

Treasurer's Report

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2018 Operating Budget

2018 was an 'eventful' year for the church, financially. There are three main drivers of the operating budget of the church, and 2018 was no different.

1. Member Giving

As detailed in the Financial Secretary's report, Member Giving was strong throughout the year. 2018 was the first year since the start of the Capital Campaign, when we built our budget on the actual pledges received, and that proved successful. Thank you.

2. Staffing

There were two staffing related issues in 2018 that impacted the budget. In the first half, the administrator position was filled by a volunteer (thank you again Woody), which resulted in a substantial savings. Then in December, temporary coverage for the Music Director's medical leave, resulted in an additional, unforeseen expense.

3. Property

As always, property proved to be the 'wildcard.' In the first half of the year, taking advantage of the savings due to staffing, we undertook a series of much needed and much delayed repairs, exceeding our repairs budget by \$5K, but leaving us with a building that is in a bit better shape than it was at the start of the year. However, in the second half of the year a series of HVAC-related issues caused \$15K of cost overruns. These HVAC expenses are what pushed our overall 2018 budget into the red.

The details of the individual categories can be found with the 2019 budget, in the columns '2018 Budget' and '2018 Actual.'

I would like to make a comment about the deficit. \$15K is a lot of money, and everyone involved in the church's finances would rather that we were reporting a surplus for the year. However, that isn't realistic. Many of the expenses that we face, especially those having to do with property, are unforeseeable. That does not mean that we do not budget for them. On the contrary, we do. But some years we budget too much, and some years, such as this one, we budget too little. These variances are driven by the expenses, not our budgeting. The important question is how well do we do over time. To answer that question, I assembled the financial reports for the last 10 years. As you can see, on average we run a balanced budget, but some years are up and some are down. Over the long haul, and even 10 years is barely 3% of our congregation's lifetime, we are operating within our means.

2009 through 2018 Old First Reformed Church Financial Results

Year	Income	Expense	Net	HVAC
18	\$ 359,056	\$ 374,586	\$ (15,530)	\$ 23,023
17	\$ 360,647	\$ 350,861	\$ 9,786	\$ 4,055
16	\$ 346,535	\$ 346,398	\$ 137	\$ 17,850
15	\$ 367,599	\$ 358,616	\$ 8,983	\$ 4,920
14	\$ 389,530	\$ 399,100	\$ (9,570)	\$ 3,876
13	\$ 359,241	\$ 356,142	\$ 3,099	\$ 5,767
12	\$ 348,970	\$ 348,170	\$ 800	\$ 12,457
11	\$ 326,264	\$ 325,336	\$ 928	\$ 9,701
10	\$ 318,810	\$ 317,752	\$ 1,058	\$ 5,004
9	\$ 308,673	\$ 305,295	\$ 3,378	\$ 7,041
Average	\$ 348,533	\$ 348,226	\$ 307	\$ 9,369

2019 Proposed Budget

Our 2019 budget is presented in the table below. This budget is in deficit; we are asking for the congregation's approval to spend more in 2019 on operating expenses than we anticipate receiving in operating income. The deficit is entirely driven by \$20K of needed repairs to your HVAC equipment, principally, but not exclusively, for the air handler. As explained in the previous section, while we do aim to have a balanced budget over the medium and long-term, the reality of our expenses is that they are 'chunky,' and so from year to year our budget swings naturally from surplus to deficit. What is different this year is that we know already of needed repairs, and so have incorporated them into the budget.

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2019 Budget</u>
Income			
Total 3000 - Member Giving	234,960	234,858	248,662
Total 3100 · Special Offerings	5,500	4,766	5,500
Total 3200 · Undefined/Unpledged	13,000	9,968	12,000
<i>Subtotal of Voluntary Giving</i>	253,460	249,592	266,162
Total 3500 · Interest	53,000	53,913	58,600
Total 3600 · Use of Buildings	56,400	52,241	56,400
<i>3700 - Income from Grants</i>	1,500	3,400	1,500
Total Income	364,360	359,057	382,662
Expense			
Total 4000 · Ministerial	111,808	106,133	112,557
Total 4100 · Music	38,809	40,865	42,339
Total 4200 · Support Services	85,028	76,564	90,034
Total 5000 · Office Expenses	11,800	17,927	15,100
Total 6000 · Property Expenses	73,604	93,910	93,658
Total 7000 · Special Programs	1,500	1,794	1,800
Total 7100 · Christian Education	4,750	3,906	4,800
Total 7200 - Membership & Growth	7,750	5,809	6,900
7500 · Worship Supplies/Decorations	1,500	1,336	1,500
Total 8000 · Mission Partnerships	26,863	26,341	28,131
Total Expense	363,412	374,586	396,819
Net Income	948	-15,529	-14,157