

ST. PAULS UNITED CHURCH OF CHRIST

2009 REPORT OF THE TREASURER AND THE FINANCE COMMITTEE

FEBRUARY 23, 2010

Operating Results

Our financial results for 2009 were encouraging. The operating deficit for 2009, after the planned use of a portion of our Reserve Funds, was \$22,079 or better (less) than our budgeted deficit of \$34,546. Income was below budget (primarily related to a fall in pledge income resulting from the economic downturn) but expenses were also below budget. Actual Outreach and Benevolence expenditures were 10.6% of income.

Summary of 2009 Results

	<i>Budget</i>	<i>Actual</i>
Income	\$1,119,325	\$1,048,625
Expenses	(\$1,166,350)	(\$1,087,931)
Outreach and Benevolence	(\$122,521)	(\$111,443)
Planned Use of Reserves	\$130,000	\$128,670
Deficit	(\$34,546)	(\$22,079)

Details follow the narrative portion of this report.

Investment Results

Our Reserve Fund benefitted from the improvement in the market that started in the second quarter of 2009. For the year, our total return¹ was 25.90% compared to the benchmark of 20.22%. (In 2008, our total return was (22.6%)). After withdrawing from the fund for operating and capital costs and adding a payout from the Knaphurst Trust, as of December 31 the fund had a balance of \$1.7million (including the mortgage) the same as the year-end 2008 balance. The year-end asset allocation was,

Asset Category	Market Value	% of Portfolio
Large Cap	\$465,521	30.14%
Mid Cap	\$175,973	11.39%
Small Cap	\$104,553	6.77%
International	\$142,148	6.92%
Fixed Income	\$299,579	19.40%
Real Estate Fund	\$145,869	9.44%
Cash & CDs	\$210,832	13.65%
	\$1,544,475	100.00%
Mortgage ²	\$160,000	

¹ Dividends, interest and capital appreciation

² Shared appreciation mortgage for the Henrys

2010 Budget

Although 2010 is the third year in the agreed to four year process³ to reduce our operating deficit to zero with a targeted deficit of \$17,529, the Finance Committee with the concurrence of the Council is recommending a budget with a greater deficit. While we are disappointed that we could not achieve our budget goal and remain committed to elimination of the deficit we think that it is appropriate and in the best interests of the church to extend by two years the time frame for bringing the deficit to zero. Our recommendation is based upon these considerations –

- Our income has been effected by the economic downturn and should improve as the economy improves
- Further cost reductions will have a negative effect on core programs
- During this time of transition we are better served by maintaining a strong staff and programs

The Finance Committee has carefully reviewed all expense items and determined that some budgeted amounts can reasonably be reduced while others need to be increased, in all cases to reflect more accurately our expected costs. The result is deficit of \$48,402 after the planned use of Reserve funds or \$31,130 greater than target deficit for 2010 of \$17,272 and \$26,323 more than the 2009 actual deficit.

The attached statement of income and expenses shows the variances from 2009 actual to 2010 budget. The more significant items are:

1. After discussions with the Stewardship committee, it was concluded that the 2009 pledge income results were the best indicator of pledge income for 2010. While we hope to achieve more than the budgeted amount, the pledge income for 2010 is \$860,000 or \$40,000 less than was anticipated in the early drafts of the budget
2. A needed and well deserved 1.5% increase in compensation and related increase in pension costs; compensation also increased as the building superintendent transitioned from church provided housing
3. Insurance costs are increased based upon actual premium quotes
4. Staff health insurance costs were held constant by shifting coverage to a lower cost plan while providing the staff the option of staying with the current plan if they paid the cost differential
5. The landscaping costs have been lowered. Our maintenance staff and volunteers will need to provide the required labor.
6. Singers and instrumental expense was reduced
7. The Children's Choir director's position- transition to a volunteer
8. A \$2,000 reduction in the Christian Education budget, spread over several categories
9. Outreach and Benevolence was reduced to 7.5% of Operating Income with a commitment to increase it to 10% or more as income improves
10. To conserve cash, the Capital budget was reduced to \$75,000 with \$25,000 of that amount held for emergencies.

³ This consensus was reached through input by members/friends during the strategic planning process, discussion and comment at prior annual meetings and Council involvement.

Our new target deficits are,

2010	\$48,402
2011	\$24,201
2012	\$0

The recommended 2010 budget includes the use of dollars from the recently established Knaphurst Funds. The budget process involved input from the committee chairs, active participation by the senior pastor and the members of the Finance and Executive Committees.

When compared to the actual results for 2009 the 2010 budget shows a 0.56% increase in pledge income, a 0.87% increase in total income and a 2.1% increase in total expenses.

Capital Budget

The Facilities Committee will separately present its capital budget for 2010. The Office Capital budget will be primarily used for routine replacement of workstations (a/k/a personal computers).

I extend my thanks to the members of the Finance Committee, Deborah Edwards, Tom Murray, John Sanders, Steve Winters, Tom Henry, Lorne Frank, and Katrena Fielder for their expertise and their time and attention to our important agenda.

Frank Mynard
Treasurer

SAINT PAULS UNITED CHURCH OF CHRIST

Statement of Income and Expenses

for the 12 months ending December 31, 2009 and the budget for 2010

	2009 Budget 12 months	2009 Actual 12 months	2009 Actual as a % of 2009 budget	2010 Budget 12 months	Change From 2009 Actual % \$
Income					
Pledges	916,725	855,237	93.29%	860,000	0.56% 4,763
Open offering	22,000	21,753	98.88%	22,000	1.14% 247
Easter Offering	10,000	9,651	96.51%	10,000	3.62% 349
Christmas Offering	19,000	16,629	87.52%	17,000	2.23% 371
Use of Church	96,000	90,804	94.59%	95,000	4.62% 4,196
Parking	26,200	26,750	102.10%	28,000	4.67% 1,250
Operating Income	1,089,925	1,020,824	93.66%	1,032,000	1.09% 11,176
Mission Trip	22,000	21,438	97.45%	20,000	-6.71% (1,438)
One Great Hour of Sharing	2,500	1,109	44.36%	1,200	8.21% 91
Neighbors in Need	2,700	2,426	89.85%	2,500	3.05% 74
Sara's Sisters	2,200	1,968	89.45%	2,000	1.63% 32
Misc.	0	860		0	-100.00% (860)
Total Operating Income	1,119,325	1,048,625	93.68%	1,057,700	0.87% 9,075
Expenses					
Staff and Administration					
Pastoral salaries/housing	220,000	219,144	99.61%	222,400	1.49% 3,256
Other salaries	318,000	312,928	98.41%	325,600	4.05% 12,672
Office/maint. Fees	1,250	124	9.92%	500	303.23% 376
FICA	25,000	23,576	94.30%	25,722	9.10% 2,146
Health Insurance	100,500	102,198	101.69%	100,500	-1.66% (1,698)
Pension Contribution	69,000	64,096	92.89%	73,500	14.67% 9,404
Life Insurance	3,700	3,721	100.57%	4,000	7.50% 279
Travel	1,000	642	64.20%	1,000	55.76% 358
Staff Development & Training	15,000	8,670	57.80%	11,000	26.87% 2,330
Stewardship	4,500	1,696	37.69%	2,500	47.41% 804
Audit	17,000	22,047	129.69%	17,500	-20.62% (4,547)
Payroll services	2,300	2,505	108.91%	2,600	3.79% 95
Postage	3,500	4,288	122.51%	5,000	16.60% 712
Office Supplies	9,000	8,287	92.08%	9,000	8.60% 713
Insurance	42,000	31,843	75.82%	34,000	6.77% 2,157
Telephone	6,200	7,058	113.84%	7,000	-0.82% (58)
Computer support	4,000	4,205	105.13%	4,000	-4.88% (205)
Service Charge/Investment Management	16,000	11,754	73.46%	13,000	10.60% 1,246
Bank Charges	4,000	4,278	106.95%	4,500	5.19% 222
Advertising	4,000	3,445	86.13%	2,500	-27.43% (945)
Newsletter	3,000	59	1.97%	500	747.46% 441
Web site - development and maintain	1,500	90	6.00%	1,500	1566.67% 1,410
Misc	0	104		250	140.38% 146
Total	870,450	836,758	96.13%	868,072	3.74% 31,314
Maintenance					
Gas	65,000	56,869	87.49%	61,500	8.14% 4,631
Electric	39,000	33,325	85.45%	35,000	5.03% 1,675
Water	1,000	840	84.00%	1,200	42.86% 360
HVAC Maintenance	12,000	12,460	103.83%	12,500	0.32% 40
Contracts	16,000	12,687	79.29%	12,000	-5.41% (687)
Office equipment maintenance	3,800	4,141	108.97%	4,000	-3.40% (141)
Organ/sound system maintenance	3,000	3,981	132.70%	4,000	0.48% 19
HVAC Repairs	15,000	11,668	77.79%	15,000	28.56% 3,332
Electrical repairs	3,000	576	19.20%	2,000	247.22% 1,424
Plumbing repairs	3,000	851	28.37%	2,000	135.02% 1,149
Interior carpentry/paint	8,000	8,181	102.26%	8,000	-2.21% (181)
Kemper Maintenance	2,500	1,227	49.08%	3,500	185.25% 2,273
Janitorial Supplies	10,000	8,366	83.66%	9,500	13.55% 1,134
Landscaping	10,000	9,237	92.37%	1,000	-89.17% (8,237)
Snow Removal	3,000	1,462	48.73%	3,500	139.40% 2,038
Vehicle Maintenance	250	233	93.20%	250	7.30% 17
Buildg/Equip repairs/supplies	12,000	14,238	118.65%	14,000	-1.67% (238)
Total	206,550	180,342	87.31%	188,950	4.77% 8,608

	2009 Budget 12 months	2009 Actual 12 months	2009 Actual as a % of 2009 budget	2010 Budget 12 months	Change From 09 Actual %	\$
Worship and Program						
Worship	9,000	7,991	88.79%	8,000	0.11%	9
Music/Honoraria	800	825	103.13%	800	-3.03%	(25)
Ministry/Honoraria	400	400	100.00%	400	0.00%	0
Fellowship	5,500	4,101	74.56%	4,000	-2.46%	(101)
Membership development	1,500	991	66.07%	1,000	0.91%	9
Congregational Life	500	(2,240)	-448.00%	250	-111.16%	2,490
Congregational Care	1,000	958	95.80%	1,000	4.38%	42
Connectors	0	0		500		500
21/41/ Club	100	94	94.00%	100	6.38%	6
Adult Education	2,000	1,178	58.90%	1,500	27.33%	322
Youth/Confirmation	2,000	1,824	91.20%	1,800	-1.32%	(24)
Crafts/supplies	2,000	1,206	60.30%	1,200	-0.50%	(6)
Bible Story Theatre	4,200	4,953	117.93%	4,000	-19.24%	(953)
Curriculum Materials	3,000	2,863	95.43%	3,000	4.79%	137
Youth Groups	1,000	743	74.30%	750	0.94%	7
Mission Trip	750	118	15.73%	250	111.86%	132
Teacher training	1,000	167	16.70%	500	199.40%	333
Child care	15,500	12,720	82.06%	12,980	2.04%	260
Program Equipment	1,500	0	0.00%	500		500
Pastoral Intern	0	0		900		900
Children's Choir Directors	2,400	2,800	116.67%	1,200	-57.14%	(1,600)
Misc Expense	400	104	26.00%	250	140.38%	146
Singers/instrumental	26,000	27,795	106.90%	23,000	-17.25%	(4,795)
New music	1,000	1,134	113.40%	0	-100.00%	(1,134)
Children's music	200	0	0.00%	0		0
Women's Group	100	0	0.00%	0		0
Total	81,850	70,725	86.41%	67,880	-4.02%	(2,845)
General Contingency	7,500	106	1.41%	1,000	843.40%	894
Outreach & Benevolence						
Annual Grants	25,480	25,500	100.08%	20,000	-21.57%	(5,500)
Discretionary	3,016	610	20.23%	2,000	227.87%	1,390
Emergency	5,200	2,223	42.75%	5,000	124.92%	2,777
Our Church's Wider Mission	52,145	53,621	102.83%	45,000	-16.08%	(8,621)
Church Affiliations	1,280	1,401	109.45%	1,000	-28.62%	(401)
Historic Relationships (3)	6,000	5,750	95.83%	4,500	-21.74%	(1,250)
Mission Trip	22,000	16,562	75.28%	18,000	8.68%	1,438
One Great Hour of Sharing	2,500	1,109	44.36%	1,200	8.21%	91
Neighbors in Need	2,700	2,426	89.85%	2,500	3.05%	74
Sara's Sisters	2,200	2,241	101.86%	2,000	-10.75%	(241)
Total	122,521	111,443	90.96%	101,200	-9.19%	(10,243)
Total Expenses	1,288,871	1,199,374	93.06%	1,227,102	2.31%	27,728
Operating gain (loss)	(169,546)	(150,749)	88.91%	(169,402)	-12.37%	18,653
Budgeted Use of Reserve Funds:						
Knaphurst Staff Development Fund	15,000	8,670	57.80%	11,000	26.87%	2,330
Knaphurst Building Preservation Fund	40,000	40,000	100.00%	30,000	-25.00%	(10,000)
The Reserve Fund	80,000	80,000	100.00%	80,000	0.00%	
Unbudgeted Use of the Reserve Fund:						
The Deficit	34,546	22,079	63.91%	48,402	119.22%	26,323
Net operating gain (loss) after transfers	0	0		0		
Annual Capital Plan (1)	170,000	151,160	88.92%	75,000	-50.38%	(76,160)
Office equipment capital	7,500	6,248	83.31%	7,500	20.04%	1,252
Unplanned/Emergency Capital	0	0		0		0
Carry forward capital costs from prior year	0	0		18,998		18,998
Non-recurring transition costs (2)	2,500	4,170	166.80%	40,000	859.23%	35,830
Knaphurst Building Preservation Fund	(170,000)	(151,160)	88.92%	(75,000)	50.38%	(76,160)
Total from the Reserve Fund	124,546	112,497	90.33%	194,900	73.25%	82,403
Total from the Knaphurst Funds	225,000	199,830	88.81%	116,000	-41.95%	(83,830)
Total from all Funds	349,546	312,327	89.35%	310,900	-0.46%	(1,427)

(1) See separate report from the Facilities Committee for details; in 2010 \$25,000 is for emergency repairs/issues; the balance requires Finance/Executive committee approval prior to use

(2) For 2010 - costs associated with the retirement of the Senior Pastor and subsequent search costs

(3) Protestants for the Common Good, Chicago Theological Seminary, Community Renewal Society