

Treasurer's Report

Supplement to 2009 Annual Meeting Report

Financial Performance in 2008

2008 was a difficult year financially for Redeemer, by any measure. We began the year with a decrease in the number of our pledges, from 132 to 114, but a projected increase in pledge income of about 3 percent over 2007, including some hopeful new pledges. A call for increased pledges at Annual Meeting was met with an increase in pledge income which closed our projected budget deficit to less than \$5K.

But bad news followed. What seemed like a relatively mild winter proved to be an expensive winter from the standpoint of the need for snow removal and salt service - although there was not much snow, there were many days with snow, and many days that crossed the freezing point, requiring in some cases multiple trips by our vendor to ensure safe parking lot and walkway conditions. As a result, the snow plow expense budget was quickly exceeded. In addition, an expected enhancement to one of our cell vendor's equipment (which would have led to a substantial rental income increase) was cancelled in the spring. Recognition of these developments led the Vestry to revise the budget, which grew our projected budget deficit to \$15.3 K.

More bad news came in the form of unmet pledges. Our budget included anticipated revenue from all pledges, and our unpaid portion was far exceeded due to one very large, new pledge going unpaid. The total pledge shortfall by year-end was substantial, totaling almost \$34,000. Efforts to control expenses late in the year, and the good news on utilities, where electric in particular was greatly reduced (thank you, Property, for moving those cell towers to their own meters!) helped keep the deficit from growing even larger, but by year-end the total shortfall was more than \$39K, relative to budget. This is by far the largest operating deficit in Redeemer's history.

2009 Budget

Anticipating possible financial difficulties in the year ahead, the Vestry this year began 2009 budget planning in August 2008, with a "preview" look at the budget. Seeing a potentially large deficit in 2009, Vestry instructed committees and budget managers to strive to submit no larger, and if possible reduced, budgets than in 2008. Many committees worked hard to meet Vestry's request - but in the end a reduced pledge estimate (down by almost 10%, or \$32,000) greatly worsened the situation, and the expenses associated with a change in Redeemer's pastoral leadership required more drastic action by Vestry. The final 2009 budget, passed by a Vestry motion, includes the following elements:

- A salary/wage (and benefits) freeze for all church staff.
- No allocation of operating budget to property capital projects - as a result, capital projects pursued in 2009 will need to be funded from permanent church assets (the Capital Fund).
- A reduction in the operating budget for Mission activities from \$20K to \$12K.

- A further reduction of the expense budgets for Music (\$4k), Property (\$3K), Office (\$1K) and Church Community (\$3.25K).

On the good side, Redeemer received two substantial bequests in early 2009, one from the estate of Eleanor Haus, which contributed directly to 2009 revenues, and one from the estate of Anita Worthen, establishing a new trust fund that will generate income for Redeemer for years to come.

These positive developments, however, were not enough to balance our budget. We enter 2009 with a projected operating deficit of \$20,000. Hopeful that additional pledge income might be raised to help close this sizeable gap, the new Vestry committed to pursuing options to increase operating income, but chose not to reflect those options in the budget that passed on March 18.

For further details on 2008 operating income and expenses, on the 2009 budget, and on fund balances for all Redeemer assets, please see the attached financial report.

A Personal Note

I leave the Treasurer's office wishing to have left the church in better financial health than when I entered office, but that proved to be an elusive goal - after a large surplus in 2006 (thanks to the Abundant Harvest organizers!) we have run large deficits in the past two years, and face another substantial deficit in 2009. Nonetheless, I am confident that Redeemer's finances are in good hands with our Treasurer-elect, Dinesh Dulipsingh, who has already learned many of the details of the job much faster than I did. Thank you for the privilege of serving as your Treasurer over the past three years!

James Neumann
Treasurer
March 22, 2009