

Unitarian Universalist Church of the Shenandoah Valley

Annual Treasurer's Report: FY 2012-13

Respectfully submitted,

Bob Gettings
UUCSV Treasurer

August 2013

The Unitarian Universalist Church of the Shenandoah Valley (UUCSV) ended fiscal year 2012-13 with a cash deficit of \$11,222. As detailed below, the deficit resulted primarily from the under-payment of member pledges.

Annual Revenue Summary

Overall revenues for the fiscal year ending June 30, 2013 totaled \$322,773, or \$4,084 less than the original budget projection.

During FY 2011-12, the church received pledge payments from 103 individuals/couples out of the 111 pledge cards originally submitted. Payments totaled \$172,842, or \$8,415 less than the budget projection and \$13,330 less than the total amount pledged.* A total of 70 pledge units (or 63%) met their full pledge commitment, while 33 pledge units paid less than the full amount. The revenue loss from under-payments totaled \$18,178, but this loss was partially offset by 22 pledge units that make excess payments totaling \$5,248, leaving a net shortfall of \$13,330.

Revenue from Sunday service plate collections totaled \$16,886 in FY 2012-13, or \$2,886 more than the amount projected in the budget. The church also received unsolicited contributions to the operating fund totaling \$1,156.♥ Receipts from these two sources partially offset the lower than anticipated pledge revenue.

Lower than expected grocery card sales (-\$4,326) and receipts from two fundraising events (i.e., the Holiday Bazaar and the Annual Yard Sale) were more than offset by higher than expected receipts from the Annual Auction (+\$5,463) and food and drink sales at the Yard Sale (\$1,736). When these figures are combined, total revenue from fundraising activities exceeded the original budget estimate by a tiny margin (+230).

During the upcoming fiscal year, efforts need to be directed toward encouraging members and friends of the church to fulfill their pledge commitments. The FY 2013-14 budget campaign was highly successful, yielding a 15 percent overall increase in pledge commitments, thereby allowing the church to hire its first, full-time Director of Religious Education. As the church's experience during the past fiscal year demonstrates, however, commitments don't necessarily mirror the amount of revenue ultimately collected. The Stewardship Committee is in the process of launching a year-round campaign; and, as Treasurer, I plan to continue the practice of updating all pledge units quarterly on the status of their payments to UUCSV. Hopefully, these combined actions

* The \$4,915 difference represents FY 2012-13 pledges received after the annual operating budget was approved by the membership on June 3, 2012.

♥ In general, these contributions were received from individuals (members and non-members) who elected not to submit a pledge card but, nonetheless, wanted to support church operations.

will help to minimize the gap between pledge commitments and pledge payments during FY 2013-14.

A detailed comparison of budgeted and actual church revenues during FY 2012-13 can be found in the year-to-date comparison report for June 30, 2013 posted on the "Church Finances" page of the UUCSV website (<http://www.uushenandoah.com/>). This document can be accessed on the "Members Only" section of the website by clicking "Church Finances" on the left hand toolbar and then "Copies of Year-to-Date Status Reports."

Annual Expenditure Summary

Expenditures for the fiscal year totaled, \$333,995 or almost exactly the amount budgeted (\$333,765) and just a hair over total expenditures during FY 2011-12 (\$333,078) Outlays in the following, broad budget categories ran at or very close to the amount budgeted: Sunday services, denominational dues, mortgage interest and development expenses. In the following broad categories expenditures were significantly under budget estimates: religious education (-\$642), Board and committee expenses (-\$2,605) and salaries and benefits (-\$7,352). Expenditures were over budget in the following broad categories: ministerial search committee (\$+827, due to unbudgeted expenses in finding a DRE), operating expenses (+\$4,872, due to higher than expected expenses for telephone service, postage, office equipment, office supplies and the addition of a contract bookkeeper), and building and grounds, (+\$6,002, due mainly to unanticipated building repairs).

A detailed comparison of budgeted and actual church expenditures during FY 2012-13 is contained in the year-to-date comparison report for June 30, 2013, which is posted on the "Church Finances" page of the UUCSV website (<http://www.uushenandoah.com/>).

Church Reserves

UUCSV ended the fiscal year with total assets and liabilities valued at \$1,357,337. Cash on hand as of June 30, 2013 totaled \$70,354, while other liquid assets (grocery card inventory and certificates of deposits) were valued at \$28,698, bringing total liquid assets to \$99,051. The recorded value of the endowment fund as of June 30, 2013 was \$155,526.

The church's reserves were reduced by \$11,222 as of June 30th to account for the operating deficit that occurred in FY 2012-13. To reflect this change, Board designated funds in the Fundraiser Account were zeroed out on the balance sheet.

Among the church's liabilities as of June 30, 2013 were \$70,346 held in six Board designated categories, \$24,157 held in temporarily restricted accounts (including

\$22,000 in pre-paid FY 2013-14 member pledge payments) and \$157,487 in permanently restricted endowment fund holdings. In other words, if endowment fund holdings are disregarded, the total value of the church's liquid reserves (\$99,051) are barely adequate to cover the future obligations shown on the balance sheet (\$94,503); and the funds (\$22,000) to be transferred to the FY 2013-14 operating account is disregarded, an additional \$17,452 would be needed just to cover current earmarks.

During the year ahead, the Board will need to restructure the reserve accounts in order to eliminate implied future commitments that can't be fulfilled and ensure that the church has sufficient working capital to meet its cash flow needs.

A copy of the church June 30, 2013 balance sheet can be found on the "Church Finances" page of the UUCSV website (<http://www.uushenandoah.com/>).

Realignment of Staff Responsibilities

When Laurie Morrison, long-time Church Administrator, resigned in November 2012, church leaders decided to divide her responsibilities into two part-time positions – a half-time Office Manager and a quarter-time Bookkeeper. Candidates for these positions were recruited and interviewed by the Personnel Committee and selected by the Minister in consultation with the Board. Carol Melby joined the staff as a part-time Office Manager in January 2013 and around the same time a personal services contract was signed with Pam Olinger, a highly qualified self-employed bookkeeper.

From my perspective as Church Treasurer, the new staffing arrangement has worked out very well. The timeliness, accuracy and professionalism of the church's financial reports have improved enormously since Ms. Olinger has come on board. We've also been able to add new checks and balances to our financial management procedures by having two, rather than one, office support staff.

Adoption of Financial Management Policies and Procedures

Several new financial management transmittals have been drafted in collaboration with the chairs of the Finance Committee. These transmittals will be submitted to and acted upon by the Board of Directors during the early months of FY 2013-14. The draft transmittals deal with policies and procedures governing; (a) the acknowledgement and acceptance of gifts and donations; (b) the preparation and approval of the annual operating budget; (c) the adoption of mid-year amendments to the operating budget; and (d) a description of financial roles and responsibilities within UUCSV. The pending documents are part of a broader, ongoing effort to improve the transparency of the church's financial decision-making process and facilitate the transition of leadership within key posts within the church.