

TREASURER'S REPORT 2022-2023 FISCAL YEAR

OVERVIEW

Overall, our financial situation is improving: first, our expenses are stable and predictable; second, while we have not fully recouped income lost during the pandemic, we conducted a successful stewardship campaign where church members committed to giving more. Bottom line is that we are moving toward strong financial health. In other words, we are ***emerging into abundance***.

Overall financial strategy. Our strategy for managing recent and significant financial challenges is to engage in a multi-year process of gradual organizational change. We know from past experiences as well as the experiences of other churches that quick and deep financial cuts during crises can destabilize congregational life. The organizational strategies we are undertaking include invigorated stewardship and renewed fundraising, as well as, careful monitoring of expenses, leaning into emergency reserves, and allowing time to rebuild income streams. By planning organizational changes over several years, we strive to maintain stability in our congregation.

Church budget. Every year, we plan a budget which means we develop a plan of expected expenses and income for the following year. Our expenses are predictable in that they are primarily for staff—minister, musicians, leadership for children/youth programs, and office support. Income sources include pledges, other donations from church members, and fundraising events. Our income included significant giving by congregational members, including pledges, participation in fundraisers, and Sunday service collection. Rentals have also a significant source of income which declined due to the pandemic.

Ongoing deficits. For the last 15 years, our income has been less than our expenses resulting in deficits of about \$30,000 each year. The reasons for the on-going deficits are: the initial shock of the 2008-2009 recession, a period of changes in church leadership (five ministers in 15 years), and declining membership. While both income and expenses declined over this period, expenses decreased at a slower rate resulting in deficits. We are fortunate to have savings to cover these deficits. However, we recognize that continuing to draw on our savings to cover deficits is not sustainable. Therefore, a primary goal of the developmental work that we began in 2017 was to align our income and expenses to end deficit budgets. The initial deficit-reduction plan included intensive fundraising and continued assessment of expenses. These plans were interrupted by the departure of the first developmental minister and the pandemic.

Church finances and pandemic. The pandemic interrupted our financial plans. With the closure of our church facility, several income sources almost disappeared. We lost almost all our rental income when community groups stopped meeting in our space. Secondly, we were unable to conduct our annual successful fundraiser, Dining for Dollars, that relied primarily on in-person contact and communication. Fortunately, we made up for these income losses with pandemic-related support largely from government sources (Payroll Protection Program;

Employment Tax Credit). This meant that deficits for the pandemic years continued at the similar level of approximately \$30,000 a year. As we come out of the pandemic, income losses in rentals and fundraising have not returned to pre-pandemic levels, even though both rentals and fundraising have increased from their lowest pandemic levels. Future rentals are hard to predict since it's difficult to gauge whether community groups will return to in-person meetings. Our fundraising has improved as we shifted to using more technology although it has not yet returned to pre-pandemic levels. Based on our income and expenses up to the end of April 2023, we expect that the deficit at the end of the 2022-2023 fiscal year will be around \$25,000.

Savings. We are fortunate to have savings; these were provided by bequests from church members. As of the end of April 2023, we have approximately \$774K. Approximately half of our savings (\$365K) are held in the UUA Common Endowment Fund—a diversified investment fund seeking returns through portfolio allocation and professional asset management with UU socially responsible investing goals. We hold CDs (\$275K) in the Self-Help Federal Credit Union, which seeks to provide financial services to benefit communities that have *historically* faced systemic barriers to inclusion. In addition, we allocate our savings to various funds earmarked for different purposes: \$275K in the Endowment fund; \$175K to provide housing assistance to a settled minister; as well as funds earmarked for contingency, emergency, catastrophe, and capital needs. To offset deficits, we have used significant amounts of the money in the contingency, emergency, and catastrophe funds.

2023-2024 BUDGET

2023-2024 Income. To compensate for the anticipated lower income next year, we embarked on an ambitious stewardship campaign this spring. This campaign involved engaging every church member about their relationship to the church and included sharing about our success in continuing as a community during the pandemic challenges. Lastly, we asked every member to reflect on their commitment to the church community, reassess their financial commitment, and complete a pledge form. This stewardship model was successful! Church members increased their pledge by approximately \$60,000. Additionally, members committed one-time donations to the Emergence Fund of \$20,000. Lastly, we received a grant from the Spirit Level Foundation to help support our invigorated children/youth programs; we will need to raise matching funds for the SLF grant.

2023-2024 Expenses. Generally, our expenses are stable and predictable. One change in our 2023-2024 expenses is that we will employ a halftime (20 hours a week) staff person for our children/youth programs—Ministerial Specialist. During the pandemic, our prior Religious Exploration program dwindled and we did not know what our Religious Exploration program would look like as we returned to in-person meetings. Fortunately, many families with children, including new families, are attending worship. Approximately 25 children/youth participated in our programs this year. A ministerial specialist will be responsible for the religious education provided to children and youth, as well as lead us toward family-centered, multigenerational ministry. In addition, our budget includes support for our minister and Sunday worship. We are fortunate to have a rich music program that was central to our virtual worship during the pandemic. It includes a Director of Music that oversees a weekly program with four section

leaders and an accompanist and a choir of church members. The cost of the music program is offset by a grant from the Fletcher Foundation and fundraisers offered by the music program.

Our beloved community is blessed to have many generous members. We are optimistic as we look toward the future as we move toward strong financial health. We appreciate all of our gifts as we ***emerge into abundance***.