



Annual Meeting of the Congregation and Corporation

Freedom Plains United Presbyterian Church

January 26, 2020, 11:15 A.M.

Agenda

| | | |
|---|--------------------|---------------------------|
| Meeting Opens in Prayer | | Rev. Paul Lent |
| Declaration of the Secretary | | |
| Clerk of Session Statistical Report | | Susan Conrad |
| Pastor's Report | 2020 Vision | Rev. Paul Lent |
| Report of the Nominating Committee | | |
| Election of Elders | | |
| Election of Deacons | | |
| Election of the Nominating Committee | | |
| Appoint Readers of the Minutes | | |
| 2019 Year-end Financial Reports | | Lou Biskup |
| 2020 Stewardship Report | | Suzanne Williams |
| 2020 Pastor Compensation Proposal | | Nancy Redkey |
| 2020 Operating Budget | | |
| 2019 Benevolence Report | | Susan Conrad |
| 2019 Invested Funds and Building Program Reports | | Lou Biskup |
| New Business | | |
| Motion to Adjourn in Prayer | | |
| Closing Prayer | | Rev. Heather Finck |

2020 Annual Congregational Meeting

- Declaration of the Secretary
 - Clerk of Session Statistical Report
 - Pastor's Report
 - Report of the Nominating Committee
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2020 Annual Congregational Meeting

Elders completing their terms – THANK YOU!

Susan Conrad *

Petra Sagliano

Neal Townsend

Helena Lent

Nominations for Elder / Trustee (3 year term)

Kristin Fandl

Melissa Wade Haras

Doug Kellermeyer

Tim Walters

Suzanne Williams

Nominations for Elder / Trustee (1 year term)

Susan Stuebner

Nominations for Youth Elder (1 year term)

Aidan Soha

* - Susan Conrad will continue to serve as Clerk of Session

2020 Annual Congregational Meeting

Deacons completing their terms – THANK YOU!!

Julie Carmichael

Nancy DelGiorno

Carl Rosengren

Carol Weber

Katie Cornell

Kamran Payman

Nominations for Deacon (3 year term)

Mark Christensen

Annvida Kellereyer

Ruth Runyan

Colleen Snavelly

(tba)

Nomination for Deacon (2 year term)

David Auffarth

Nominations for Youth Deacon (1 year term)

Jack Hoffman

2020 Annual Congregational Meeting

- 2019 Year-End Financial Reports

For-Profit Accounting Structure

- One big bucket of money tracked by one ledger
- Money in the bucket is spent however management wants it to be



Non-Profit Accounting Structure

- Multiple buckets of money tracked by multiple independent ledgers
- Donor-imposed restrictions on how the money in most buckets can be used
- Money is often moved from one bucket to another



Fund vs. Budget Accounts

- Fund Accounts Report
 - Separate ledgers for individual church programs that are not part of the operating budget
 - Can be thought of as a bunch of virtual or mini bank accounts
 - Used to ensure that income intended for a specific purpose is used only for that purpose
 - Persistent – Income remains in the fund until spent for intended purpose
 - Spontaneous – Not budgeted or informally budgeted
 - Can be short -term or long-term in nature
 - FPUPC currently has about 60 fund accounts on its books

 - Budget Accounts Report
 - Supports the ongoing day-to-day operations of the Church
 - Funded primarily by unrestricted donations to the Church
 - Tracked as the General Operating Fund
 - Annual budget approved and tracked monthly by Session
 - Must start and end each year with a zero balance
 - Money transferred from other fund accounts to close each budget year
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2019 Operating Budget Results

➤ External Operating Income

- What gets deposited in the bank each week
- Offerings and Use of Facilities
- Budgeted: \$348,350 Actual: \$352,302 (101.1%)
- Met or exceeded budget projections: Regular Offerings, Undesignated Offerings.
Used Clothing Drop-Off Shed
- Did not meet budget projections: Holiday Offerings, Per Capita Offerings,
Use of Facilities

➤ Operating Expense

- Salaries, Administrative, Benevolences, Programs, Maintenance
- Budgeted: \$455,668 Actual: \$452,440 (99.3%)
- Over Budget: Insurance, Environmental Services, Kitchen / Custodial Supplies,
Phones / Internet, Furniture / Equipment / Organ, Church Building Maintenance
- Under Budget: Electricity, Heating, Postage

➤ Initial Operating Shortfall

- $(\text{Operating Expense} - \text{External Operating Income}) = \$100,138$

2019 Operating Budget Results

- Transfers from Other Funds
 - Parking Permit Fees: \$13,350 actual (\$7,500 budgeted)
 - Nursery School: \$7,000
 - Building Repair and Renovation Grant: \$1,200

 - Withdrawals from Invested Funds
 - Regular Operating Budget
 - Budgeted: \$81,200 Actual: \$68,088
 - \$44,183 already withdrawn, \$23,905 to be withdrawn
 - One-time withdrawal to repaint sanctuary exterior: \$10,500
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Use of Invested Funds to Support the Operating Budget

- Operating expenses exceed external operating and other transferred funds
 - Many expenses over which we have little or no control increase each year
 - External operating income has been nearly flat from year to year
 - Use of investment Income and capital gains is needed to bridge this gap
 - FPUPC is not any different from most other non-profit organizations in this respect
 - Use of invested funds for this purpose must be consistent with donors' intent
 - Some funds cannot be used to support operations (e. g., Scholarship)
 - Endowments cannot be drawn below their “permanently restricted” amount
 - 5% of fund balances as of January 1 being used as a “safe” withdrawal rate
 - Investments are approximately 75% equities and subject to market fluctuations
 - Recommended by our investment advisors, endorsed by Finance Committee
 - [History of these withdrawals available on FPUPC web site](#)
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2020 Annual Congregational Meeting

- 2019 Stewardship Report
- 2020 Pastor Compensation Proposal

2020 Operating Budget Income Overview

➤ Budgeted External Income

| | 2019 Budget | 2019 Actual | 2020 Budget |
|------------------------|-------------|-------------|-------------|
| Regular Offerings | \$306,700 | \$312,448 | \$319,000 |
| Holiday Offerings | \$8,000 | \$5,823 | \$6,500 |
| Undesignated Offerings | \$6,000 | \$7,159 | \$7,000 |
| Per Capita Offerings | \$5,500 | \$4,666 | \$4,500 |
| Used Clothing Drop-Off | | \$1,261 | \$3,500 |
| Use of Facilities | \$22,000 | \$20,908 | \$20,000 |

➤ Budgeted Transfers from Other Fund Accounts

| | 2019 Budget | 2019 Actual | 2020 Budget |
|-------------------------------|-------------|-------------|-------------|
| School of Sacred Music Grant | | | \$24,822 |
| Parking Permit Fees | \$7,500 | \$13,350 | \$10,000 |
| Nursery School Contribution | \$7,000 | \$7,000 | \$7,000 |
| Building Repair / Improvement | \$1,200 | \$1,200 | \$1,200 |

➤ Budgeted Transfers from Invested Funds

| | 2019 Budget | 2019 Actual | 2020 Budget |
|-------------------------|-------------|-------------|-------------|
| Invested Funds | \$81,200 | \$68,088 | \$83,800 |
| Vocational Scholarships | | | \$5,280 |

2020 Operating Budget Expense Overview

- Total Operating Budget: Up from \$455,750 in 2019 to \$492,652 in 2020
- Budgeted Operating Expenses
 - ❑ Salaries (up from \$329,128 in 2019 to \$371,052 in 2020)
 - 1.6% cost-of-living increase for senior pastor and support staff
 - 5% total increase for associate pastor
 - 50% increase for Music Director based on additional School of Sacred Music responsibilities
 - Salaries for School of Sacred Music staff and performers
 - One-time expense of \$8,670 for Seminarian
 - ❑ Operations (up from \$57,320 in 2019 to \$60,950 in 2020)
 - Down from last year: Electricity, Postage
 - Up from last year: Insurance, Phones/internet, Environmental Services, Furn./Equip./Organ
 - ❑ Benevolences (up from \$45,420 in 2019 to \$45,830 in 2020)
 - Per Capita assessment decreased by removing inactive members from roster
 - Discretionary Mission increased by \$1,500, increase funded by used clothing drop-off
 - ❑ Programs (up from \$10,900 in 2019 to \$12,300 in 2020)
 - Up from last year: Music (+\$600), School of Sacred Music Supplies (\$1,200)
 - ❑ Repairs / Improvements (essentially the same as last year)
 - Routine repairs to church buildings and associate pastor residence: \$2,500

Use of Invested Funds to Support the 2019 Operating Budget

- Unable to balance 2019 budget using 5% of 1/1/19 eligible fund balances
 - 5% was \$79.4K, needed an additional \$1.8K to fund anticipated normal operating expenses
 - Value of invested funds on 1/1/19 affected by 9.5% stock market crash at end of 12/31/18
- Portfolio value increased from \$1.86M on 12/31/18 to \$2.20M on 12/31/19 (+18.3%)
 - 2019 results artificially inflated by abnormally low starting point on 1/1/19
 - Portfolio value only increased from \$2.058M on 1/26/18 to \$2.202M on 12/31/19 (+7.48%)
- Less than 5% of available fund balances used for operating budget in 2017 thru 2019
 - 2019: Available: \$79.8K Budgeted: \$91.7K Withdrawn: \$78.6K Unused: \$1.2K
 - 2018: Available: \$86.4K Budgeted: \$78.6K Withdrawn: \$66.3K Unused: \$20.5K
 - 2017: Available: \$78.1K Budgeted: \$71.5K Withdrawn: \$65.8K Unused: \$12.3K
- Use some of the authorized but unused funds from 2017 and 2018 for 2019 budget
 - One-time solution due to year-end market situation, deferred maintenance
 - Budgeted fund withdrawals were to 5.8% of eligible fund balances, actual withdrawals ended up being 5%

2020 Annual Congregational Meeting

- 2019 Benevolence Report

Invested Funds

- Donations intended to support the long-term viability of the church
 - Total of 15 different funds
 - Some intended to support specific church programs
 - Others allow session to determine appropriate use of fund assets
- Some donations were endowments, others were unrestricted gifts
 - Only income or gains generated by the original gift can be used in an endowment
- Invested Funds are pooled and distributed across 3 investment asset accounts

| | Cash | Bonds | Equities | Loan |
|---------------------|-------|-------|----------|-------|
| Legacy Bond Account | 4.96% | 5.97% | | |
| Managed Account | 3.61% | 5.50% | 74.46% | |
| Promissory Note | | | | 5.60% |

Bond / equity distribution recommended by our investment advisors, approved by Session

- Bond and equity income, expenses, gains / losses allocated to individual funds each month based on fund balances
- Principal and interest payments on promissory note periodically distributed to individual funds based on fund balances
- \$100,000 “loaned” to Building Program fund in late 2017, fully repaid in 2018 and 2019

2019 Invested Funds Results

➤ Balances

- As of 12/31/19: Legacy: \$238,652 Managed: \$1,839,845 Note: \$123,201 Total: \$2,201,678
- As of 12/31/18: Legacy: \$256,160 Managed: \$1,489,359 Note: \$132,078 Total: \$1,877,597

➤ \$25,000 transferred from Bond account to Managed account in June

➤ Major Deposits:

- From Building Program: \$ 56,275

➤ Major Withdrawals

- Operating Budget: \$ 53,147
- Sanctuary Exterior Repainting \$ 10,500
- Vocational Scholarships \$ 7,050

➤ Time-Weighted Rates of Return (over a nearly two-year period)

- 1/26/18 to 12/31/19: Legacy: +4.79% Managed: + 8.02% Note: - 12.35% Total + 7.48%
- Dow Jones: + 6.93% S&P 500: + 12.43%
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Building Program Financials

| | | |
|--|--------------|--------------|
| ➤ Total Cost of Building Program | | \$ 3,290,830 |
| ➤ Building Fund Income | | |
| • First Presbyterian Legacy | \$ 700,000 | |
| • Donations | \$ 1,225,431 | |
| • Sale of Property | \$ 1,197,415 | |
| • Return on Investments | \$ 297,955 | |
| • Internal Fund Transfers | \$ 107,979 | |
| • Total | | \$ 3,308,571 |
| ➤ Current Building Fund Balance | \$ 17,741 | |
| ➤ “Borrowed” Invested Funds | \$ 0 | |
| ➤ Building Fund Balance including Currently Borrowed Funds | \$ 17,741 | |

Other Noteworthy “Phase 2” Financial Statistics

| | | | |
|--|-----------|---------------------------|------------|
| ➤ Close the Gap Pledges: | \$131,040 | Received on Pledges: | \$ 127,506 |
| ➤ Matching Donation Received: | \$150,000 | Other Donations Received: | \$ 102,098 |
| ➤ Net Proceeds of Fund Raising Gala and Auction: | \$ 22,706 | | |

Thank You Counters / Tellers!

- Carol Webster (co-ordinator)
 - Julie Carmichael
 - Arne Christensen
 - Marilyn Hermann
 - Errol Hunt
 - Kim Henschel
 - Randy Keminck
 - Renie Milliken
 - Ian Williamson
 - Tim Walters
 - Carl Jacobs
 - Linda Jacobs
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2019 Annual Meeting

- New Business
 - Motion to Adjourn in Prayer
 - Closing Prayer
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