



Annual Meeting of the Congregation and Corporation

Freedom Plains United Presbyterian Church

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

2021 Annual Congregational Meeting

- 2020 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
- Many expenses are funded from multiple buckets



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 Operating Income

- What gets deposited in the bank each week
- Offerings and Use of Facilities
- Budgeted: \$360,550 Actual: \$ 342,639 (95.0%)
- Met or exceeded budget projections: Holiday Offerings, Used Clothing Drop-Off Shed.
- Did not meet budget projections: Regular Offerings, Undesignated Offerings, Use of Facilities

➤ Operating Expense

- Salaries, Administrative, Benevolences, Programs, Building Maintenance / Repairs
- Budgeted: \$492,632 Actual: \$418,626 (85.0%)
- Significantly Over Budget: Insurance
- Significantly Under Budget: Electricity, Heating, Contracted Maintenance Services, Grounds Maintenance, Kitchen / Custodial Supplies, Administrative Expenses, Church School, Music, Special Programs, Coffee Hour, Building Maintenance

➤ Initial Operating Shortfall

- (Actual Operating Expense – External Operating Income) = \$75,987
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2020 Operating Budget Results

- Transfers from Other Funds
 - Net Parking Permit Fees
 - Budgeted: \$10,000 Actual: \$1,050
 - Refunds offered for fees covering the months of April – June
 - Income consisted entirely of refunds that were declined and donated to the church
 - Nursery School
 - Budgeted: \$7,000 Actual: \$1,750
 - Nursery School had no income for months of April – June
 - Staff continued to be paid with combination of Nursery School and PPP funds
 - Church and School would have had to pay unemployment if staff were furloughed or laid off
 - Building Repairs Grant
 - Budgeted: \$1,200 Actual: \$920
 - Not necessary to use full budgeted amount to complete all required building repairs
 - School of Sacred Music Grant
 - Budgeted: \$23,622 Actual: \$17,096
 - Funds budgeted for additional teachers and guest musicians not spent
 - Vocational Scholarships Invested Fund
 - 50% of Seminarian's Salary (5,280)
- Operating Shortfall Reduced to \$49,891

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: \$85,000 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	Loan
Legacy Bond Account	3.95%	2.72%			
Managed Account	2.16%	6.78%	51.23%	28.48%	
Promissory Note					4.68%

- Closer 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 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 Annual Congregational Meeting

- 2021 Pastor Compensation Proposal
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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*