



FUMC AA
Finance Workshop
Making Sense of the Dollars

September 27, 2020

Today's Agenda

- Gratitude for our generous congregation!
- Operating expenses
- Operating income
- YTD budget performance
- Non-operating funds
- More resources
- Discussion/Questions

Our Members are Generous!

- Giving through the pandemic has remained stable!
- Giving to the COVID-19 Relief Fund now **\$30,000**
 - About \$15,000 has been disbursed
- All ages active in a variety of mission service
- Thousands of hours of volunteer time:
 - Church committees
 - Youth, adult, family and children's activity volunteers
 - Office support
 - Cleaning, etc.
- Caring for fellow members and friends
- We continue to be the church even from home!

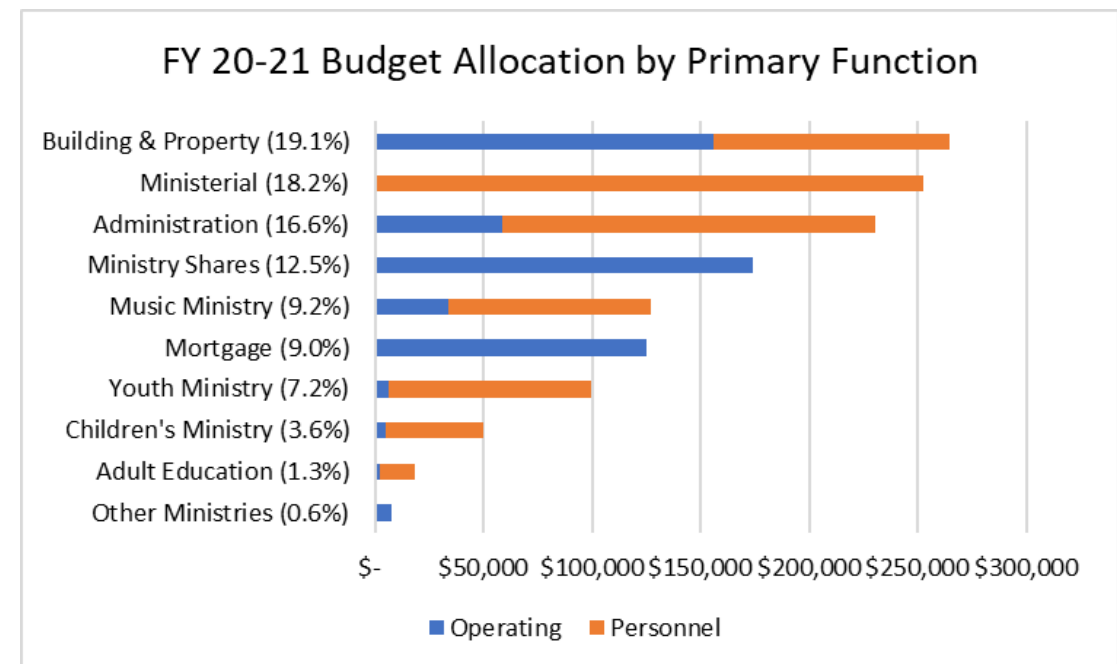
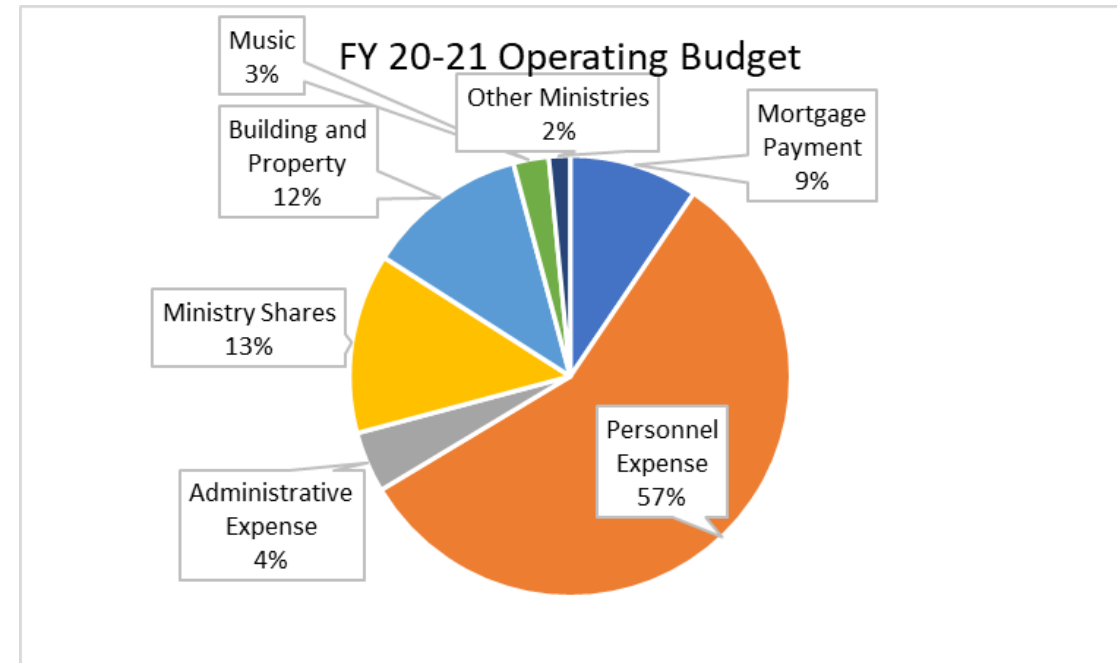


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you!

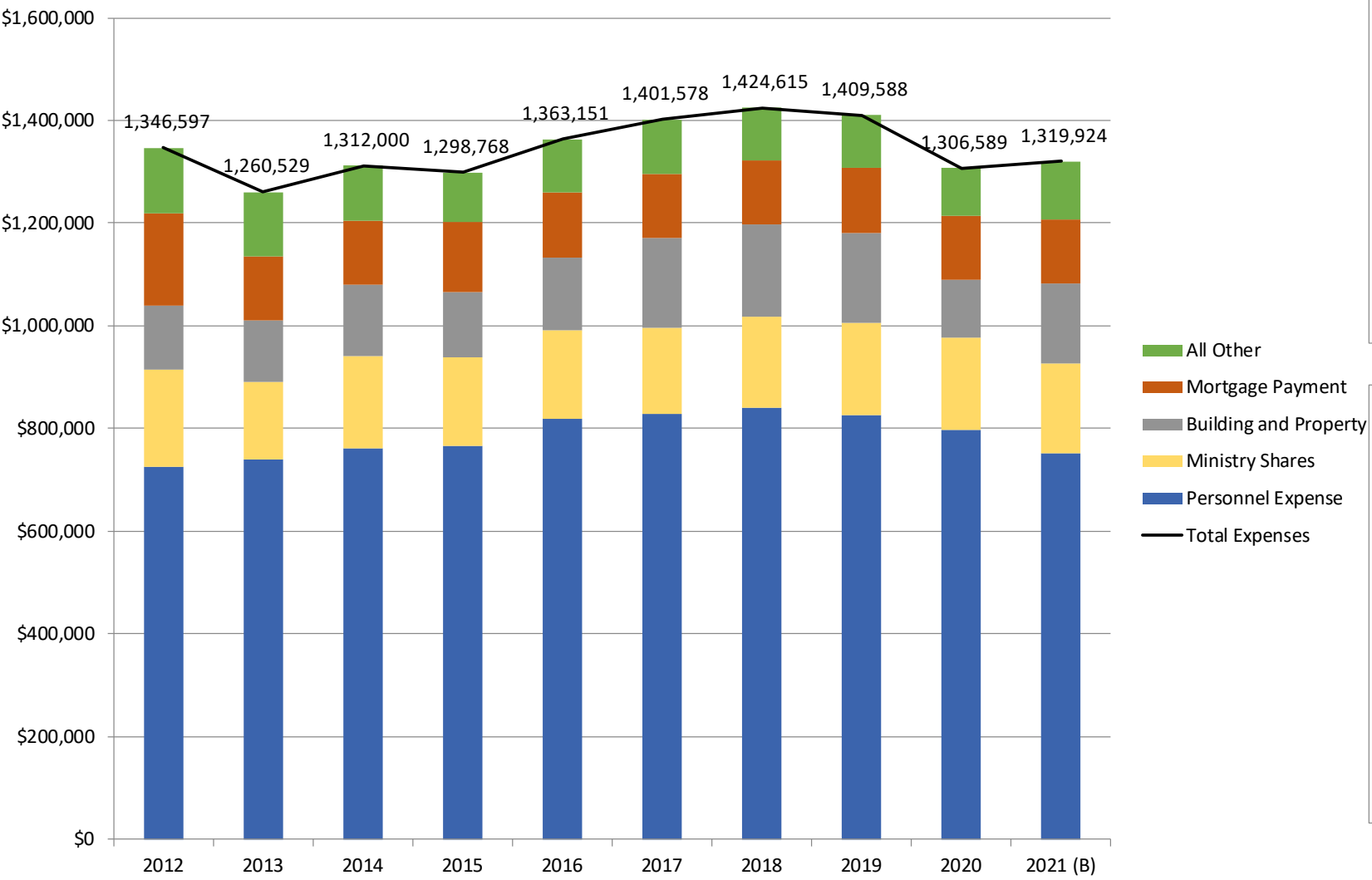
FUMC's budget year:
July 1 – June 30

Church Budget Overview

- Operating budget (\$1.3M)
 - Largely fixed costs
 - Staff salaries & wages, benefits
 - Mortgage
 - Ministry shares (Apportionments)
 - Building & property (4 properties)
 - Music
 - Supplies, software subscriptions
 - Other ministry areas
- Does not include designated giving
 - Youth programs/missions
 - Other missions/outreach

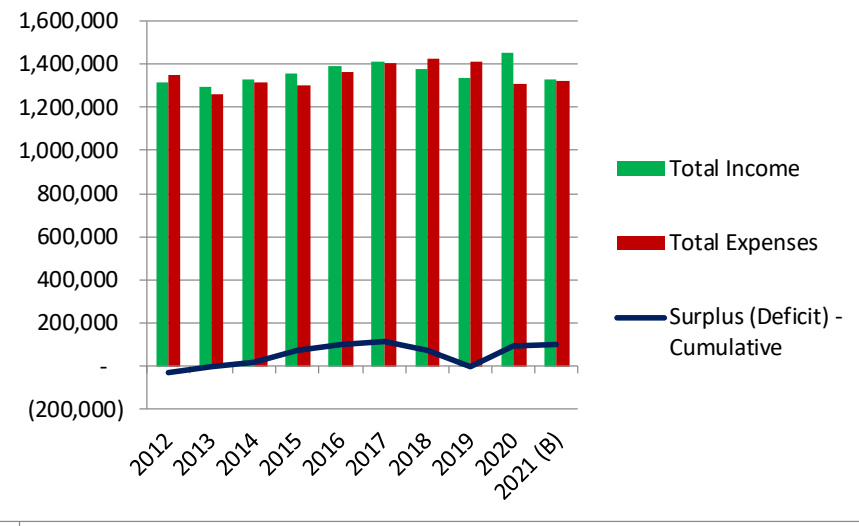
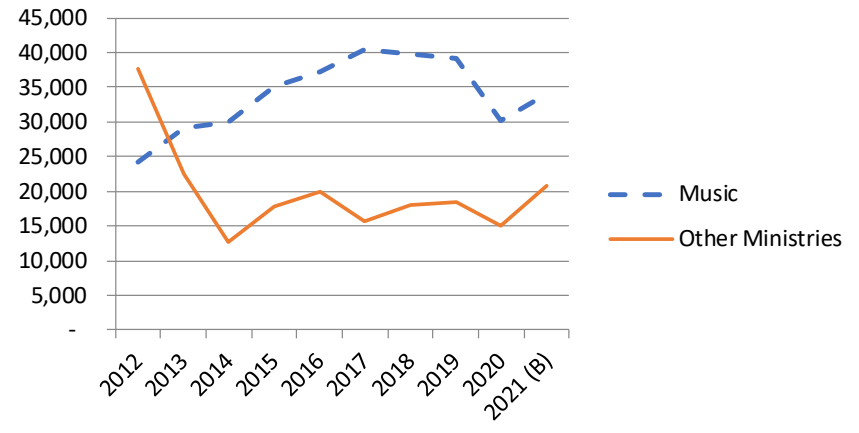


FIRST UNITED METHODIST CHURCH OF ANN ARBOR OPERATING FUND EXPENDITURE TRENDS



- All Other
- Mortgage Payment
- Building and Property
- Ministry Shares
- Personnel Expense
- Total Expenses

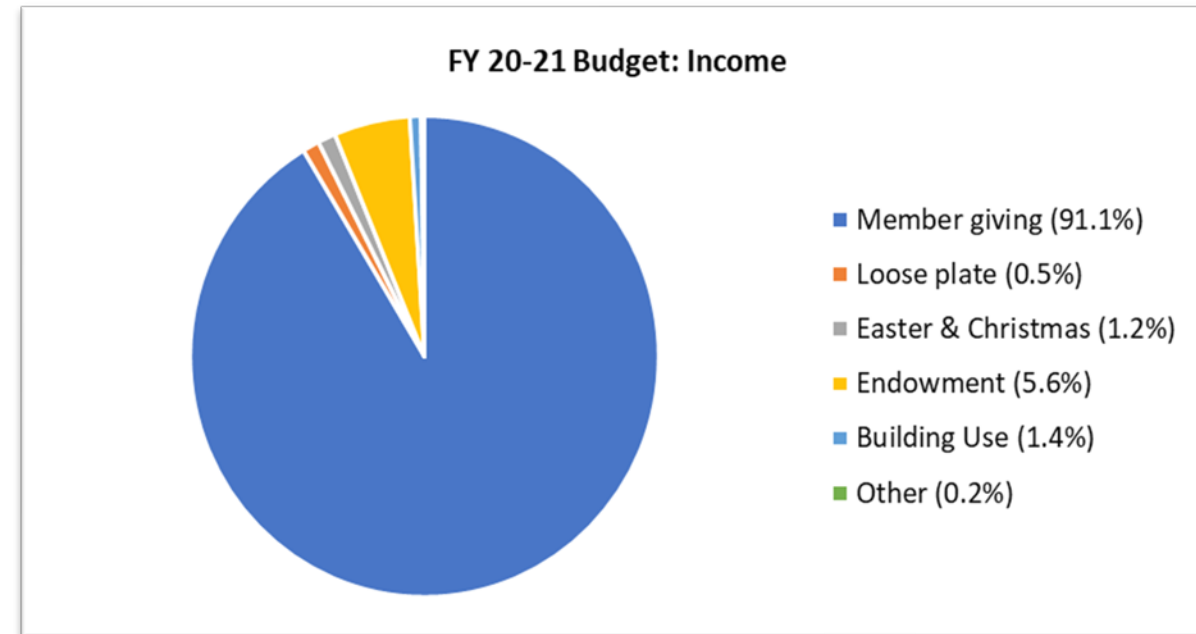
Detail of Other Expenses



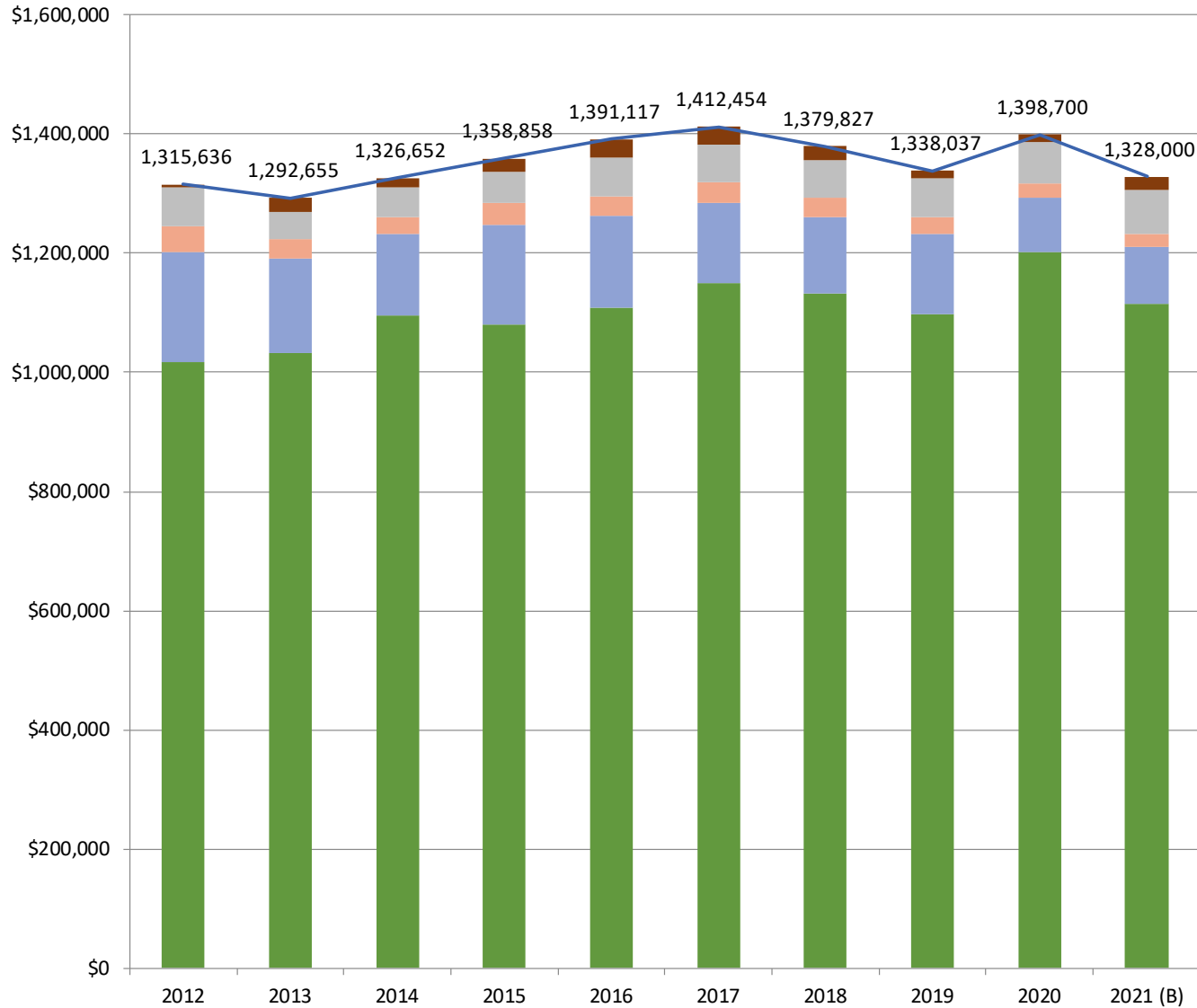
FUMC's budget year:
July 1 – June 30

Operating Income

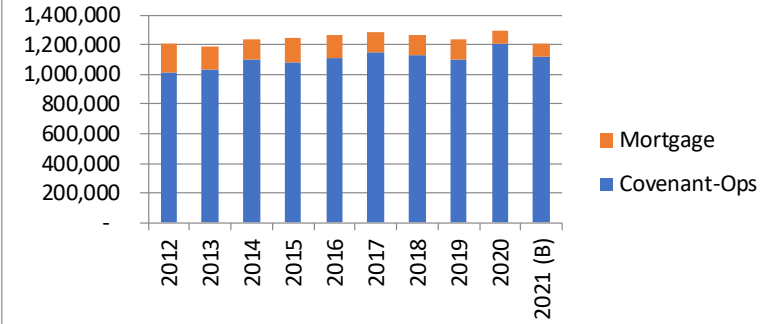
- The operating fund is the foundation of all other church activities
- Supported primarily by member gifts
- Difficult to predict
 - Tax law changes
 - Voluntary
 - Economic uncertainty
 - Reduced in-person connections
- Used to shape staffing and program budgets



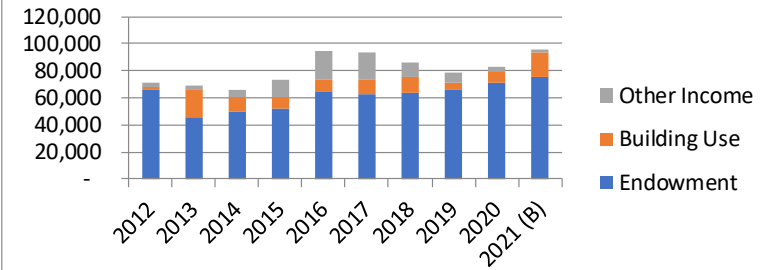
FIRST UNITED METHODIST CHURCH OF ANN ARBOR OPERATING FUND INCOME TRENDS



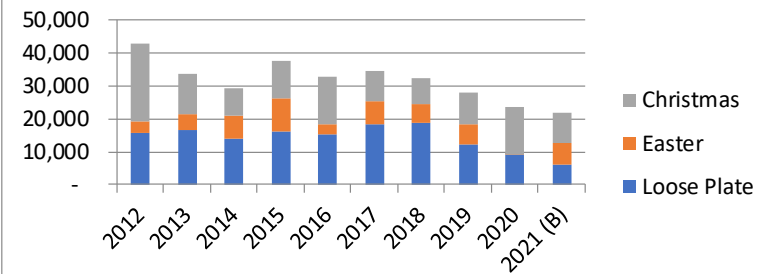
Detail of Covenant & Mortgage Giving



Detail of Endowment, Building Use & Other Income



Detail of Loose Plate, Christmas & Easter Giving

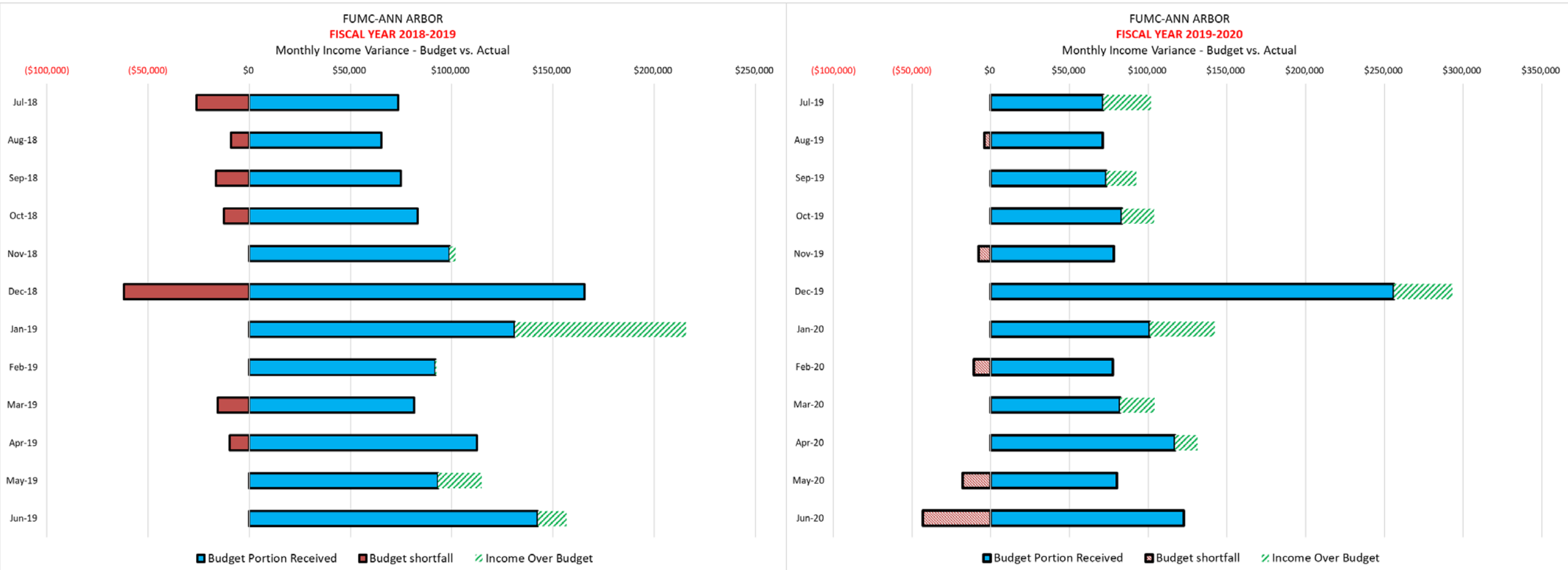


- All Other
- Endowment
- Loose Plate, Christmas & Easter
- Mortgage Giving
- Covenant Income
- Total Income

Budget-to-Actual Monthly Operating Income

- FY18-19: 5 months income at/over budget

- FY 19-20: 7 months income at/over budget



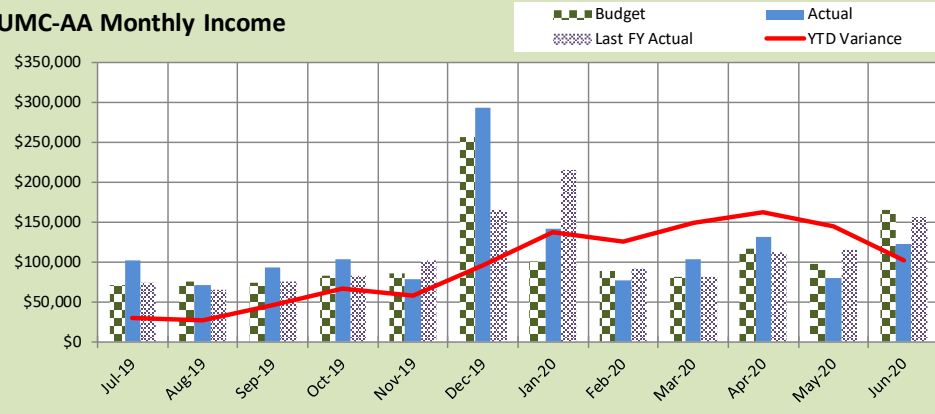
- FY 20-21 YTD: July income over budget; August on budget

Income in COVID Times

- Over past six months, no significant decline in giving
- Most giving done electronically and automatically; reduces variability
- No Easter & loose plate income
- Parking revenue from AirGarage has dried up
- Rental income at Green Wood expected to begin in July at 50%
- PPP loan of \$183,000; helping to cover full payroll & some operating costs through mid-July
 - No staff laid off or furloughed between March and July
- Expect most of loan to be forgiven – still not finalized
 - Provide relief to staff facing furlough or reduced hours

**FIRST UNITED METHODIST CHURCH OF ANN ARBOR
FINANCIAL DASHBOARD: OPERATING FUNDS JULY 2019 THROUGH JUNE 2020 (12 MONTHS)**

FUMC-AA Monthly Income



INCOME ANALYSIS

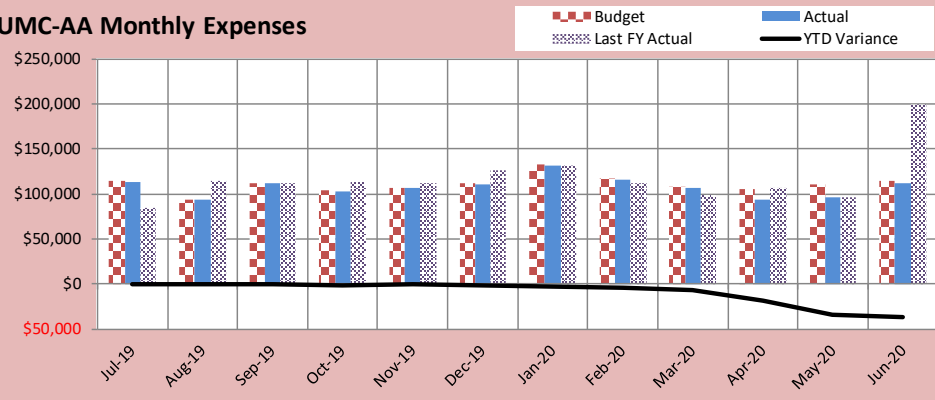
Income for June was **\$43,000 UNDER** budget.
 At the close of the fiscal year, income was \$101,700 **OVER** budget.
 Year-end income is \$60,000 **MORE** than last fiscal year.

Position
POSITIVE

Trend
DECLINING

Outlook
UNCERTAIN

FUMC-AA Monthly Expenses



EXPENSE ANALYSIS

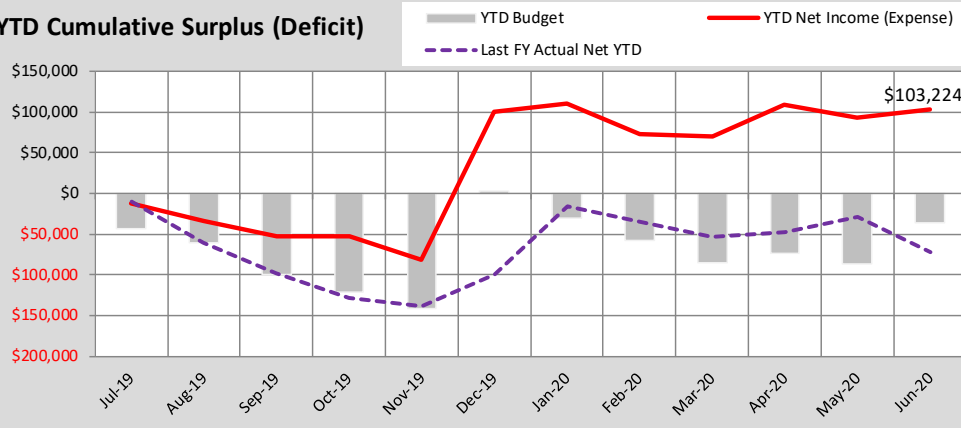
Expenses for the month were \$3,100 less than budget.
 Total fiscal year expenses are \$37,000 under budget. Primary variances include:
 Personnel expenses: (\$12,400)
 Administrative: \$3,300
 Ministry Shares: (\$8,200)
 Building & Property: (\$11,700)
 Youth Ministry: (\$2,200)
 Other ministries: (\$5,800)
 YTD \$11,114 has been transferred from Music Designated Funds to

Position
POSITIVE

Trend
POSITIVE

Outlook
PROMISING

YTD Cumulative Surplus (Deficit)



NET INCOME ANALYSIS

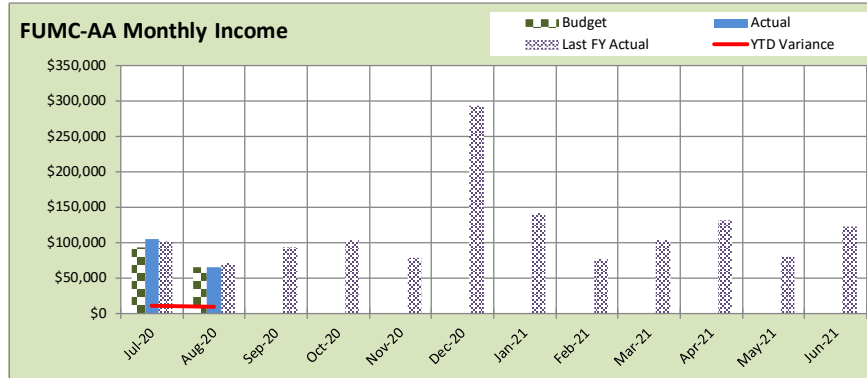
YTD net income is **\$103,200**. This is a **increase** of \$10,800 compared to last month.
 The adopted budget included a deficit of \$35,600 through the end of June, so we are in a much better position than expected at the end of the FY.
At the close of the fiscal year, the financial position is significantly stronger than anticipated. Specifically, we are \$138,000 better than expected.
 Compared to the prior fiscal year, FY 19-20 ended the year **\$175,000 better**.

Position
POSITIVE

Trend
STABLE

Outlook
ENCOURAGING

**FIRST UNITED METHODIST CHURCH OF ANN ARBOR
FINANCIAL DASHBOARD: OPERATING FUNDS AUGUST 2020 (2 MONTHS)**



INCOME ANALYSIS

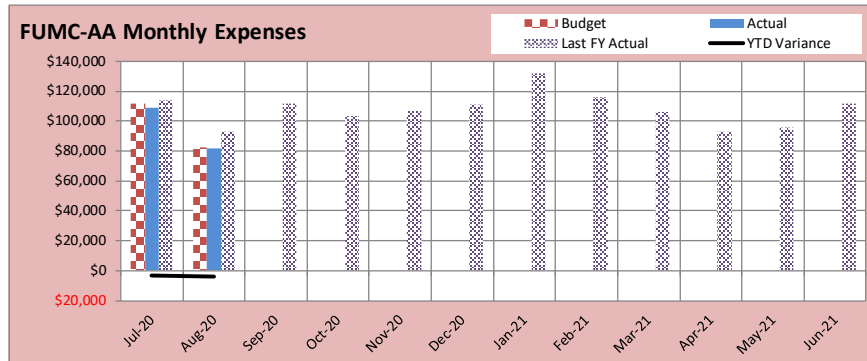
Income for July was **\$150 UNDER budget**.

August income is \$5,550 LESS than last fiscal year.

Position
POSITIVE

Trend
STABLE

Outlook
UNCERTAIN



EXPENSE ANALYSIS

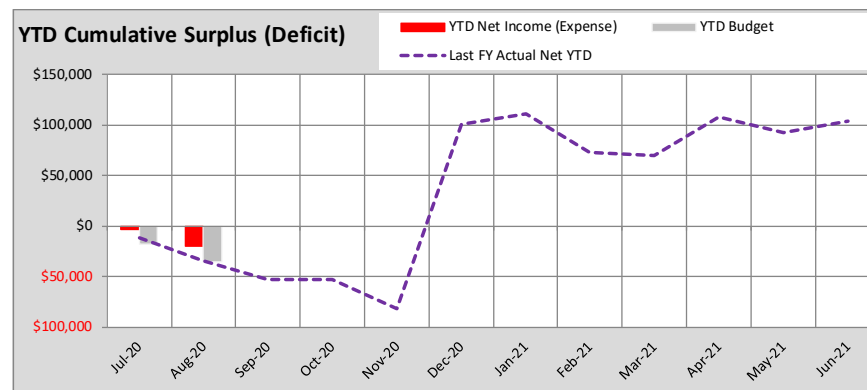
Expenses for the month were \$1,040 LESS than budget.

The vast majority of this variance is due to lower than expected personnel costs.

Position
POSITIVE

Trend
STABLE

Outlook
PROMISING



NET INCOME ANALYSIS

YTD net income is (\$19,700).

The budget for the first 2 months of the FY included a deficit of \$34,935, so we are about \$15,000 better than expected through the end of August.

Compared to a year ago, our net income this August is improved by \$6,000.

Position
BETTER THAN BUDGET

Trend
POSITIVE

Outlook
UNCERTAIN

ADDITIONAL KEY MONTH-END METRICS

Mortgage Balance:	\$612,962	Cash & Investments Bal:	\$3,835,101	Worship Attendance:	1,742	Designated Fund Income:	\$6,743
		Endowment:	\$2,341,474	Last Month:	1,555	YTD Des Fund Income:	\$21,673
		Trust Funds:	\$1,255,141	Last Year:	999		
		Operations:	\$107,773				
		Other:	\$130,713				

Generosity Beyond the Operating Budget

- Members support a wide variety of programs, missions, events
 - Kenya, Habitat, Henderson, Love Thy Neighbor, Alpha House, UMCOR
 - Adult, youth and children's education, presentations, music events
 - Specific church needs (hospitality, capital, landscaping)
- Endowment
 - Supports 5.5% of FY 20-21 operating budget from interest earnings
- Unspecified gifts
 - Used to meet unplanned needs, strategic efforts
- These contributions amplify the impact of FUMC in the world
- Average gifts (2014-2019): \$1.2M/year

First United Methodist Church of Ann Arbor
Total Church Financial Statements
(Source - Auditor's Reports)

	Fiscal Years Ended						Total 2014 - 2019	6-year Average
	<u>06/30/14</u>	<u>06/30/15</u>	<u>06/30/16</u>	<u>06/30/17</u>	<u>06/30/18</u>	<u>06/30/19</u>		
Revenue:								
Operating	\$ 1,276,478	\$ 1,306,129	\$ 1,328,867	\$ 1,348,725	\$ 1,326,178	\$ 1,290,770	7,877,147	1,312,858
Youth Program	117,643	94,180	78,689	68,544	98,001	59,292	516,349	86,058
Cooperative Nursery	120,924	100,195	120,941	118,143	101,566	106,589	668,358	111,393
Kenya Mission Trip	104,387	43,077	62,481	111,216	43,291	48,767	413,219	68,870
Memorial Garden	7,330	5,440	6,400	6,497	9,390	4,860	39,917	6,653
Designated	407,818	467,028	914,885	686,231	556,441	1,185,425	4,217,828	702,971
Endowment	320,200	92,596	29,536	471,449	284,242	671,049	1,869,072	311,512
Total Revenue	2,354,780	2,108,645	2,541,799	2,810,805	2,419,109	3,366,752	15,601,890	2,600,315
Expenses:								
Operating	1,218,271	1,242,586	1,301,990	\$ 1,339,581	1,337,756	1,353,480	7,793,664	1,298,944
Youth Program	105,161	84,155	81,253	69,365	87,842	53,998	481,774	80,296
Cooperative Nursery	125,372	111,164	120,256	140,306	100,853	104,243	702,194	117,032
Kenya Mission Trip	115,801	37,577	78,532	112,359	30,206	52,897	427,372	71,229
Memorial Garden	3,645	7,771	10,230	8,991	9,124	7,682	47,443	7,907
Designated	372,717	460,187	712,001	843,899	726,687	919,399	4,034,890	672,482
Endowment	23,217	29,151	21,123	15,949	9,008	12,742	111,190	18,532
Total Expenses	1,964,184	1,972,591	2,325,385	2,530,450	2,301,476	2,504,441	13,598,527	2,266,421
Revenue in Excess of Expenses	\$ 390,596	\$ 136,054	\$ 216,414	\$ 280,355	\$ 117,633	\$ 862,311	\$ 2,003,363	
Project Revenue Surplus (Deficit) - \$								
Operating	\$ 58,207	\$ 63,543	\$ 26,877	\$ 9,144	\$ (11,578)	\$ (62,710)	\$ 83,483	
Youth Program	12,482	10,025	(2,564)	(821)	10,159	5,294	34,575	
Cooperative Nursery	(4,448)	(10,969)	685	(22,163)	713	2,346	(33,836)	
Kenya Mission Trip	(11,414)	5,500	(16,051)	(1,143)	13,085	(4,130)	(14,153)	
Memorial Garden	3,685	(2,331)	(3,830)	(2,494)	266	(2,822)	(7,526)	
Designated	35,101	6,841	202,884	(157,668)	(170,246)	266,026	182,938	
Endowment	296,983	63,445	8,413	455,500	275,234	658,307	1,757,882	
Total Projects Revenue Surplus (Deficit) - \$	\$ 390,596	\$ 136,054	\$ 216,414	\$ 280,355	\$ 117,633	\$ 862,311	\$ 2,003,363	

2020-2021 Fiscal Year Budget Highlights

- Income may be impacted by COVID-19 recession
- Increased coordination between Finance, SPRC, Trustees, staff
- Budget aligned with 5 strategic priorities
 - 1. Small Group/Life Group Initiative**
 - 2. Social Justice League**
 - PT ministerial position focused on social justice and diversity
 - 3. Communication**
 - PT communications position
 - New website
 - 4. Inviting and Relevant Worship Experiences**
 - Exploring new worship methods (online)
 - 5. Resources**
 - Balanced budget
 - Income opportunities outside of member giving
 - Fully utilize our properties and facilities
- Exploring narrative budget, increased communications

Legacy Giving/Endowment

- Generous gifts provide a stable foundation for our church
- Provides a portion of annual operating income
- Ensures our ability to respond to crisis, if necessary
- Estate planning allows the giver to define the gift to the church
- Endowment Committee can answer questions or work with attorneys to ensure the gift is used as intended by the giver

More Information & Discussion

- Church website: <https://www.fumc-a2.org/>
 - Budget updates (<https://www.fumc-a2.org/fumc-ann-arbor/giving/financial-update/>)
 - Giving (www.fumc-a2.org/give)
 - Endowment (<https://www.fumc-a2.org/fumc-ann-arbor/giving/endowment/>)
 - Other ways to make an impact
 - Connect with others
- Questions/Discussion