

# 2016 ANNUAL MEETING TUCW FINANCES

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**Finance Committee:** *Dorothy Adams, Mark Corcoran, Mary Jane Cross, Anne Khanna (Treasurer), Lyn Kobsa, Cindy Potter, Ravi Sankar, Ken Vogel (Chair)*

*June 12, 2016*

# Fiscal Year 2017 Budget

## Overview

- **General Principles of TUCW Budgeting**
  - Make realistic assumptions that are conservative, but not excessively so.
  - Use actual trend data where we have it.
  - Balance the budget, with planned contingencies to deal with the unexpected.
  - Include accruals for known long term expenses (large capital maintenance items, ministerial sabbaticals) in annual planning. Do not sacrifice the long term for the short term.
  - Include an annual audit for the near term.
  - Produce audit-compliant financials.
- **The TUCW Operating Budget is comprised of both cash and non-cash income and expenses.**
  - Sections I, II, and III on the attached budget comprise the cash based expenses, where actual funds either come into or are disbursed out of the organization. An example of this kind of income would be receipt of a pledge payment and an expense would be payment of a utility bill.
  - Sections IV and V comprise the non-cash (internal) sources and uses of budget funds. These are funds that move between different accounts within our organization. An example of this kind of “income” would be accessing a reserve account as a source of funding or, for an “expense”, contributing to a reserve account to save for future use.
  - Accounting standards require the distinction between these two types of income and expense, however, for our Budget, we consider them together, as summarized in Section VI, “Net Income Budget View”. This is what we internally consider our “true” Budget, **which we aim to balance**.
  - Section VII is a new section reflecting the changes in our Endowment accounts, either through market movements (not under TUCW’s control) or intentional contributions/disbursements.
  - Section VII is not budgeted due to the uncontrollable nature of market movements. However, given that TUCW is a single unified financial entity, its important to consider and have visibility to these movements and their impact on our financial position.

# Fiscal Year 2017 Budget

## The 7 Main Takeaways

1. The current year budget (Fiscal Year 2016) is going to come in on Plan, as a balanced budget.
2. The proposed Fiscal Year 2017 budget is also a balanced budget.
3. FY 2017 pledges are expected to come in about 3% over this year.
4. We are delighted to be returning to full staff, with all of our director level positions at a 100%.
5. The Endowment contribution to the Operating Budget has been reduced from \$150K this year to a more sustainable level of \$38K next year.
6. We will spend about \$100K on Building and Grounds in FY 2017 in our ongoing effort to address deferred maintenance projects.
7. We are slowly and modestly increasing our denominational and community contributions

***The FY 2017 Budget is a Sustainable Budget Which Balances  
TUCW's Needs with Those of Our Geographic and Faith  
Communities***

# Fiscal Year 2017 Budget

## Cash Income (5/26/16)

Operating Budget (Fiscal Year Runs 7/1 - 6/30)							
I: Cash Income from External Sources	2016 Budget	2016 YTD Act as of 4/30/16	2016 Est	2017 Budget	2017B vs. 2016B	Formulas	Commentary
Total Net Pledges	\$600,000	\$565,785	\$649,980	\$667,830	\$67,830		<b>2016E:</b> Combined impact of: unusually high prior year collections (\$22K) and unusually high rate of pledging post canvass and post budget approval in June 2015. <b>2017B</b> Based on gross pledge total of \$685k, 95.8% collection rate, \$12K of prior year collections. 2016 Gross Pledges \$675K. 2017 Pledges to Date \$616k, 264 units as of 13 May.
Unrestricted Contributions	42,000	52,701	59,031	51,250	9,250		<b>2017B:</b> incl. \$10K for year-end appeal
Restricted Contributions	18,300	32,970	32,195	12,400	(5,900)		<b>2016E:</b> Includes higher than expected Music and Ministers' Discretionary Fund contributions. Music contribution will not repeat in <b>2017B</b> .
General Church Fundraising	27,650	45,956	45,511	40,150	12,500		<b>2017B</b> In line with <b>2016E</b> . Assumes tag sale but no gala.
Pass Thru Income	17,720	18,439	19,784	19,000	1,280		<b>2017B:</b> Primarily SJ collections on behalf of Food Access, Mercy Learning, Beardsely, etc. Consistent Y-o-Y Share the Plate assumptions.
Facility Use Fees	134,300	109,836	130,430	136,490	2,190		Consistent Y-o-Y
Other Income	9,900	20,280	24,358	15,470	5,570		<b>2017B:</b> Camp Jewell collections \$8K, Unrestrict. Bequest Income \$5K
<b>Gross Ordinary Income ("A")</b>	<b>\$849,870</b>	<b>\$845,967</b>	<b>\$961,290</b>	<b>\$942,590</b>	<b>\$92,720</b>	<b>A</b>	

# Fiscal Year 2017 Budget

## Cash Expenses (5/26/16)

II: Cash Expenses	2016 Budget	2016 YTD Act as of 4/30/16	2016 Est	2017 Budget	2017B vs. 2016B	Formulas	Commentary
Total People Costs	\$647,703	\$503,501	\$632,064	\$711,302	\$63,599		2017B: incl. full staff roster -some add'l hours for staff & recategorization of non-program Indep Contractors. Restores Memb/SJ Director to full time.
Building and Grounds Projects	121,850	164,147	193,287	122,500	650		2016E: incl. \$104K Roof, \$38K Paving; \$49K Lift. 2017B: \$23k to finish Lift; \$100k in medium sized projects possibly electrical and/or paving
Maint and Insurance	68,506	60,481	83,163	60,078	(8,428)		2016E: \$11K unexpected tree work offset by savings in snow plowing. 2017B: Courtyard Project and tree safety work completed FY15-16, multiple small repairs.
Programs and Church Services	42,297	46,081	57,977	52,055	9,758		2016E: \$7K Camp Jewel, \$7K add'l Music expense (funded by donation), \$5K speaker series (funded by Endowment), 2017B: \$9K new Camp Jewell Expenses, collected in Income, \$10K speaker series, but no special concert, ~\$5K in Interfaith Membership dues
Office & Utilities	75,444	58,599	71,699	71,076	(4,368)		2017B: Continuation of 2016 actual run rates
Denominational	10,000	10,000	10,000	11,000	1,000		2017B: 10% Increase
Fundraising Expenses	16,555	11,597	10,030	19,823	3,268		2017B: \$14K F/R expenses; Canvass expenses incl here now
Pass Thru Expenses	19,720	24,241	27,335	21,000	1,280		Consistent with 2016
Audit, Pmt Process & Bank Fees	14,805	15,719	16,786	14,011	(794)		
Misc. Expense	30,172	25,934	27,270	7,910	(22,262)		2017B: No Ministerial Transition expenses. \$2K Misc. Food and Bev, \$2K Training.
<b>Total Expenses ("B")</b>	<b>\$1,047,052</b>	<b>\$920,300</b>	<b>\$1,129,611</b>	<b>\$1,090,754</b>	<b>\$43,702</b>	<b>B</b>	
<b>III: Net Ordinary Income - Cash Basis ("C")</b>	<b>(\$197,182)</b>	<b>(\$74,333)</b>	<b>(\$168,321)</b>	<b>(\$148,164)</b>	<b>\$49,018</b>	<b>A - B = C</b>	

# Fiscal Year 2017 Budget

## Internal Sources and Uses

### As of 5/26/16

	2016 Budget	2016 YTD Act as of 4/30/16	2016 Est	2017 Budget	2017B vs. 2016B	Formulas	Commentary
<b>III: Net Ordinary Income - Cash Basis ("C")</b>	<b>(\$197,182)</b>	<b>(\$74,333)</b>	<b>(\$168,321)</b>	<b>(\$148,164)</b>	<b>\$49,018</b>	<b>A - B = C</b>	
<b>IV. Income from Internal Sources</b>							
	2016 Budget	2016 YTD Act as of 4/30/16	2016 Est	2017 Budget	2017B vs. 2016B	Formulas	Commentary
Use of Balance Sheet Reserves	\$39,966	\$66,709	\$68,683	\$127,600	\$87,634		<b>2016E:</b> Aug2015 \$40K premature move from B&G reserves -corrected later (below), \$21K from Lift Fund, <b>2017B:</b> \$23k finishing Lift & medium B&G projects (above)
Social Justice Bequest Reserve	15,000	12,500	15,000	15,000	0		<b>2017B:</b> Used to fund new initiative/increased SJ Program (Director hours + Interfaith organization dues)
Endowment Reserves	150,000	153,500	164,640	38,500	(111,500)		<b>2017B:</b> \$25K contrib. toward Op. budget, \$10K Speaker Series, \$3K Bernhard Music
<b>Total Funding from Internal Sources ("D")</b>	<b>\$204,966</b>	<b>\$232,709</b>	<b>\$248,323</b>	<b>\$181,100</b>	<b>(\$23,866)</b>	<b>D</b>	
<b>V. Expenses - Internal Uses of Funds</b>							
Contrib. to Balance Sheet Reserves	\$0	\$56,960	\$72,680	\$25,520	\$25,520		<b>2016E:</b> \$40k correction to B&G reserves; remainder added to B&G Reserve in preparation for medium-sized projects to be completed in FY17. <b>2017B:</b> \$25k to B&G; \$2k to MDF
Sabbatical Accrual	7,200	6,000	7,200	7,200	0		
<b>Total Internal Uses of Funds ("E")</b>	<b>\$7,200</b>	<b>\$62,960</b>	<b>\$79,880</b>	<b>\$32,720</b>	<b>\$25,520</b>	<b>E</b>	
<b>VI. Net Income Budget View ("F")</b>	<b>\$584</b>	<b>\$95,416</b>	<b>\$122</b>	<b>\$216</b>	<b>(\$368)</b>	<b>C + D - E = F</b>	Balanced budget a top priority

**Balanced Budget Expected for Both FY 2016 and FY 2017**

# Fiscal Year 2017 Budget

## Impact of Endowment Accounts on Net Income

### As of 5/26/16

	2016 Budget	2016 YTD Act as of 4/30/16	2016 Est	2017 Budget	2017B vs. 2016B	Formulas	Commentary
<b>VI. Net Income Budget View ("F")</b>	\$584	\$95,416	\$122	\$216	(\$368)	C + D - E = F	Balanced budget a top priority
<b>VII. Net Changes in Investment Accounts</b>							
Net Market Related Changes in Invest. Accts.		\$200,558					2016E: Market related changes in Endowment investment accounts, 2017B: Not possible to predict.
Endowment Contrib/Withdrawals	150,000	153,500	164,640	38,500	(111,500)		2017B: \$25K contrib. toward Op. budget, \$10K Speaker Series, \$3K Bernhard Music
<b>Total Net Changes in Invest. Accts. ("G")</b>	<b>\$150,000</b>	<b>\$354,058</b>	<b>\$164,640</b>	<b>\$38,500</b>	<b>(\$111,500)</b>	G	
<b>Net Income ("H")</b>		(\$258,642)	(\$164,518)	(\$38,284)	\$111,132	F - G = H	

- Net Income ("H") is the most accurate depiction of our budget's impact on the church financial position, since it takes into account both our Endowment balances as well as our operating budget. However, we do not budget to Net Income ("H") since market movements in the Endowment investment accounts are not foreseeable.
- The negative impact of Endowment Withdrawals was expected in both 2016 and 2017, as the Endowment provided support to the operating budget.
- The column "2016 YTD Act as of 4/30/16" shows the true movement in Endowment investment accounts during FY2016.

## Fiscal Year 2017 Budget Contingencies

Budget Contingencies (in order of priority)				
If net income exceeds Budget, the following will be added:			If net income is under Budget, the following will be reduced:	
Add to Building Reserve	\$25,000		Contribution to Building Reserve	(\$10,000)
Website Redesign	10,000		Program & Church Svcs	(4,000)
Additional Training (PCA/Communications)	2,000		Office and Utilities (office equip. & postage)	(2,000)
Add to Denominational Contributions	5,000		Building Reserve	(13,000)
Add to Building Reserve	8,000		General Reserves	(10,000)
Add to Denominational Contributions	3,000		Denominational	(5,000)
<b>Total Excess Net Income Contingency</b>	<b>\$53,000</b>		<b>Total Net Loss Contingency</b>	<b>(\$44,000)</b>

- The 2017 Budget will have several mid-year reviews to determine whether contingency measures are needed. These will most likely occur in January 2017 and again in April/May 2017.
- As a result, the necessity of above contingency measures will be determined at that time.

***Pre-Approved Upside and Downside Scenarios Ensure TUCW Spending Continues to Reflect Congregational Priorities***



# Additional Disclosures

<i>Major Reserves Summary</i>						
	<u>As of 4/30/16</u>	<u>Remaining FY16 Incr/(Dec)</u>	<u>6/30/16E</u>	<u>EY2017 Contributions</u>	<u>FY17 Uses</u>	<u>6/30/17E</u>
<b>MAJOR MAINTENANCE RESERVE (BLDG)</b>	\$116,312	\$16,515	\$132,827	\$15,420	(\$122,500)	\$25,747
<b>GROUNDSKEEPING RESERVE</b>	\$31,506	(\$795)	\$30,711	\$8,100	\$0	\$38,811
<b>JAN PARK FUND</b>	\$63,825	(\$2,500)	\$61,325	\$0	(\$15,000)	\$46,325
<b>LIFT FUND</b>	\$442	(\$442)	\$0	\$0	\$0	\$0
<b>GENERAL RESERVES</b>	\$10,000	\$0	\$10,000	\$0	\$0	\$10,000

<b>Lift Spending Summary*</b>	
<b>Expense Summary by Fiscal Year</b>	
Spent in Fiscal 2015	\$21,659
Spent thru 3/3/1/16 in Fiscal 2016	19,988
Expected Spending 3/31/16 - 6/30/16	<u>27,853</u>
<b>Total Expected Spending Thru 6/30/16 (FY16)</b>	<b>\$69,500</b>
Remainder to be Spent in FY17	23,500
<b>Total Lift Budget*</b>	<b><u>\$93,000</u></b>
<b>Sources of Funding</b>	
Donations	\$43,500
Operations	<u>\$49,500</u>
<b>Total Lift Funding</b>	<b><u>\$93,000</u></b>
*Reflects maximum Lift Budget of \$93K approved by Congregation.	
As of 12/15/15, Buildings and Grounds Committee estimated total cost at \$89K. Awaiting updated estimates.	

<b>Endowment Summary</b>	
<b>Beginning Balance 6/30/15</b>	<b>\$2,293,375</b>
Contributions to Operating Budget FY16	(\$153,500)
Unrealized Gains/Losses/Dividends/Interest	<u>(\$197,808)</u>
<b>Ending Balance 3/31/16*</b>	<b>\$1,942,068</b>
Contributions to Operating Budget FY17	(\$38,500)
* Vanguard Funds as of 3/31/16; UUA Fund as of 2/28/16	

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