

Explanation of the 2019-20 Budget Recommended by the Board of Directors

The Budget recommended by the Board of Directors for 2019-20 is \$341,506 which is a \$12,220 (3.7%) increase from 2018-19.

Income

Income from pledges (\$306,806) in next year's proposed budget is 8% more than this year's budget (\$283,786). Pledge income is 90% of our budget. Experience has shown that we have been too optimistic about the income from fundraising and building rental and budget income from them have been reduced. Income from pledges from prior years has been reduced to match historical trends. The Finance Committee decided to remove investment income from the proposed budget. The Figure 1, Non-pledge income, below, compare this year's and next year's proposed budgets non-pledge income.

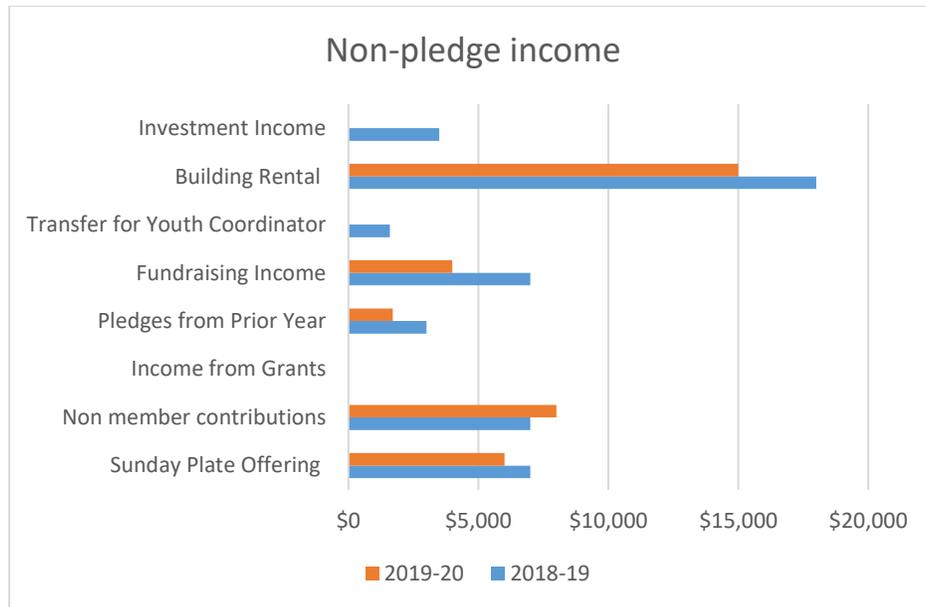


Figure 1 – Non-pledge income

Expenses

The biggest change in expenditures from this year's to next year's proposed budget is in minister and staff salaries. As directed by a vote at the 2018 Annual Meeting, compensation for the minister and staff were increased by \$10,204 over what was budgeted in 2018-19. This year there was a cost of Living Adjustment (COLA) of 1.8% which increased compensation by \$924. This increase was offset by a \$2111 reduction in compensation due to not having to pay a pension for a new office manager.

Changes to non-personnel expense are shown in Figure 2.



Figure 2 – Non-personnel expense

Administration expenses are reduced because UUA dues have declined. The facilities budget increase by \$3700 which included an additional \$2800 for maintenance, \$250 for cleaning supplies, \$250 for smoke detector testing and \$400 for alarm monitoring. Fundraising expenditures were reduced by \$600 because we are anticipating fewer fundraising activities. The Communications budget was reduced by \$630 because there will be less print advertising. With the demise of Salem Weekly we lost our primary print advertising channel. The Membership budget was reduced by \$500 as the food cost for the Building Sacred Ground class was not as much as expected. The contingency fund was increased by \$2537 to cover unforeseen expenses such as unbudgeted building maintenance expenditures.

The big budget expense picture is below in Figure 3 – Team focused budget. Figure 3 shows the categories that we allocate funds to.

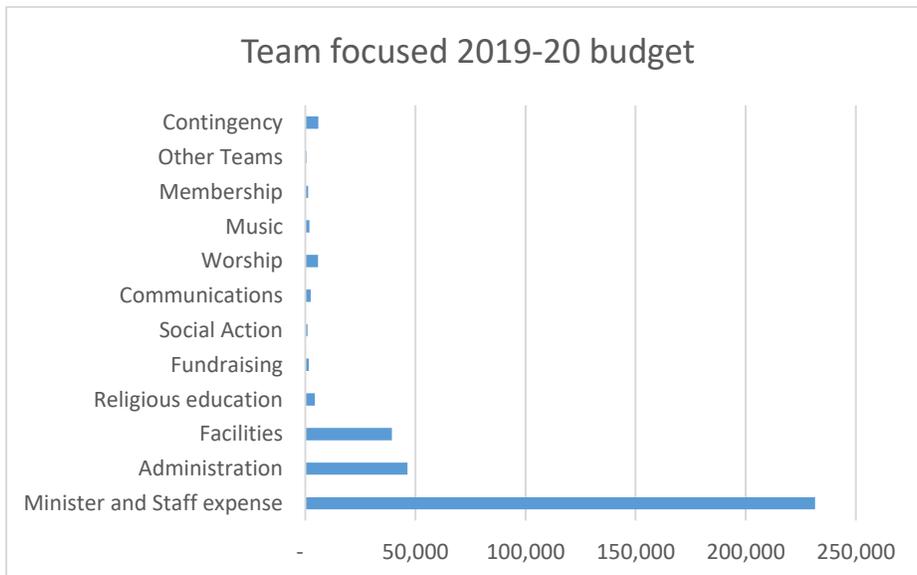


Figure 3 – Team focused 2019-20 budget

The Functional Budget

The budget funds four primary areas: ministry expense, overhead, non-ministry program expense and contingencies as shown in Figure 4, Budget Perspective. This is a functional budget.

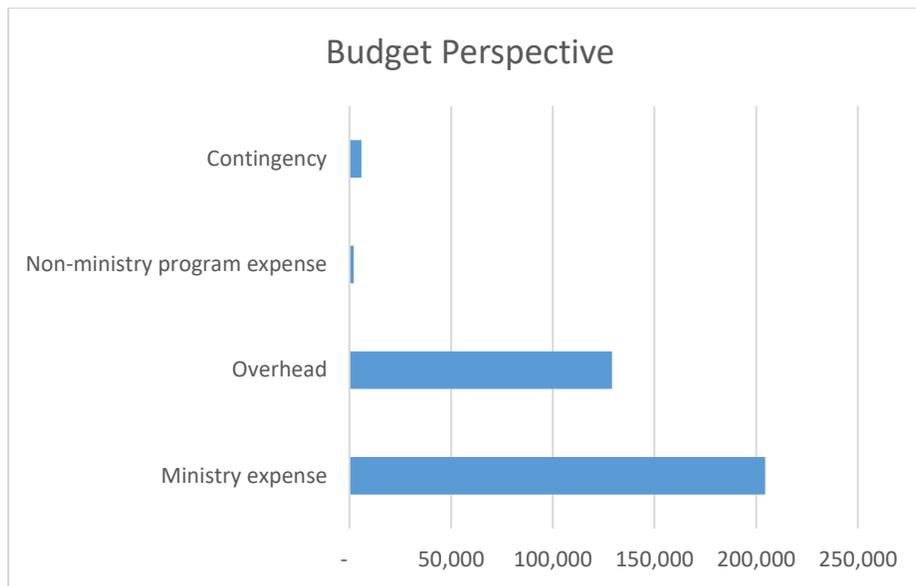


Figure 4 – Budget Perspective

Ministry expense includes the minister and worship team, RE and music programs. These teams support the minister and his efforts to provide spiritual guidance to our congregation. Figure 5, Ministry expense breakdown, shows the relative expenses of the ministry and supporting programs. The spiritual program includes worship expenses such as honorarium for guest ministers.



Figure 5 -Ministry expense breakdown

Overhead is administration, facilities, fundraising, communications and canvassing for pledges. We have two non-ministry programs, Social Action and Membership, As we move from a pastoral church to a programmatic church the number of non-ministry programs and expense should increase.

~John Prohodsky, UUCS Treasurer