

TREASURER'S REPORT

Financial Performance in 2009

2009 has been a very challenging year for the Church of Our Redeemer. We entered 2009 with a projected operating deficit of **\$20,000**. It has also been a period of transition with a change in Redeemer's pastoral leadership and the introduction of the new Priest-in-Charge. While we did a good job of adequately budgeting for the transition we did have a significant unbudgeted transition expense associated with temporary housing and moving costs. We had another expensive winter from the standpoint of the need for snow removal and salt service. Our snow plowing expenses significantly exceeded the Annual budget for the year by April of 2009. By May 2009 our budget for Office supplies had already exceeded the annual budget due to a high volume of mass mailings in the earlier part of 2009. Additionally we had a few unforeseen expenses related to Maintenance and Repair of the grounds (Property) in June 2009.

Given the increase in snow plowing expenses and the one time transition costs, we would have had a \$30k deficit in 2009. Anticipating further possible financial difficulties the Vestry initiated a "**13th month**" campaign in July Of 2009. It was a response to the initially projected \$20,000 operating deficit and the concern that the gap between revenues and expenses would continue to widen. By the end of Oct 2009, the campaign successfully raised **\$19,785** and greatly helped shorten the gap between revenues and expenses. Committees and Budget Managers were further instructed to keep their expenses within budget.

In retrospect, given the economic downturn and the challenges that Redeemer faced in 2009, we respectably concluded 2009 with a deficit of \$10,000 , compared to the 2008 deficit of \$39,400.

2009 Highlights

- Successful 13th month campaign to bridge the gap in deficit
- Revenues came in at 102% of plan
- Expenses came in on target
- Increase in Rental Income (Renegotiated contracts with Sprint, TMobil & Cleaning Services). Thank you Property Committee
- Great effort by Property Committee to get the Rectory in order in Aug 2009. Saved Reedemer an additional \$10k
- Enforced policies to reduce the Costs of Printing and Postage
- 2009 J2A Fund raising target (\$4k). Pilgrims raised \$6.1k and reduced church contribution target by \$2.1k
- Final deficit of \$10k, half what was projected and our lowest since 2007

2010 Budget

Vestry began budget planning in August with a "preview" look at the budget. Based on the preview, Vestry instructed committees and budget managers to strive to submit budgets no larger than, and if possible reduced, from those in 2009 - committees worked hard to meet Vestry's request. With the leadership of our Stewardship Committee, our congregation generously responded with many increased pledges, but the initial income projections were almost \$50K less than the initial expense proposals. In the end, further increases in pledges, a stunning achievement in this economy that we should be proud of, further reduced the initial shortfall to under \$40K.

Nonetheless, our recent history of deficits and depleted reserves combined to convince Finance and Vestry that more substantial, structural changes were needed to put Redeemer on better financial footing, for 2010 and the future. The final 2010 budget, passed by Vestry motion, including the following elements:

- A second year of salary and wage freeze for all church staff.
- A reduction in the scope of the Parish Administrator position, from full-time to $\frac{3}{4}$ time, and reduction in scope of the Music Director position, from 60% time to $\frac{1}{2}$ time.
- A second year in succession of \$0 allocation of operating budget to property capital projects - as a result, capital projects pursued in 2010 will once again need to be funded from permanent church assets (the Capital Fund).
- No increase in the allocation from the operating budget for Mission activities, which remains at \$12K.
- Reductions in the church's contribution to retirement and medical insurance benefits for non-contract lay staff.
- A further overall reduction in expense budgets for Education, Property, Office, and Church Community.

These cuts to our expense budgets were not made lightly. They are designed to "right-size" Redeemers' personnel and other budget commitments to match our diverse ministries. This year's Vestry worked particularly well on this budget, providing a wealth of information and viewpoints that reflected the active representation of the group in virtually all of Redeemer's ministries. In addition, Vestry has worked hard to make these changes in the most transparent way we know how, conducted research on staffing at comparable churches, and invited comment from the congregation. We participated in active listening when comment was been offered – and input from the parish (to their "favorite" vestry person) clearly affected the final passed budget.

The result of these efforts is a projected operating deficit of under \$5,000, which we hope with continued budget vigilance, and continued growth in our congregation, can be turned into a balanced budget or surplus by year end. For further details on 2009 operating income and expenses, on the 2010 budget, and on fund balances for all Redeemer assets, please see the attached financial report.

Dinesh Dulipsingh, Treasurer
James Neumann, Assistant Treasurer and Finance Committee Chairperson
January 28, 2010

2009 Revenue and Expense Report
2010 Budget Summary - approved by Vestry on 1/24/10
Fund Balance Summary

<u>Revenues by Source</u>	<u>2006A</u>	<u>2007A</u>	<u>2008A</u>	<u>2009B</u>	<u>2009A</u>	<u>2010B</u>	<u>Notes for 2010 Budget</u>
Total Unrestricted Offerings	\$ 298.9	\$ 309.5	\$ 307.4	\$ 314.2	\$ 322.3	\$ 318.6	Includes \$2K pledges above "in-hand"
Total Restr./Desig.Offerings (ex Dreams)	6.0	4.9	3.7	3.6	2.3	3.6	
Fundraising Income	22.0	9.3	2.4	-	-	-	
Total Rental Income	113.4	114.2	112.6	121.5	125.9	124.3	Contracted cell and LPC increases
Total Transmittals Income	4.8	5.7	6.4	3.6	3.6	3.6	
Total Investment/Other Income	5.9	7.6	3.7	3.0	0.9	1.5	Reduced to more closely match actuals
Total Revenues	450.9	451.0	436.2	445.8	455.1	451.6	
Dreams Campaign (Restricted)	-	-	-	-	-	-	
Endowment Fund Income	-	-	1.8	2.5	1.4	2.5	Estimate only
Paul C. Davidson Bequest Income	4.2	2.1	2.8	2.1	2.1	1.5	Equals 75% of total income
Mission Fund Fundraising Income	24.9	15.4	24.8	20.0	24.0	25.0	Estimate, but works like a transmittal
Rectory Fund Income	-	-	-	-	-	-	
Grand Total All Revenues	\$ 480.0	\$ 468.5	\$ 465.6	\$ 470.5	\$ 482.5	\$ 480.6	
Expenses by Program							
Church Community	\$ 98.2	106.6	\$ 108.0	\$ 124.6	\$ 131.6	\$ 112.1	No salary increase, level/reduced expense
Property (Operating Expenses)	94.1	99.2	101.8	95.4	90.2	96.6	Reduced utilities, cleaning, but add sexton
Property (Capital Projects)	11.5	9.4	9.5	-	-	-	Reduced to \$0 for a second year
Office & Business	60.3	77.5	74.6	72.0	72.7	65.3	Reduction in personnel to "right-size"
Music	52.3	55.7	59.1	53.2	53.2	51.1	Reduction in personnel to "right-size"
Education	44.3	44.2	45.3	77.6	74.6	62.3	Asst rector returned to 1/2 time Sept '09
Diocesan Assessment	47.8	44.4	46.5	49.3	49.3	49.3	Staying level for 2010
Mission & Outreach	24.9	26.1	29.0	16.8	16.1	18.0	Modest increase in clergy discretionary
Mission Fundraising Expense	23.3	17.1	25.3	20.0	24.0	25.0	Matches Mission Fundraising income
Endowment Fund Expense	-	-	1.8	2.5	1.4	2.5	Estimate only, matches income estimate
Sabbatical Fund Transfer	4.5	3.8	4.1	(20.4)	(20.4)	3.2	For clergy sabbaticals
Sabbatical Expense	-	-	-	-	-	-	
Total Expenses	\$ 461.2	\$ 484.1	\$ 505.0	\$ 491.0	\$ 492.6	\$ 485.3	
Cash Excess/(Cash Shortfall)	\$ 18.8	\$ (15.6)	\$ (39.4)	\$ (20.5)	\$ (10.1)	\$ (4.7)	
Fund Balances							
	<u>12/31/06</u>	<u>12/31/07</u>	<u>12/31/08</u>	<u>EY09(est)</u>	<u>12/31/09</u>	<u>EY10(est)</u>	
Reserve Fund (Non-operating)	94.6	82.3	46.3	27.7	35.6	31.7	Deficit \$10K less than expected in '09
Access Fund	5.7	5.7	-	-	-	-	
Flower & Garden Fund	0.9	0.1	-	-	-	-	
Music Fund	3.2	1.4	-	-	-	-	
Capital Fund	-	-	85.9	65.9	80.2	45.2	Anticipated '09 projects (steeple) deferred
Mission & Outreach Fund	5.6	15.8	14.7	-	0.4	0.5	Successfully moved \$ to those in need!
Clergy Discretionary Fund	1.9	1.6	0.7	0.7	0.7	0.7	
Youth Ministries Fund	5.3	5.9	11.3	3.8	5.3	10.3	J2A fundraising ramping up again
Maintenance Reserve Fund	1.0	1.0	1.0	1.0	1.0	1.0	
Men's Group Fund	1.1	1.1	1.1	1.1	1.1	1.1	
Library Fund	0.2	0.2	-	-	-	-	
Memorial Garden Fund	-	-	4.4	8.4	2.8	5.3	Drew down in '09 - do better in '10?
Sabbatical Reserve Fund	14.0	17.7	21.8	1.5	1.4	4.6	Drew down in '09, now rebuilding reserve
Total Fund Balances	133.5	132.9	187.2	110.0	128.4	100.3	
Dreams Campaign Fund	72.4	59.1	-	-	-	-	
Endowment Fund	149.7	155.0	109.1	111.0	133.9	142.1	Invested in market, expect gains in '10
Paul C. Davidson Maintenance Fund	120.2	124.0	124.0	124.8	122.2	122.7	3/4 of income goes to property needs
Emma and Trevor Pring Trust	-	-	-	-	20.0	20.0	Income goes to operating budget
Rectory Fund	95.4	100.2	-	-	-	-	
Grand Total All Church Funds	\$ 571.3	\$ 571.3	\$ 420.4	\$ 345.7	\$ 384.5	365.1	