

# Review of Congregational Finances

1. 2011 Budget, Actual Income and Expenses
2. Cash Reserves
3. Budget Trends in Past Years
4. Budget Proposal for 2012 (General Discussion)
5. Giving Patterns
6. Communication Attempts and Discussion



## 2011 Budget

2011 budget of \$552,560 was faith-based, meaning we set expenses (goals) and believe that income will match expenses

Key contributors to budgeted income:

- Envelope giving: \$267,500; 48% of total
- Electronic giving: \$200,000; 36% of total
- Rental income (PEASE, parking lot, use of facilities): \$62,560; 11% of total
- Other: \$22,500; 4% of total

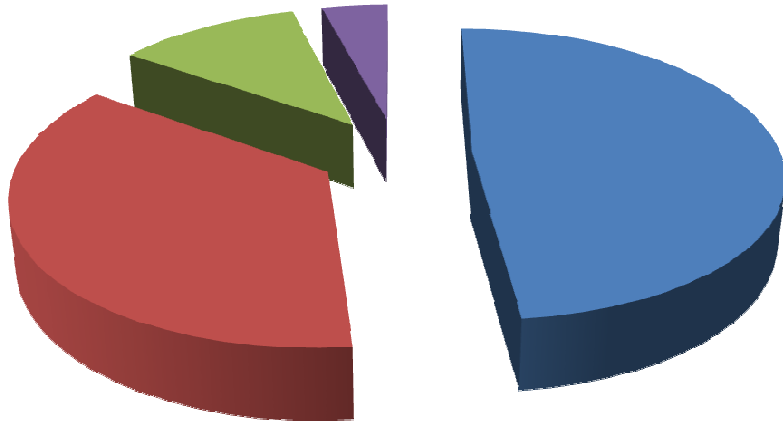
Key contributors to budgeted expense:

- Staff salaries and benefits: \$335,140; 61% of total
- Operations (facilities): \$119,453; 22% of total
- Benevolence to Synod: \$28,910; 5% of total
- Administration: \$23,601; 4% of total
- Ministry areas (all, combined): \$14,210; 3% of total
- Other (mortgage): \$31,246; 6% of total

# 2011 Budget

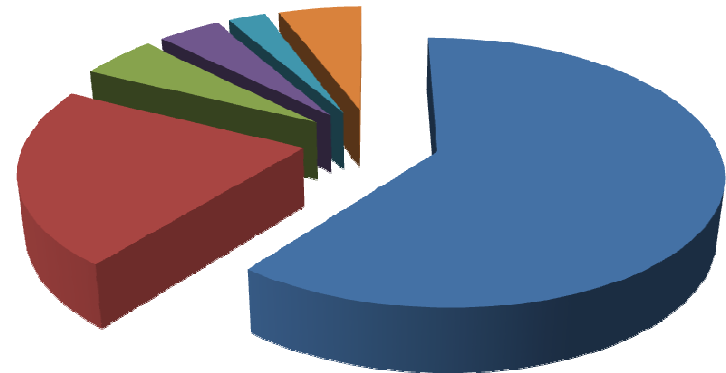
## Income

■ Envelopes ■ Electronic ■ Rental ■ Other



## Expenses

■ Staff ■ Operations ■ Benevolence  
■ Administration ■ Ministry Areas ■ Other



## 2011 Actual Income and Expenses

### Deviations of income from budget:

- Envelope giving of \$231,912 was \$35,588 under budget (87% of budget)
- Parking lot rental of \$14,846 was \$10,154 under budget (59% of budget)
- Total income of \$508,344 was \$44,216 under budget (92% of budget)

### Deviations of expense from budget:

- Staff salaries and benefits of \$324,917 was \$10,223 under budget (97% of budget)
- Operations expense of \$129,081 was \$9628 over budget (108% of budget)
- Ministry area expenses of \$9936 were \$4274 under budget (70% of budget)
- Total expense of \$542,028 was \$10,532 under budget (98% of budget)

This means we had to take \$33,684 from savings this year to make up the difference between income and expense.

## Cash Reserves

ULCH has under \$71,000 in the operational bank accounts

Dedicated accounts represent nearly \$47,000 of that

This leaves only about \$24,000 of non-dedicated funds

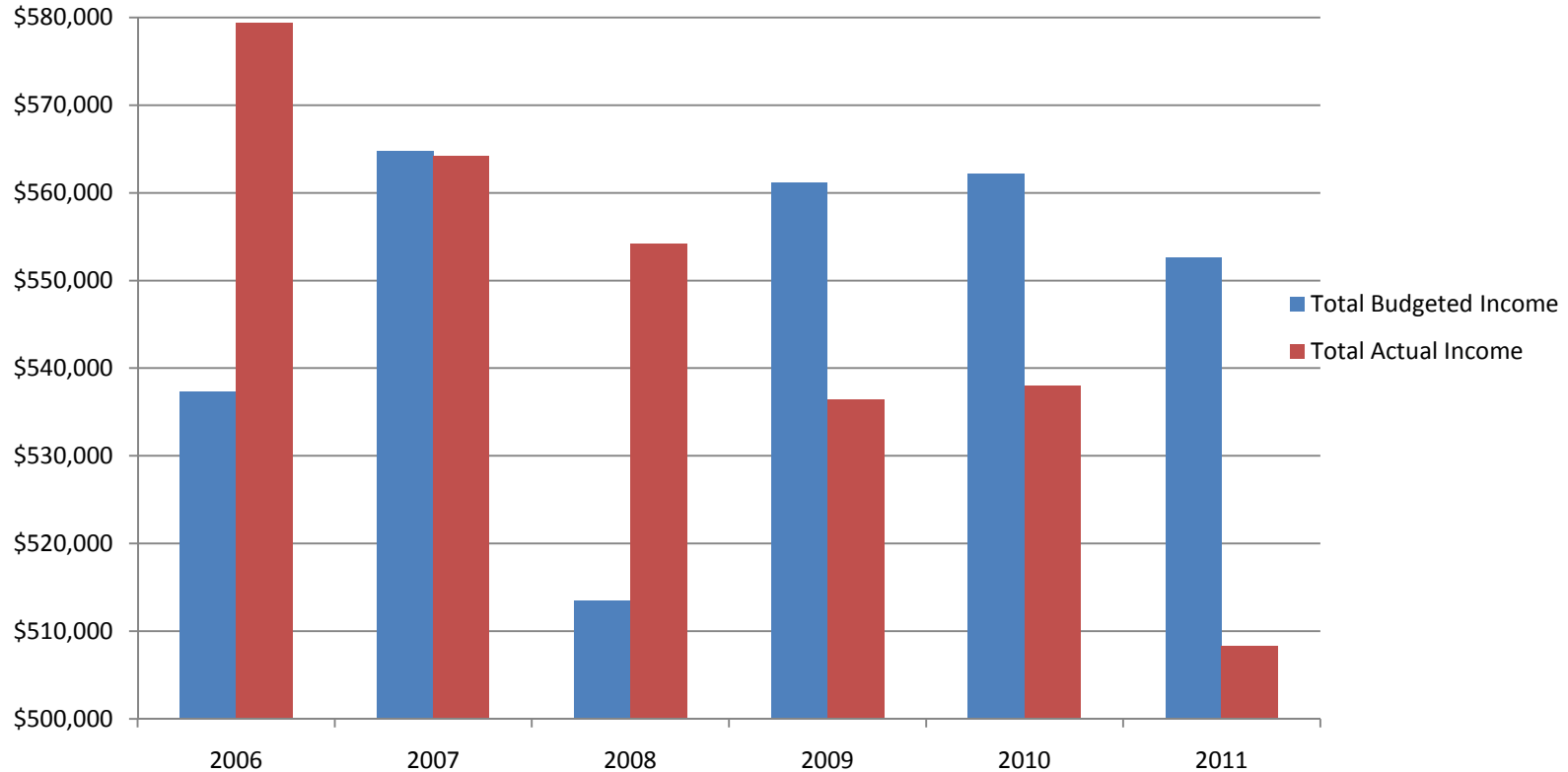
During 2011 more than \$33,000 was consumed to meet our expenses

Other assets (not to be used for operational expenses):

- Trust Fund (principal not to be disbursed)
- Building Fund (needs to pay mortgage)
- Building (mortgaged)

## Budget Trends in Past Years

**Budgeted Income versus Actual Income 2006 - 2011**



## Budget Proposal for 2012 (General Discussion)

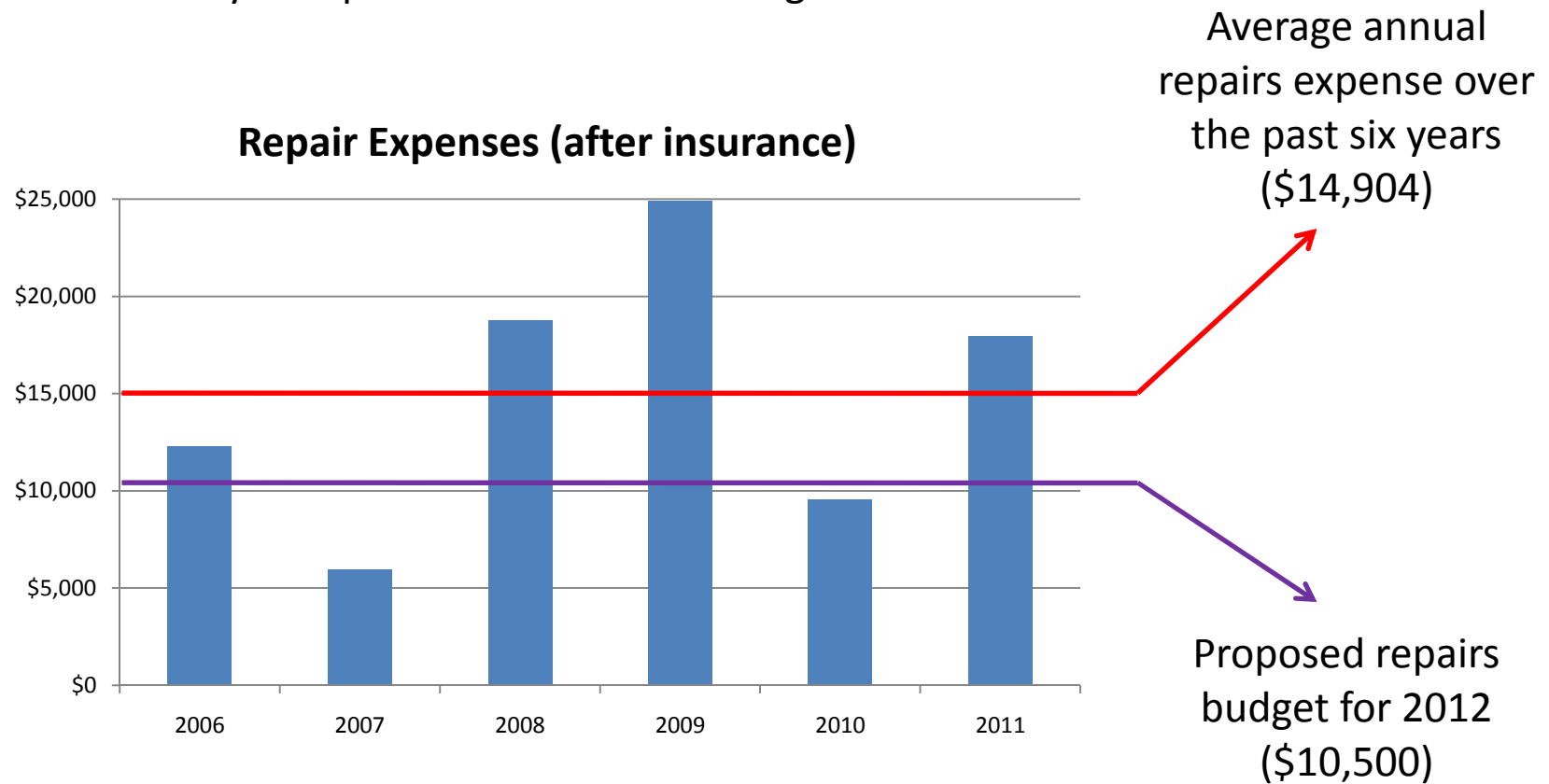
Budget based on 1% drop in giving relative to 2011 actual, so about \$40,000 below 2011 budget

Some key proposed cuts to make the budget work:

- Eliminate Young Adult staff position after Josh's current term ends in May; fund him through May using Templin funds
- Eliminate weekend custodian position
- Partially fund Youth staff position through special gift outside of general budget
- Reduce Pastor Dant from 1/4 to 1/8 time; for 2012 submit a Trust Board request to fund the Compassionate Care program for her other 1/8 time
- Limit Operations budget to \$3967 more than budgeted in 2011, which is still \$3505 less than Operations expenses in 2011
- Reduce ministry area budgets by \$4995, 35% of the 2011 budget
- Move Carol Shirley from ELCA insurance to her employer's insurance
- Reduce staff salaries across the board by approximately 2.5%

# Budget Proposal for 2012 (General Discussion)

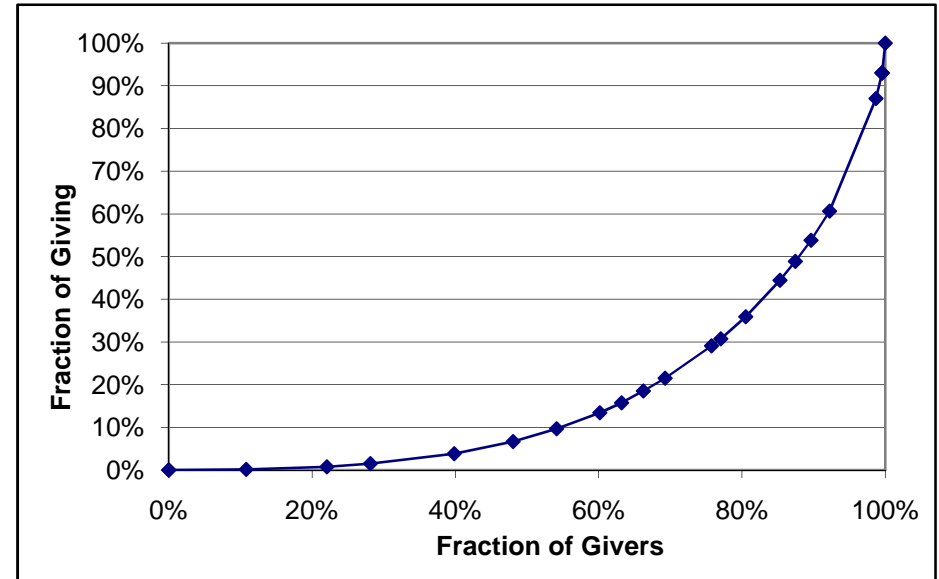
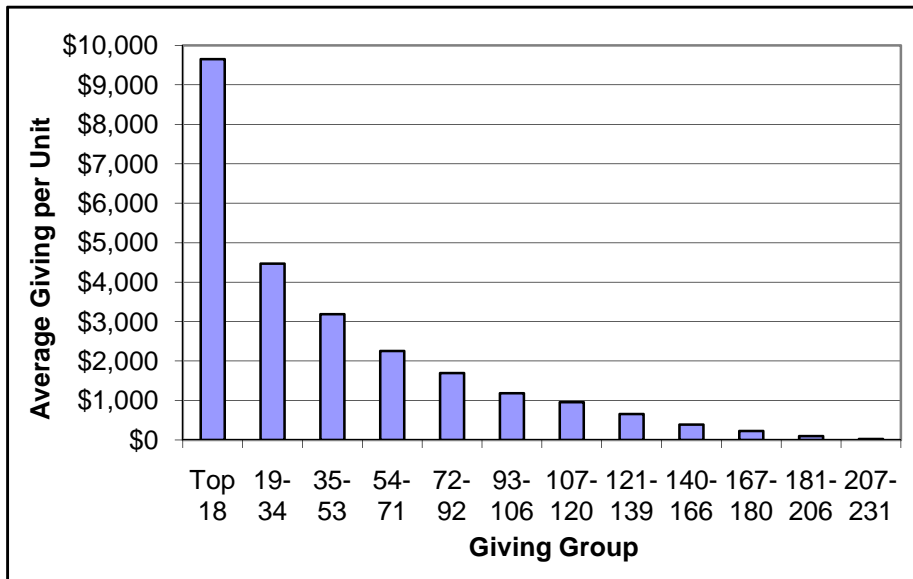
A brief history of repair costs for our building:



## Giving Patterns

Out of 629 envelope recipients:

- 398 gave nothing at all during 2011, and some of these are members
- 51 more gave less than \$3 per week
- 74 more gave less than \$1040 per year (\$20 per week)
- The top 18 givers contributed \$173,757, nearly 40% of our giving



**CHALLENGE:** Increase your 2012 giving by 1% of your income.

# Communication Attempts and Discussion

Why didn't the message get through despite numerous attempts? Discussion...

## Letter to Congregation in October

**UNIVERSITY LUTHERAN CHURCH OF HOPE**

601 13<sup>th</sup> Avenue SE, Minneapolis, Minnesota 55414-1437  
(612) 331-6988 Fax (612) 623-0693 [www.ulch.org](http://www.ulch.org)

Fall is stewardship time at University Lutheran Church of Hope. Those of you who have been here for many years will no doubt recognize the series of talks and mailings requesting your gifts of time, talents, and treasure. For the newer folks, this is the time of year when we begin planning a budget for the next fiscal year and asking members to contribute in support of our mission.

The congregation of University Lutheran Church of Hope has always been extremely generous in its gifts. One need only observe all the participants in Sunday worship, or look through the weekly calendar in each week's bulletin and see all of the groups that operate through University Lutheran Church of Hope, to realize how many people graciously donate their time and talents in support of our ministry. Volunteers serve Communion, usher during worship, teach Sunday School, tend the gardens, maintain the building, sing in the choir, and participate in numerous other ways.

Our congregation has also been generous financially. We fund the annual operating budget and we fund the capital campaign. Through our financial gifts we support the building, the staff, and the many wonderful programs which operate through Hope. Over the past several years we have voted in favor of faith-based budgets by setting a goal of funding the programs and items which we deem important, and then trusting that our gifts would provide enough money. During the past few years our income has indeed been comparable to our expenses, in part because our expenses have fallen below budget.

Having said that, our total giving has been under budget for the last few years. This has led the leadership to rein in budgets each year, gradually reducing budgets for the ministry areas that we strive to support. The Board is now beginning to consider a budget for the next fiscal year. This time around we are again faced with the knowledge that giving has fallen short of our faith-based budgets for a few years, but we are no longer able to save money by cutting budgets for ministry areas, because their budgets have already been reduced sharply. The only remaining places in the budget where we could consider cutting are building maintenance and staff, and since the building needs to be maintained for many reasons, we would be forced to consider staff reductions.

The graph following this letter illustrates how our budgets have evolved over the past five years. Beside the budget for each year is shown the actual income. In 2009 and 2010 our total income was under budget by approximately \$25,000 per year. This year's projected total income will miss our budget by more than \$40,000. An envelope has been included with this letter for your use if you wish to make an additional contribution to support our budget.

This is a difficult message to deliver. As I've said, our congregation is and has been very generous in all forms of its giving, but we are approaching a point where we will have to make tough decisions regarding how much of a budget is realistic, and what we can afford to support within the constraints of such a budget.

I challenge all of us to prayerfully consider our giving during this stewardship season.

- Dave Engebretson, Congregation President

## Visitor messages as far back as August

### Treasurer's Report – Is your Giving on Vacation??

Below is the June 2011 and Year-to-Date financial information, including a budget comparison. May and June have hit our regular envelope-giving hard. I know with family vacations, summer camps, and other summer activities, it can be difficult to attend to worship on a regular basis during the summer months. But please do not let your giving go on vacation as well! June's envelope offering was over \$5,200 less than budgeted. For the year, we are now \$14,000 under budget for envelope-giving and an additional \$3,000 under budget for rental income. Our expenses are also somewhat under budget for the year however, so for the year we are currently a total of \$9,900 under budget. Once again, this is due almost solely to May and June giving being significantly under budget. Please prayerfully consider your current giving as we watch our giving versus our budget over the next few months. And if you find it difficult to attend worship regularly, consider switching to our on-line giving service, Simply Giving. Just call the church office and it can be set up quickly and easily. Detailed financial statements are also available at <http://www.ulch.org/CurrentFinancialReports.pdf>.

## President's Perspective

Fall is Stewardship time at University Lutheran Church of Hope. Those of you who have been around in past years will be familiar with the coming series of talks and mailings requesting your gifts of time, talents, and treasure. For the newer folks, this is the time of year when we begin planning a budget for the next fiscal year by asking members to indicate their intentions to contribute in support of our mission.

The congregation of University Lutheran Church of Hope has always been extremely generous in giving of time and talents. One need only observe all the participants in Sunday worship, or look through the weekly calendar in each week's bulletin and see the many groups that operate out of our congregation, to appreciate the large number of people who regularly and graciously volunteer in support of our ministries. Volunteers serve communion, usher during worship, teach Sunday school, tend the gardens, maintain the building, sing in the choir, and participate in a multitude of other ways.

Our congregation members are also generous financially. We fund the annual operating budget and we fund capital campaigns. Through our financial gifts we support the building, the staff, and the many wonderful programs which we offer. The Board is now beginning to consider a budget for the next fiscal year. In this difficult economy we will try to project an appropriate budget to set for 2012 based on the pledges that we receive from you in the upcoming weeks.

I challenge all of us to prayerfully consider our giving to the ministries of University Lutheran Church of Hope during this Stewardship season. In particular your financial pledges, no matter the amount, will allow us to better predict our income for 2012 so that we can present the most realistic budget to the congregation at our upcoming annual meeting.

– Dave Engebretson, Congregation President