



# Annual Meeting of the Congregation and Corporation

Freedom Plains United Presbyterian Church

January 30, 2022, 11:00 A.M.

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# 2022 Annual Congregational Meeting

You're encouraged to read:

- Pastor's Annual Report
  - Executive Summary of Congregational Evaluation
  - Mission Committee Annual Report
  - Earth Stewards Annual Report
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## Agenda

<b>Meeting Opens in Prayer</b>	<b>Rev. Paul Lent</b>
<b>Declaration of the Secretary</b>	
<b>Approval of minutes of and actions taken at January 31, 2021 meeting</b>	
<b>Report of the Nominating Committee</b>	
Election of Elders	
Election of Deacons	
Election of the Nominating Committee	
Appoint Readers of the Minutes	
<b>Proposed Update to Corporate By-Laws</b>	
<b>2021 Year-end Financial Reports</b>	<b>Lou Biskup</b>
Operating Budget	
Invested Funds	
<b>2021 Benevolence Report</b>	<b>Susan Conrad</b>
<b>2022 Pastor Compensation Proposal</b>	<b>Nancy Redkey</b>
<b>2022 Operating Budget</b>	<b>Lou Biskup</b>
<b>New Business</b>	
<b>Motion to Adjourn in Prayer</b>	
<b>Closing Prayer</b>	<b>Rev. Heather Finck</b>

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# 2022 Annual Congregational Meeting

- Declaration of the Secretary
  - Report of the Nominating Committee
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# 2022 Nominating Committee Report

➤ Elders completing their terms – THANK YOU!

Melissa Palestro

Nancy Redkey

➤ Nominations for Elder / Trustee (3 year term)

Rolf Brunner

Dorothy Damore

Anne DeMuro

Ellen McCutcheon

Bob Russo

➤ Nominations for Youth Elder (1 year term)

Christopher Palestro

Lindsey Damore

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# 2022 Nominating Committee Report

➤ Deacons completing their terms – THANK YOU!

Connie Cornell

Lori Kingsley

David Auffarth

➤ Nominations for Deacon (3 year term)

Arne Christensen

Carolyn Kaminski

Cindy Payman

Melissa Palestro

Brian Speary

➤ Nominations for Youth Deacon (1 year term)

Jeffrey Palestro

Eric Johnston

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# 2022 Annual Congregational Meeting

- Proposed Update to Corporate By-Laws
  - 2021 Year-End Financial Reports
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# Understanding Funds and Budgets

## ➤ Funds

### Report

- Separate ledgers used to account for income intended to be used for different purposes
- The basic building block of a non-profit entity's accounting system
- For-profit entities have "Net Worth" while non-profit entities have "Net Assets"
  - A non-profit entity's net assets consist of a collection of funds
  - FPUPC's net assets consists of about 60 different funds
- A fund can be permanent or it can be a budget
  - Permanent: Income remains in the fund until spent for intended purpose
  - Budgeted: Fund must start and end each fiscal year with a zero balance
- Funds can come and go based on the organization's current operations

## ➤ General Operating Fund

### Report

- A budgeted fund that supports the ongoing day-to-day operations of the Church
  - Annual budget approved and tracked monthly by Session
  - Primary income consists of unrestricted donations to the Church
  - Additional income derived from use of the Church's physical facilities
  - General Operating fund income can be used for any budgeted expense
  - Money transferred from other fund accounts to close each budget year
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## 2021 Operating Budget Results

### ➤ Offering Income

- Regular, Holiday, Unrestricted, Per Capita, Church School

Budgeted: \$ 331,700      Actual: \$ 308,635      (93.0%)

### ➤ Other external Income

- Used Clothing Drop-Off, Use of Facilities, Event Rentals, Parking Permits

Budgeted: \$ 19,000      Actual: \$ 31,271      (164.6%)

### ➤ Transfers from Other Funds

- Nursery School, Universal Pre-Kindergarten

Budgeted: \$ 5,250      Actual: \$ 5,250      (100.0%)

### ➤ Operating Expenses

- Salaries,      Budgeted: \$ 343,439      Actual: \$ 332,220      (96.7%)
- Operations      Budgeted: \$ 55,970      Actual: \$ 55,259      (98.7%)
- Benevolences      Budgeted: \$ 45,830      Actual: \$ 46,304      (101.0%)
- Programs      Budgeted: \$ 7,950      Actual: \$ 6,887      (86.6%)
- Building Upkeep      Budgeted: \$ 1,120      Actual: \$ 1,326      (118.4%)

### ➤ Net Operating Budget Cash Flow

- **Total Income**      **Budgeted: \$ 355,950**      **Actual: \$ 345,155**      **(96.9%)**
- **Total Expense**      **Budgeted: \$ 454,309**      **Actual: \$ 441,996**      **(97.3%)**
- **Net Cash Flow**      **Budgeted: \$ - 98,359**      **Actual: - \$ 96,841**      **(98.5%)**

## Use of Invested Funds to Support the Operating Budget

- Operating expenses exceed external operating income and other transferred funds
  - Many expenses over which we have little or no control increase each year
  - External operating income continues to be 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 invested funds cannot be used to support general operations (e. g., Scholarship)
  - Endowments cannot be drawn below their initially donated or “permanently restricted” amount
- Self-imposed discipline on withdrawals from invested funds
  - Not to exceed 5% of any invested fund balance as of January 1 of each year
  - Available: \$103,910      Budgeted: \$98,359      To be Withdrawn: \$96,841
  - The “5% Rule” is volatile since it is based on a single instant in time
  - Planning to replace this rule with one that is based on average fund balances over a period of time

## Withdrawal History and Analysis

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## 2021 Operating Budget Results

### ➤ General Observations

- Income from offerings ended up being 93% of budgeted amount
- December income from offerings significantly less than normal
- Income from use of facilities (rentals, parking, nursery school) ended up being 165% of budgeted amount
- Salary expenses slightly decreased due to inability of School of Sacred Music to fully operate during pandemic
- Programs expenses decreased by about \$7K (58%) due to pandemic

[Full Report](#)

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## Invested Funds

- Donations intended to support the long-term viability of the church
    - Total of 16 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	2.12%	1.26%			
Managed Account	2.65%	15.01%	50.94%	24.75%	
Promissory Note					3.27%

- Has drifted to 20.5% stable income, 79.5% equities as a result of recent market gains
- Distribution needs to be rebalanced to restore 25% / 75% target distribution

### ➤ Current Managed Account investment direction

- 55% Socially responsible equities, no fossil fuel producers / distributors
- 12% EAFE (Europe, Australasia, Far East) mid- and large-cap ETF
- 17% Intermediate / Long Term Fixed Income (Bonds)
- 8% S&P mid-cap ETF
- 8% S&P small-cap ETF



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# 2021 Benevolence Report Summary

- Included in Operating Budget
  - Presbyterian Mission \$ 8,500
  - Direct Missionary Support 2,000
  - Dutchess Interfaith Council 2,000
  - Other Discretionary Mission 18,000
  
  - Sub-Total \$ 30,500.00
  
- PC(U.S.A.) Special Offerings \$ 2,184.37
  - One Great Hour, Christmas Joy, Peacemaking, Disaster Relief
  
- Other Monetary Benevolences
  - Easter ASK Appeal \$ 12,951.62
  - CROP Walk (Team Moody) \$ 12,243.00
  - Other 9,076.25
  
  - Sub-Total \$ 34,270.87
  
- Grand Total \$ 66,955.24
  
- Other Contributions of Goods, Services, Time and Talent

[Full Report](#)

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# 2022 Annual Congregational Meeting

- 2022 Pastor Compensation Proposal
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# 2022 Stewardship Report Summary

	<u>2021</u>	<u>2022</u>
➤ Number of Pledges	88	60
➤ Actual Amount Pledged	\$ 252,383	\$ 189,344
➤ Average Pledge	\$ 2,868	\$ 3,156
▪ 2022 Increases: 19, \$7,648	New: 0, \$0	Decreases: 5, -\$5,487
➤ Amount Budgeted for Regular Offerings	\$ 317,800	\$ 303,000
➤ Actual Regular Offerings Received	\$ 300,265	

[Full Report](#)

## 2022 Operating Budget Income Overview

### ➤ Budgeted Offerings

-	2021 Budget	2021 Actual	2022 Budget
Regular Offerings	\$317,800	\$300,265	\$303,000
Holiday Offerings	\$7,000	\$2,122	\$6,000
Undesignated Offerings	\$3,000	\$2,415	\$5,000
Per Capita Offerings	\$3,900	\$3,833	\$3,900

### ➤ Other Budgeted External Income

	2021 Budget	2021 Actual	2022 Budget
Used Clothing Drop-Off	\$5,000	\$8,318	\$8,000
Parking Permit Fees	\$5,000	\$8,000	\$9,000
Use of Facilities / Event Rentals	\$9,000	\$14,952	\$18,000

### ➤ Budgeted Transfers from Other Operating Funds

	2021 Budget	2021 Actual	2022 Budget
Nursery School / Universal Pre-K	\$5,250	\$5,250	\$6,000

### ➤ Budgeted Transfers from Invested Funds

	2021 Budget	2021 Actual	2022 Budget
MLVW Fund for Social Justice			\$1,000
Other invested funds	\$98,600	\$96,841	\$111,130

# 2022 Operating Budget Expense Overview

- Total Operating Budget: Up from \$454,309 in 2021 to \$470.333 in 2022
  - 23.3% of 2022 budgeted income is from invested funds

	2021 Budget	2021 Actual	2022 Budget
Salaries	\$343,439	\$332,220	\$350,763
Operations	\$55,970	\$55,529	\$61,900
Benevolences	\$45,830	\$46,304	\$46,260
Programs	\$7,950	\$6,887	\$9,700
Building Upkeep	\$1,120	\$1,326	\$1,500

## ➤ Summary of Significant Changes

## [Full Report](#)

- Salaries
  - \$3,200 cost-of-living increase for pastor and associate pastor
  - Additional study stipend of \$1,000 for pastor
  - 5% cost-of-living increase for support staff
  - Reduced work schedules for Administrative Assistant, Parish Nurse, Child Care
- Operations
  - Up from last year: *Insurance, Heating, Contracted Maintenance, Kitchen / Custodial Supplies*
  - Down from last year: *Furniture / Equipment / Organ*
- Programs
  - Up from last year: *Special Programs, Coffee Hour*

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# 2022 Annual Congregational Meeting

- New Business
  - Motion to Adjourn in Prayer
  - Closing Prayer
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## 2021 Operating Budget Results (Income)

- External Income (What gets deposited in the bank each week)
  - Offerings Budgeted: \$ 333,333 Actual: \$222,222 (97%)
  - Other Income (Used Clothing Drop-Off, Use of Facilities, Event Rentals, Parking Permits)
  - Budgeted: \$ 350,700 Actual: \$ 339,905 (97%)
- Operating Expenses (paid for with operating budget income)
  - Salaries, Operations, Benevolences, Programs, Building Upkeep
  - Budgeted: \$ 454,309 Actual: \$ 441,996 (97%)
- Initial Operating Budget Shortfall
  - (Actual Operating Expense – External Operating Income) = \$102,091
- Transfers into Operating Budget from Other Funds
  - Nursery School, Universal Pre-Kindergarten
  - Budgeted: \$ 5,250 Actual: \$ 5,250 (100%)
- Revised Operating Budget Shortfall
  - (Initial Operating Budget Shortfall – Transfers from Other Accounts) = \$ 96,841
- To be Transferred from Invested Funds to Close Out 2021 Budget
  - Budgeted: \$ 98,600 Actual: \$ 96,841 (98%)