

Congregational Church of South Dartmouth

Quarterly Meeting, 24 January 2010
Financial Report

Karen McArthur, Finance Ministry Chair

Our overall financial health is good - and can benefit from growing even stronger. We are blessed with abundant resources and generous people - doing good things in our church, our community, and beyond. It has been a year of re-structuring and change, but I think we've developed a system that works well together.

- One measure of that is that we've had a 95% attendance rate at our Council meetings - and had good and fruitful discussions.
- With the restructuring of our church leadership, the Council has taken a more active oversight role in our finances, with each ministry participating in decisions made about our congregational budget.
- I'd like to highlight four areas of your handouts: pledges, investments, the nursery school, and the 2010 budget.

2010 pledges are the second highest they have been - only 2007 was higher.

- Our goal was \$233,000 - a 10% increase over last year, even in the midst of our collective economic turmoil.
- So far, we have surpassed last year, receiving \$219,000 in pledges from 68% of our member households.
- 82% of those who have responded so far have either maintained or increased their pledges.
- There are 22 pledges still outstanding from people who pledged a total of \$17,000 last year. The majority of this is from people who are participating and contributing - so we expect that we will meet or maybe even exceed our goal.
- Once again, we have a very high percentage of 2009 pledges completed - 97% so far. There is still a bit coming in, which will help to close last year's gap between income and expenses.
- Looking ahead to 2011 - we have been the beneficiaries of a large three-year pledge for 2008, 2009, and 2010. Next year, then, we will need to continue to increase our contributions, both through individual increases and through increasing the number of contributors so that we can continue to live within our means. The Council will continue to look at ways we can do that.

Our investments are rebounding - although they still have a ways to go.

- Phil reports that the return on our investments in 2009 was about 26% ... 3 points better than the S&P 500 even though we were 1/3 bonds. We have recovered about half of the value that we, along with the rest of the country, lost in 2008.
- We have completed the switch from Bank of America to Charles Schwab, managed by Windward Investments.
- We have also reduced the amount we are transferring from investments to the operating budget from \$50,000 to \$32,000 for 2009, which is just less than 4% of the average of the last five years' investment fund balances.
- If you remember Jim Forbush's presentation last year, and others before that, this is 4% figure is important so that we maintain our investments and allow them to grow sufficiently to cover inflation.

- There have been recent changes in Massachusetts investment regulations that affect any permanently restricted funds that we hold. However, this is only \$36,850 of our invested funds. We'll be working on that, along with other financial policies in the next few months.

The expansion of our Children's Circle Nursery School from a morning-only to a 9am-3pm program has been tremendously successful.

- Enrollment is now nearly full, with just a couple of spaces available in each class.
- Our financial goal is to break even on average over the years, with a \$12,000 annual contribution from the nursery school to the church to cover expenses such as administrative and custodial staff time, as well as marginal utility and maintenance costs.
- Thanks to Scarlett, Betsy, and Jenny Lynch and her ministry team, we have turned around the enrollment decline and resulting deficits and are now able to rebuild the nursery school fund balance.
- We're excited about the strengthened connections between the school and the church - understanding it as one of our ministries has made a big difference.
- Registration for next year begins February 1st, so please spread the word!

Our 2010 budget was approved in October.

- Due to the strength of the response to our stewardship drive, the Council doesn't see a need to make any amendments at this time.
- In October, Council worked hard to find areas of efficiency and trim the budget as much as we could.
- I've included our Budget oversight policy, as voted by the Council last May. You'll notice that each ministry is responsible for staying within budget and reporting to Council - and that any expenditures beyond their budget have to be approved by either the ministry chair, the Treasurer, the Council or the congregation, depending on how much.
 - If our contributions come in significantly below budget, we may need to come back to the congregation at the May or October meeting to suggest amendments to the budget.
- The report you have is the same budget as was approved in October with a few updates:
 - The actual January - December figures are included, as well as the year-end unrestricted and restricted fund balances. These are preliminary - the final report will be presented at the May annual meeting.
 - The 12% mission allocation has been clarified to include 12% of pledged contributions and the loose offering.
- There is no plan for significant capital expenditures in 2010 - and therefore, no budgeted transfer into our capital reserve fund. This will need to be addressed in future years.
- You'll note that some of the areas of ministry overlap with each other.
 - For example, Staff Relations is not throwing lavish parties for the staff - it's that social security and Medicare taxes, along with worker's compensation insurance are listed in their section, even though they support all of the areas of our ministry.
 - Similarly, Linda's work could be divided among worship, spiritual formation, property, finance, communications and caregiving - but it is included in Communications.
- This is just one way of looking at the budget - we could, in the future, show a program budget with staff time allocated among the various ministries.