

Finance Committee

Leslie Mowry, Chair

Members of the 2009 Finance Committee were: Leslie Mowry, Elder, Chair, Church Treasurer; Mike Miller and Taylor Metcalfe, Endowment; Jeff King, Stewardship Chair; Jim Walton, Finance Manager; Edward Goode, Pastor; and David Zuidema, Associate Pastor. Thanks also to Jill Martin for data entry.

Role

The Finance Committee oversees the finances of PCW on behalf of the Session, including preparation of the annual budget, Stewardship, Endowment and all other financial matters of the church.

2009 Operating Results

Background. Recall, in 2008, we ended the year with a deficit of \$93,097, as our congregation and community experienced the effects of the worsening global economy. We were able to use funds from major gifts from 2007 to balance this budget without tapping the Endowment Fund principal. The initial cut at the 2009 budget projected an unmanageable deficit of between \$130K and \$180K, so staff and lay leaders worked hard to identify ways to reduce spending without hurting the main programs of the church. About \$100K in projected savings was identified (including what was viewed as a temporary 5% cut in staff salaries.) This resulted in the approved 2009 Budget, with a deficit of \$32,371. We prayed that the identified savings could all be accomplished, that the world economy would improve and allow us to reinstate some or all of the staff salary cut, and that the budget might in fact be balanced through increased giving with an improving economic picture.

What in fact happened was the economic outlook continued to be questionable at best; church income actually went down about \$12K below expectations (due to deaths, moving and economic hardship); and our expenses, while much improved, were slightly over budget by about \$8.5K. Net, the results for 2009 show a final deficit of \$52,301. This amount of money was then taken from what remained of the 2007 major gifts in order to balance the 2009 budget. Approximately \$20K remains from the 2007 major gifts, earmarked by the Session for use in paying off at least a portion of the sanctuary repairs.

Sanctuary Fund

Repairs to our beautiful sanctuary stained glass windows and wonderful pipe organ were contracted for in 2008. A total of ~\$45K for the three windows and ~\$70K for the organ was needed, in order to maintain these historic elements of our church. The windows had begun to sag, and the organ required repairs after 40 years of regular use. This work would not have been undertaken in these difficult times, if it had not been deemed necessary.

Generous members and friends have to date contributed about \$87K of the \$115K required to complete this work. This now leaves about \$28K still to be funded (about \$17K for the organ and about \$11K for the windows.) Work on the organ and the first window has been completed. Work on the second window, originally scheduled for mid-2009, is now underway, after having been extended in order to give us time to spread out the expenditures. The third window will likely be completed under contract later in 2010. The \$20K remaining in the 2007 major gifts will be used to fund the majority of the \$28K shortfall, unless additional funds can be raised in the meantime (with any remainder likely coming from the Property Reserve and the Memorial Fund). This will then fully deplete the major gifts from 2007.

2010 Operating Budget

The 2010 budget was presented to Session on February 13, 2010, and approved for presentation to the Congregation at the Annual Meeting. The 2010 budget projects effectively a balanced budget on Income of \$703,300 and Expenditures of \$707,864. (A small deficit of \$4564 is estimated, less than 1% of expenditures and within the accuracy of our projections. Thus, we call this budget balanced.)

Income. Despite the continuing economic uncertainty facing us all, we are thankful for a sizeable increase in the projected number of giving households for 2010 (+16, including 22 new gifts) and in giving dollars (+\$25K) vs. the 2009 budget. (See Jeff King's Stewardship Report for more details.) Truly, our church family is answering the question of "what portion of my income is God calling me to give?" with introspection, prayer and love.

Additionally, our investments have recovered a portion of their lost value, allowing us to remove about \$8K more in estimated earnings for use in the operating budget.

Net, 2010 Total Receipts are projected to be \$703,300, up from \$668,500 in the prior year budget and up from \$656,865 actually received in 2009.

Expenses. The proposed expenses for 2010 received significant discussion in Session. We would like to have achieved a balanced budget and also to have returned the 5% salary cut to the staff, while also providing more funding for select elements within our programs. Although the increase in projected income for 2010 helps, it did not allow us to achieve all of these things. After extensive discussion, the Session approved a budget that includes a 2% increase for those staff affected by prior salary cuts and a balanced budget (within normal error). Several additional reductions within programs will be needed to achieve this, and the details of these will be worked out with the staff, Personnel Committee and Finance Committee in the next few days. Total Expenses for 2010 then are projected to be \$707,864 up from \$700,871 in the prior year budget and down from \$709,166 actually spent in 2009.

Net Operating Variance. The result of the above Income and Expense projections is a budget balanced within <1% accuracy.

Achieving this budget will require discipline and dedication on the part of both the church staff and the lay leadership. The Session is committed to also beginning an effort to focus the programs and spending of our church on the areas that are in fact most important to our future spiritual growth and service to the Lord. This will eventually require us to perhaps let go of or modify some things that we have cherished about our church but that are no longer so effective, in order to focus on those things that are really important. We don't know yet what those things might be. The Session and staff are reading a book called The Simple Church to help guide us in this journey. Your prayers and support will be much appreciated over the next weeks and months as PCW continues to attempt to better see where our Lord is leading us.

2010 Proposed Budget--Operating Fund

	2009 <u>Budget</u>	2009 <u>Actual</u>	2010 <u>Budget</u>	Dollar Change	
				Budget- Budget	Actual- Budget
OPERATING RECEIPTS					
Current Pledges	590,000	572,979	615,000	25,000	42,021
Designated Benevolences	17,000	21,871	16,000	(1,000)	(5,871)
Prior Year Pledges	8,000	5,965	8,000	-	2,035
Unpledged Contributions	12,000	12,264	12,000	-	(264)
Plate Offering	7,000	9,874	9,000	2,000	(874)
Special Offerings	7,000	4,906	5,000	(2,000)	94
Facilities Use	1,500	480	800	(700)	320
Interest Income	1,000	26	1,000	-	974
Endowment Income	25,000	25,000	33,000	8,000	8,000
Special Gift		52,301	-		(52,301)
L&LC		3,500	3,500	3,500	-
TOTAL RECEIPTS	668,500	709,166	703,300	34,800	(5,866)
OPERATING EXPENSES					
SALARIES & BENEFITS					
Ministers	188,398	189,427	191,046	2,648	1,619
CYFM	63,867	63,472	64,723	856	1,251
Worship & Music	96,706	98,380	94,901	(1,805)	(3,479)
Administration	114,445	122,338	122,354	7,909	16
TOTAL SALARIES & BENEFITS	463,416	473,617	473,024	9,608	(593)
MINISTRY AREAS					
Christian Education					
Children's Ministry	6900	6,965	6330	(570)	(635)
Logos	(2,500)	(6,250)	(5,000)	(2,500)	1,250
Youth	2,230	1,569	2,860	630	1,291
Natural Church Dev.	400	1,340	500	100	(840)
Adult Education	1,200	1,321	1,400	200	79
Worshipping Ministry					
Worship	2,175	970	750	(1,425)	(220)
Music	2,350	4,193	3,250	900	(943)
Visions Service	1,200	284	300	(900)	16
Congregational Care					
Fellowship	500	217	500	-	283
Deacons	200	95	100	(100)	5
Evangelism		279			(279)
Mission Ministry					
Mission Ministry	50	0	0	(50)	0
Stewardship		18	0	-	(18)
Administration Ministry					
Arts & Acquisitions	100	100	100	-	-
Annual Stewardship	250	0	250	-	250
Outreach Ministry					
Outreach Ministry	1,200	30	0	(1,200)	(30)
TOTAL MINISTRY AREAS	16,255	11,131	11,340	(4,915)	209
BUSINESS ADMINISTRATION					
Maintenance	35,000	35,496	36,000	1,000	504
Utilities	68,000	66,893	70,000	2,000	3,107
Office Operation	30,700	35,200	32,000	1,300	(3,200)
Insurance	15,700	15,595	15,700	-	105
TOTAL BUSINESS ADMIN.	149,400	153,184	153,700	4,300	516
TOTAL OPERATING EXPENSES	629,071	637,932	638,064	8,993	132
Per Capita			14,079		14,079
Mission Ministry			15,000		15,000
All other			35,721		35,721
BENEVOLENCES	66,800	66,234	64,800	(2,000)	(1,434)
ADD TO PROPERTY RESERVE	5,000	5,000	5,000	-	-
TOTAL EXPENDITURES	700,871	709,166	707,864	6,993	(1,302)

2010 Proposed Budget--Operating Fund
NET OPERATING VARIANCE (32,371)

0

(4,564)

27,807

(4,564)