



Annual Meeting of the Congregation and Corporation

Freedom Plains United Presbyterian Church

January 31, 2021, 11:15 A.M.

Agenda

Meeting Opens in Prayer

Rev. Paul Lent

Declaration of the Secretary

Report of the Nominating Committee

Election of Elders

Election of Deacons

Election of the Nominating Committee

Appoint Readers of the Minutes

2020 Year-end Financial Reports

Lou Biskup

Operating Budget

Invested Funds

2020 Benevolence Report

Susan Conrad

2021 Pastor Compensation Proposal

Nancy Redkey

2021 Operating Budget

Lou Biskup

New Business

Motion to Adjourn in Prayer

Closing Prayer

Rev. Heather Finck

2021 Annual Congregational Meeting

- Declaration of the Secretary
 - Report of the Nominating Committee
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2021 Nominating Committee Report

- Elders completing their terms – THANK YOU!
 - Nominations for Elder / Trustee
 - Deacons completing their terms – THANK YOU!
 - Nominations for Deacon
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2021 Annual Congregational Meeting

- 2020 Year-End Financial Reports
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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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2020 Operating Budget Results

- External Income
 - What gets deposited in the bank each week
 - Offerings, Used Clothing Drop-Off, Building Rentals
 - Budgeted: \$ 360,550 Actual: \$ 342,639 (95.0%)

- Operating Expenses (paid for with operating budget income)
 - Salaries, Administrative, Benevolences, Programs, Building Maintenance / Repairs
 - Budgeted: \$ 492,632 Actual: \$ 418,626 (85.0%)

- Initial Operating Budget Shortfall
 - (Actual Operating Expense – External Operating Income) = \$75,987

- Transfers into Operating Budget from Other Fund accounts
 - Parking Permits, Nursery School, Building Repairs Grant, School of Sacred Music Grant, Vocational Scholarships
 - Budgeted: \$ 47,102 Actual: \$ 26,096 (55.4%)

- Revised Operating Budget Shortfall
 - (Initial Operating Budget Shortfall – Transfers from Other Accounts) = \$ 49,891

- To be Transferred from Invested Funds to Close Out Budget
 - Budgeted: \$ 84,980 Actual: \$ 49,891 (58.7%)

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 general 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
 - Recommended by our investment advisors, endorsed by Finance Committee
 - Available: \$93,920 Budgeted: \$84,980 To be Withdrawn: \$45.891
 - [History of these withdrawals available on FPUPC web site](#)
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2020 Operating Budget Results

➤ Operating Expense Summary

▪ Salaries	Budgeted: \$ 371,052	Actual: \$ 320,167 (86.3%)
▪ Operations	Budgeted: \$ 60,950	Actual: \$ 46,345 (76.0%)
▪ Benevolences	Budgeted: \$ 45,830	Actual: \$ 45,830 (100%)
▪ Programs	Budgeted: \$ 12,300	Actual: \$ 5,181 (42.1%)
▪ Building Maintenance/Repairs	Budgeted: \$ 2,500	Actual: \$ 1,104 (44.1%)

➤ Additional Salary Expense Covered by Payroll Protection Program (“PPP”) Loan

- \$77,000 requested, \$49,900 received, \$22 earned interest
- \$35,658 used for church staff salaries and benefits, \$14,264 used for nursery school staff salaries
- Total budget expense would have been \$454,284 (92.2%) without PPP loan
- Amount to be withdrawn from invested funds would increase to \$85,549 (100.7%) without PPP loan

➤ General Observations

- Income from offerings and other donations ended up being 96.8% of budgeted amount
- Income from use of facilities (rentals, parking, nursery school) ended up being 42.8% of budget
- Salary expenses further reduced by inability of School of Sacred Music to fully operate during pandemic
- Operations expenses decreased by about \$8K as a result of reduced building use due to pandemic
- Programs expenses decreased by about \$7K (58%) due to pandemic

[Full 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
 - Legacy Bond Account (Merrill)
 - Self-managed, only bonds and cash, being phased out as remaining bonds mature
 - Managed Account (Merrill / BlackRock)
 - Professionally managed mix of investments
 - Promissory Note
 - Part of shared equity arrangement on associate pastor's residence
 - Bond and equity income, expenses, gains / losses allocated to individual funds each month based on end-of-month fund balances
 - Principal and interest payments on promissory note periodically distributed to individual funds based on fund balances
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Invested Funds

➤ Current investment mix

- Target: 25% fixed income (cash, bonds, loan), 75% equities (stocks, ETFs)
- Current distribution:

	Cash	Bonds	Stocks	ETFs	Note
Legacy Bond Account	3.95%	2.72%			
Managed Account	2.16%	6.78%	51.23%	28.48%	
Promissory Note					4.68%

- Has drifted to 20% stable income, 80% equities as a result of recent market gains
- Distribution needs to be rebalanced to restore 25% / 75% target distribution

➤ Current Managed Account investment direction

- 59% Socially responsible equities
- 13% EAFE (Europe, Australasia, Far East) mid- and large-cap ETF
- 10.5% Intermediate / Long Term Fixed Income
- 8.75% S&P mid-cap ETF
- 8.75% S&P small-cap ETF

2020 Benevolence Report Summary

➤	Included in Operating Budget		
	▪ Presbyterian Mission	\$ 8,500	
	▪ Direct Missionary Support	2,000	
	▪ Dutchess Interfaith Council	2,000	
	▪ Other Discretionary Mission	16,533.28	
	▪ Sub-Total		\$ 19,033.28
➤	PC(U.S.A.) Special Offerings		\$ 1,837.54
	▪ One Great Hour, Christmas Joy, Disaster Relief		
➤	Other Monetary Benevolences		
	▪ CROP Walk (Team Moody)	\$ 16,746.62	
	▪ Other	9,207.52	
	▪ Sub-Total		\$ 25,954.14
➤	Grand Total		\$ 56,284.96
➤	Other Contributions of Goods, Services, Time and Talent		

[Full Report](#)

2021 Annual Congregational Meeting

- 2021 Pastor Compensation Proposal
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2021 Stewardship Report Summary

	<u>2020</u>	<u>2021</u>
➤ Number of Pledges	100	87
➤ Total Amount Pledged	\$ 259,828	\$ 244,411
➤ Average Pledge	\$ 2,598	\$ 2,981
▪ 2021 Increases: 25, \$19,854 New: 1, \$939 Decreases: 7, -\$3,620		
➤ Amount Budgeted for Regular Offerings	\$ 319,000	\$ 317,800
➤ Actual Regular Offerings Received	\$ 313,104	

[Full Report](#)

2021 Operating Budget Income Overview

➤ Budgeted External Income

	2020 Budget	2020 Actual	2021 Budget
Regular Offerings	\$319,000	\$310,366	\$317,800
Holiday Offerings	\$6,500	\$8,620	\$7,000
Undesignated Offerings	\$7,000	\$2,103	\$3,000
Per Capita Offerings	\$4,500	\$3,926	\$3,900
Used Clothing Drop-Off	\$3,500	\$4,606	\$5,000
Use of Facilities	\$20,000	\$13,019	\$9,000

➤ Budgeted Transfers from Other Fund Accounts

	2020 Budget	2020 Actual	2021 Budget
School of Sacred Music Grant *	\$24,822	\$17,096	\$21,510
Parking Permit Fees	\$10,000	\$1,050	\$5,000
Nursery School Contribution	\$7,000	\$1,750	\$5,250
Building Repair / Improvement *	\$1,200	\$920	\$1,200

➤ Budgeted Transfers from Invested Funds

	2020 Budget	2020 Actual	2021 Budget
Invested Funds	\$85,000	\$49,900	\$94,400
Vocational Scholarships *	\$5,280	\$5,280	\$10,000

2021 Operating Budget Expense Overview

- Total Operating Budget: Down from \$492,632 in 2020 to \$487,242 in 2021
 - 19.6% of 2021 budgeted income is from invested funds

	2020 Budget	2020 Actual	2020 Total	2021 Budget
Salaries	\$371,052	\$320,167	\$355,825	\$374,912
Operations	\$60,950	\$46,345	\$46,345	\$56,050
Benevolences	\$45,830	\$45,830	\$45,830	\$45,830
Programs	\$12,300	\$5,181	\$5,181	\$7,950
Building Maint/Repair	\$2,500	\$1,104	\$1,104	\$2,500

➤ Summary of Significant Changes

[Full Report](#)

- Salaries
 - 1.3% cost-of-living increase for associate pastor and support staff
 - One-time additional study stipend of \$1,000 for senior pastor
 - *Reduced work schedule for Administrative Assistant, Parish Nurse, Child Care*
 - Audio/Visual/Internet Technologist and Offering Teller now paid positions
 - One-time expense of \$10,000 for Seminarian (funded from Vocational Scholarships)
- Operations
 - Up from last year: Insurance, Furniture/Equipment/Organ
 - Down from last year: Electricity, *Contracted Maintenance, Kitchen and Custodial Supplies*
- Programs
 - Down from last year: *Church School, Music, Special Programs, Coffee Hour*

2021 Annual Congregational Meeting

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