In addition, the Property Stewardship Ministry is raising money for target capital improvements such as additional stained glass window repairs, fellowship hall renovations, and the lighting upgrade.

Our expenses are largely staying the same. That include budgets of both Christian Education and also Faith and Action as they continue their amazing work. When the interim associate minister arrives, we’ll return to again paying the salary, health benefits, and pensions for 2 ministers. We will also have our long awaited financial review in October to make sure our financial house is in order.

From a property stewardship perspective, our electricity costs are going up in the short term. Recently we approved the Property Stewardship Ministry’s upgrading all the lights in the church to energy efficient LED lights. The total cost of the lights was $21,000. We received $7,000 in the form of a grant from Unitil and we are using a $7,000 gift from the Abby Mosley Trust. Thus, we are financing only $7,000 of the cost of the improved lighting. This should be a net positive both environmentally and fiscally in the long term.

We are also budgeting $7,000 for stained glass window repair. In past years we set aside $5,000 for the Pleasant St, building reserve. We took the Pleasant St, reserve funding out of the budget last year, this year we are putting it back into the budget. This reserve fund will be in place to help if there are any big unexpected building expenses to the church property.

We all recognize the extra work load the pandemic has placed on our music, Christian Education, and office staff personal and their caring and creative solutions are much appreciated by all. In response the Church Council approved a 3% raise for each of them. That amounts to a total additional expenditure of $2,546. for the year.

Even with that additional expense, there’s a budget surplus of $3,113. for our budget year ending June 30, 2021.

If you have any questions about the budget please feel free to email me at lorensjorgensen@yahoo.com or text me 603-305-5399.