

# 2021

# Operating Budget Overview

FIRST CHURCH SANDWICH, UCC



## OVERVIEW

Finances of the church

## REVENUE

Sources + Changes

## EXPENSES + VOTES

Changes + Requests





# Finances of First Church

## OUR STRONG COMMUNITY + OUR FINANCIAL CHALLENGES

The current financial challenges are many, as the pandemic continues to impact economic activity while the costs of the ongoing work of the Church and the construction work associated with the Sanctuary Restoration Project have needed to be addressed simultaneously. Despite these challenges, the strength of the Congregation is showing through as pledges are significantly higher for 2021 (as detailed in this report) and there have been many generous contributions to the Sanctuary Restoration Project.

The 2021 Operating Budget has reinforced a longstanding need for the Church to establish a Fundraising ministry that could oversee and assure the pursuit of the fundraising revenue that is needed to support the annual Operating Budget.

The following pages share a brief overview of our current financial situation and the expenses and revenue changes that we are asking the congregation to vote on.

## DO YOU HAVE FUN RAISING FUNDS?

Then we want your talent and ministry! If you would be interested in participating in a Fundraising ministry to raise friends and funds for First Church, please contact Jennie Fagnant at 508-888-0434.





# Sources of Income

## FOR THE YEAR OF 2021

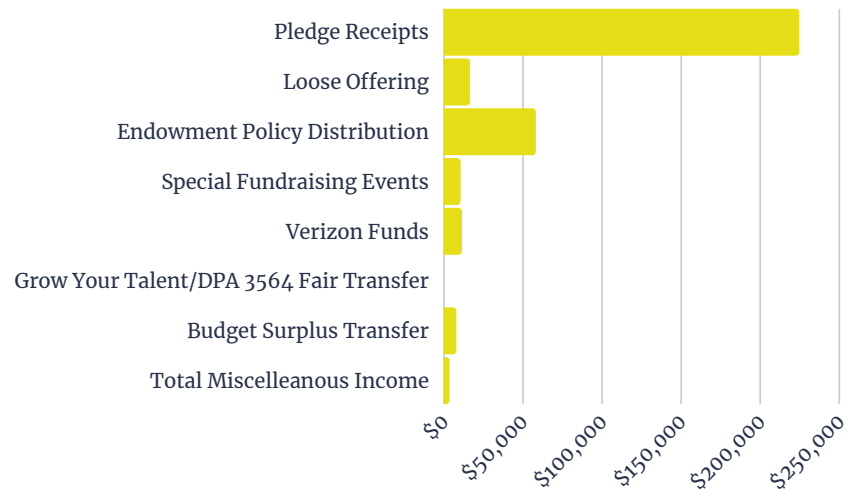
Revenues are a significant challenge for 2021. The key revenue related changes for 2021 are as follows...

**2021 Pledges**—we received 97 pledges totaling \$222,306. We also expect that an additional 4 pledges totaling \$10,000 will be received. This results in a gross 2021 pledge amount of \$232,306. A 3.5% discount is applied to the gross pledge amount to reflect normal attrition that occurs throughout the year. This results in a net total of \$224,175 in pledges that will be included in the 2021 Operating Budget.

**This 2021 pledge total is \$16,827 or 8.1% higher than the 2020 pledge amount! Thank you to everyone for your 2021 pledges!**

**Loose Offerings**—are projected to be \$16,000 for 2021, which is the same level projected (and likely to be attained) for 2020.

## Total Budgeted Revenue: \$328,924



**Special Fundraising Events**—were essentially shut down for 2020 with the pandemic, so 2020 Special Events Fundraising revenue will likely come in at less than \$1,000 and be well below the \$39,000 value that was budgeted for 2020. Heading into 2021, it remains extremely difficult to project when the pandemic will be brought under control, as well as when people will feel comfortable returning to their prior practices. It is also recognized that fundraising shortfalls will begin as early as 1/1/21, as we already know that the annual First Night Event will not occur on 12/31/20. Considering these unknowns, the Special Fundraising Events revenue projection was set at \$10,000 for the 2021 budget (or about 25% of the revenue that was budgeted for 2020).

# 97

Total pledge units in hand with an additional four to be counted for a total of \$224,175 towards this year's revenue.

# 5%

Our Loose Offerings are projected to be at the same level for 2021 and comprise 5% of our total revenue.

# -74%

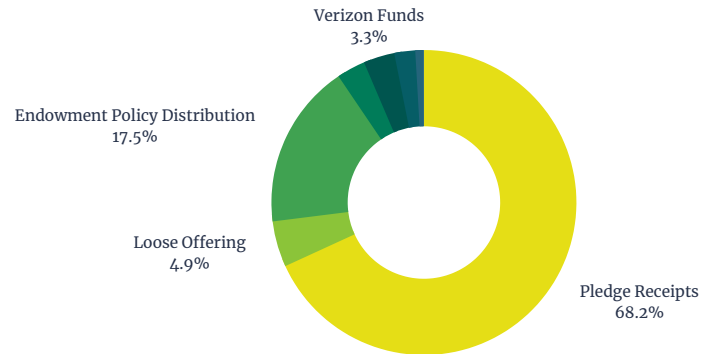
Our Special Events Fundraising revenue for 2020 was anticipated to be \$39,000. This year's total is \$10,000.

# Sources of Income (con't)

## ADDITIONAL REVENUE BREAKDOWNS

**Verizon Funds**— the proposed 2021 Operating Budget is based upon 25% of the total 2021 Verizon receipts being allocated to the 2021 Operating Budget. While additional contributions from the Verizon funds would greatly help the Operating Budget, allocation of 75% of the Verizon funds is required to pay for the Sanctuary Restoration Project (SRP). Annually, the Congregation specifically votes on the allocation of the Verizon funds for the upcoming year, as part of the approval of the upcoming year's Operating Budget. Accordingly, at the Congregational Meeting, a vote will be requested to authorize continuation of the current 25% (to the Operating Budget) and 75% (to the SRP) allocation of the Verizon funds.

**Grow Your Talent/DPA Transfer Funds**—were available for the 2020 budget from prior fundraising and budgeting accounts. This includes \$3,300 in fundraising receipts (from events during 2019 entitled "Grow Your Talent") that were available for use in the 2020 budget. Further, using some of the surplus that existed in the 2018 budget, a Designated Purpose Account (DPA) had been established and funded in 2019 with \$9,770. This was part of a plan to eventually change how fundraising receipts would be used in the budget, with the goal of transitioning so that the fundraising receipts of a prior year would be used in the current year's budget. That account was closed, and the funds were used to balance the 2020 budget. As a result, the 2021 budgeting process started with a \$13,070 shortfall, as these two 2020 revenue sources were not available for 2021.



**2020 Operating Budget Surplus Projection**—it is estimated that the 2020 budget will end with a \$7,300 surplus. Please note that the 2020 budget surplus is related to the federal government's Paycheck Protection Program (PPP) funds that were made available to the Church in early 2020. The Church was able to secure \$41,014 in PPP funds which (while delivered in the form of a loan) will be forgiven in its entirety as the Church used the funds to maintain staffing levels constant through the early stages of the pandemic. The projected \$7,300 budget surplus for 2020 will be carried forward as revenue in the 2021 budget.

**Miscellaneous Income**—revenue in 2020 is running at about 28% of the budget, as it has been impacted by the lower building rental fees resulting from the closing of the building. Accordingly, \$3,000 in 2021 Miscellaneous Income is projected, consistent with (but somewhat higher than) the 2020 actual Miscellaneous Income results.

# 25%

Of the Verizon funds are recommended to be allocated to the Operating Budget.



The 2021 Budget started with a \$13,070 shortfall as one-time 2020 revenues were not available for 2021.

# + \$7,300

First Church received \$41,014 in Paycheck Protection Program funds in early 2020 that contributed to a projected \$7,300 surplus for 2020, which will be carried forward as revenue in 2021.



# Sources of Income (con't)

## ADDITIONAL REVENUE BREAKDOWNS

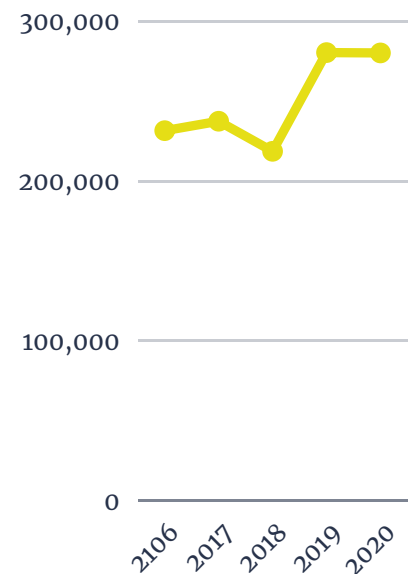
**Endowment Fund Revenue**—the By-Laws set a preferred withdrawal percentage of 3%, but recent Endowment Fund withdrawals have been set at 5% (which is the maximum allowed in the By-Laws without the need for a two-thirds (2/3) congregational vote) in order to balance each year's budget.

For 2021, that 5% withdrawal would have translated to \$12,470. In light of the other 2021 revenue shortfalls, as explained earlier, using a 5% withdrawal percentage would leave the 2021 budget out of balance by \$45,127. Accordingly, a \$57,597 Endowment Fund withdrawal is required to balance the 2021 budget. The Unrestricted Endowment Fund was \$280,269 at 11/30/20. Therefore, while a \$57,597 withdrawal is required to balance the budget, the withdrawal represents 20.6% of the Unrestricted Endowment Fund and is, therefore, a significant financial transaction.

At the meeting, authorization will be requested for an Endowment Fund withdraw of up to \$57,597 for the 2021 budget. Since this is over 5%, the By-Laws require that a two-thirds (2/3) vote of the Congregation be received to make such a withdrawal.

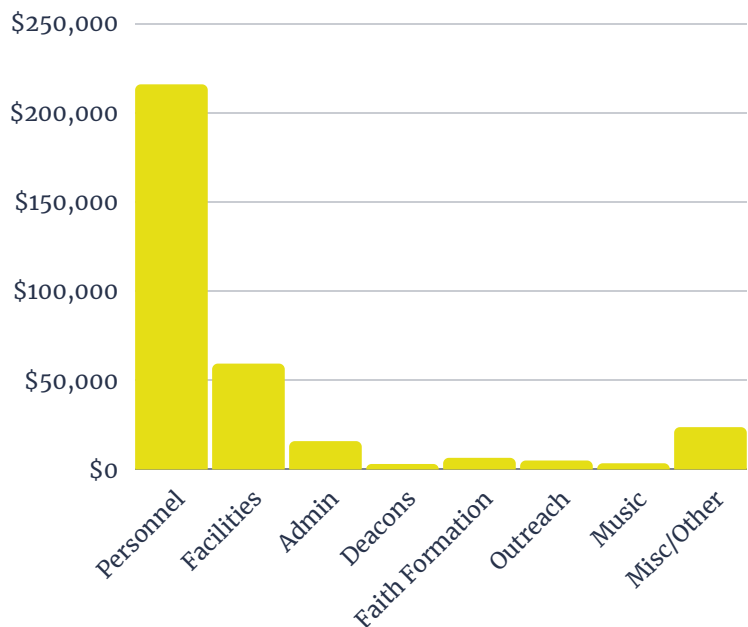
Of course, if additional pledges, fundraising or donations result in 2021 revenues coming in higher than the level that is currently expected, we will be able to withdraw less from the Endowment Fund in 2021.

**ENDOWMENT FUND BALANCES  
FOR THE PAST 5 YEARS**





# Expenses + Upcoming Votes



## EXPENSES

As compared to the 2020 budget, the 2021 budget only reflects an increase of \$857 in expenses. Therefore, most expense accounts in 2021 are remaining close to their 2020 levels. This includes staff salaries which regrettably cannot be recommended for increases at 1/1/21.

**Total Budgeted Expenses:**  
**\$328,924**

## CONGREGATIONAL VOTES TO BE REQUESTED AT THE 1/6/21 MEETING

1

Authorization to continue the current 25% (to the Operating Budget) and 75% (to the Sanctuary Restoration Project) allocation of the Verizon funds for 2021.

*This requires a majority vote.*

2

Authorization for an Endowment Fund withdraw of up to \$57,597 for the 2021 Operating Budget.

*This will require a two-thirds (2/3) vote of the Congregation.*

3

Approval of the 2021 Operating Budget as submitted.

*This requires a majority vote.*

If you have any questions prior to the meeting, please feel free to email David Cochrane—Chair of the Finance Committee at [DHCochrane@AOL.com](mailto:DHCochrane@AOL.com) who will attempt to provide further clarification of any items.



## 2021 OPERATING BUDGET PROPOSAL SUMMARY SPREADSHEET

### 2021 Operating Budget Proposal Summary Spreadsheet

As approved at the 11/17/20 Finance Committee and 11/18/20 Council Meetings

#### Income Accounts

		<u>2020 Budget</u>	<u>2021 Budget Estimate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
4100	Pledge Receipts	\$207,348	\$224,175	\$16,827	8.1%
4300	Loose Offering	\$16,000	\$16,000	\$0	0.0%
4400	Endowment Policy Distribution	\$12,900	\$57,597	\$44,697	346.5%
4450	Special Fundraising Events	\$39,000	\$10,000	-\$29,000	-74.4%
4465	Verizon Funds	\$10,506	\$10,852	\$346	3.3%
4470	Grow Your Talent/DPA 3564 Fair Transfer	\$13,070	\$0	-\$13,070	-100.0%
4480	Budget Surplus Transfer	\$20,400	\$7,300	-\$13,100	-64.2%
4500	Total Miscellaneous Income	<u>\$8,843</u>	<u>\$3,000</u>	<u>-\$5,843</u>	<u>-66.1%</u>
<b>Total Income</b>		<b>\$328,067</b>	<b>\$328,924</b>	<b>\$857</b>	<b>0.3%</b>

#### Expense Accounts

	<u>5000--Personnel Expenses</u>	<u>2020 Budget</u>	<u>2021 Budget Request</u>	<u>Dollar Change</u>	<u>Percent Change</u>
5110	Pastor's Salary	\$60,000	\$60,000	\$0	0.0%
5120	Housing Allowance	\$31,000	\$31,000	\$0	0.0%
5130	Professional Expenses	\$2,800	\$2,800	\$0	0.0%
5140	Annuity	\$11,200	\$11,200	\$0	0.0%
5370	Minister of Faith Formation and Service	\$25,000	\$26,000	\$1,000	4.0%
5410	Director of Music Salary	\$18,911	\$18,911	\$0	0.0%
5470	Accompanist	\$16,480	\$16,480	\$0	0.0%
5510	Administrative Manager's Salary	\$39,180	\$39,180	\$0	0.0%
5810	FICA	\$7,617	\$7,694	\$77	1.0%
5820	Workers Comp Insurance--Church	\$2,250	\$2,225	-\$25	-1.1%
<b>Total 5000 Personnel Expenses</b>		<b>\$214,438</b>	<b>\$215,490</b>	<b>\$1,052</b>	<b>0.5%</b>

	<u>6000--Facilities &amp; Operations</u>	<u>2020 Budget</u>	<u>2021 Budget Request</u>	<u>Dollar Change</u>	<u>Percent Change</u>
6100.1	Church Maintenance--Routine	\$5,000	\$5,000	\$0	0.0%
6100.2	Kitchen Maintenance--Routine	\$700	\$700	\$0	0.0%
6100.5	Snow Plowing	\$2,500	\$2,500	\$0	0.0%
6100.6	Rubbish Collection	\$1,320	\$1,320	\$0	0.0%
6100.7	Elevator	\$1,300	\$1,300	\$0	0.0%
6100.8	Alarm System	\$800	\$800	\$0	0.0%
6100.9	Pest Control	\$700	\$900	\$200	28.6%
6200.1	Gas--Church	\$6,500	\$5,900	-\$600	-9.2%
6200.2	Electric--Church	\$4,000	\$3,600	-\$400	-10.0%
6200.4	Water--Church	\$75	\$75	\$0	0.0%
6400.3	Insurance	\$17,955	\$17,955	\$0	0.0%
6400.4	Miscellaneous	\$200	\$0	-\$200	-100.0%
6400.8	Cleaning Services	<u>\$18,804</u>	<u>\$18,804</u>	<u>\$0</u>	<u>0.0%</u>
<b>Total 6000 Facilities and Operations Expenses</b>		<b>\$59,854</b>	<b>\$58,854</b>	<b>-\$1,000</b>	<b>-1.7%</b>

	<u>7000--Administration</u>	<u>2020 Budget</u>	<u>2021 Budget Request</u>	<u>Dollar Change</u>	<u>Percent Change</u>
7001	Newsletter	\$600	\$800	\$200	33.3%
7002	Office Supplies	\$1,300	\$1,300	\$0	0.0%
7003.1	Postage--Office	\$1,000	\$1,000	\$0	0.0%
7003.2	Postage--Committees	\$200	\$300	\$100	50.0%
7004	Copier Lease	\$3,357	\$3,357	\$0	0.0%
7005	Copier Maintenance	\$1,750	\$1,850	\$100	5.7%
7006	Internet & Telephone	\$3,413	\$3,500	\$87	2.5%
7007	Computer	\$1,519	\$600	-\$919	-60.5%
7008	Constant Contact	\$168	\$164	-\$4	-2.4%
7009	Calling Post	\$120	\$750	\$630	525.0%
7010	Custodial Supplies	<u>\$1,500</u>	<u>\$1,750</u>	<u>\$250</u>	<u>16.7%</u>
<b>Total 7000--Administration Expenses</b>		<b>\$14,927</b>	<b>\$15,371</b>	<b>\$444</b>	<b>3.0%</b>



## 2021 OPERATING BUDGET PROPOSAL SUMMARY SPREADSHEET (CON'T)

	<u>7100--Deacons</u>	<u>2020 Budget</u>	<u>2021 Budget Request</u>	<u>Dollar Change</u>	<u>Percent Change</u>
7103	Guest Pastors	\$1,500	\$1,500	\$0	0.0%
7104	Supplies	\$500	\$750	\$250	50.0%
7106	Miscellaneous	\$300	\$300	\$0	0.0%
	<b>Total 7100--Deacons Expenses</b>	<b>\$2,300</b>	<b>\$2,550</b>	<b>\$250</b>	<b>10.9%</b>

	<u>7200--Faith Formation Ministries</u>	<u>2020 Budget</u>	<u>2021 Budget Request</u>	<u>Dollar Change</u>	<u>Percent Change</u>
7201	Curriculum	\$1,250	\$1,250	\$0	0.0%
7202	Supplies	\$1,750	\$1,750	\$0	0.0%
7203	Youth Ministries	\$2,000	\$2,000	\$0	0.0%
7205	Director's Expenses	\$1,000	\$1,000	\$0	0.0%
	<b>Total 7200--Faith Formation Ministries Expenses</b>	<b>\$6,000</b>	<b>\$6,000</b>	<b>\$0</b>	<b>0.0%</b>

	<u>7300--Outreach</u>	<u>2020 Budget</u>	<u>2021 Budget Request</u>	<u>Dollar Change</u>	<u>Percent Change</u>
7301	Outreach	\$4,500	\$4,500	\$0	0.0%
	<b>Total 7300--Outreach Expenses</b>	<b>\$4,500</b>	<b>\$4,500</b>	<b>\$0</b>	<b>0.0%</b>

	<u>7400--Music</u>	<u>2020 Budget</u>	<u>2021 Budget Request</u>	<u>Dollar Change</u>	<u>Percent Change</u>
7402	Substitute Organists	\$100	\$250	\$150	150.0%
7404	Music	\$600	\$500	-\$100	-16.7%
7409	Piano Tuning	\$500	\$750	\$250	50.0%
7410	Organ Tuning	\$1,200	\$850	-\$350	-29.2%
7411	OCU	\$500	\$600	\$100	20.0%
	<b>Total 7400--Music Expenses</b>	<b>\$2,900</b>	<b>\$2,950</b>	<b>\$50</b>	<b>1.7%</b>

	<u>7500-7700--Other Accounts</u>	<u>2020 Budget</u>	<u>2021 Budget Request</u>	<u>Dollar Change</u>	<u>Percent Change</u>
7510	OCWM Basic Support	\$8,000	\$8,000	\$0	0.0%
7520	Fellowship Dues	\$7,500	\$7,000	-\$500	-6.7%
7550	Stewardship	\$423	\$434	\$11	2.6%
7600	Finance	\$2,200	\$2,200	\$0	0.0%
7610	Payroll Processing Fees--Church	\$2,200	\$2,400	\$200	9.1%
7650	Financial Secretary	\$1,000	\$1,000	\$0	0.0%
7795	Connections (includes Vitality! And WOW)	\$1,825	\$2,175	\$350	19.2%
	<b>7500-7700--Other Accounts</b>	<b>\$23,148</b>	<b>\$23,209</b>	<b>\$61</b>	<b>0.3%</b>

<b>Total Expenses</b>	<b>\$328,067</b>	<b>\$328,924</b>	<b>\$857</b>	<b>0.3%</b>
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<b>Net Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$0</b>
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