

Background

As part of the facilities planning process it is critical to understand our financial situation and our capacity to financially support any work proposed. In order to do so there are two primary statements that should be reviewed – the annual *operating budget* and the *balance sheet*.

The *operating budget* balances revenue (from our annual pledge drive, interest and income from our investments and rental programs, and other fund raising activities) with the operating costs of the church (including salaries and benefits for staff, utilities and building maintenance, program costs, contributions to social action, repayment of loans, and the payment of dues to the UUA). Directionally the Board attempts to operate a “balanced budget” whereby we neither end the year with a surplus, nor with a deficit. The operating budget is important since if a loan is required to fund building improvements the lender would look to our ability to repay the interest and principal on that loan.

The *balance sheet* is a snapshot in time and shows the net value or equity of the church. It shows all our ‘assets’ such as cash on hand, money market accounts and the value of our buildings and land. Our liabilities include short term commitments for bills to be paid, or monies allocated to specific functions such as the building reserve fund, as well as long term liabilities such as our loan from UUA and the loan taken to build Summit House. The difference between the two numbers represents the *net asset value* or *equity* of the Church. The balance sheet is important since it provides a source of funding either directly through the sale of assets or indirectly through the equity acting as collateral for a loan.

As documented in the body of the report, U-House is currently valued at \$566,700 for property tax purposes, although is only valued at \$229,500 (the original purchase price) on our balance sheet. The team believes that in a normal market this property could be sub-divided into 5 lots, 2 of which would be retained for parking as per the current location, and the balance of the property sold for a net profit of approximately \$500,000.

Operating Budget (2009 – 2012)

A review of the last 3 years’ approved budgets, (the details of which can be found on our web-site), would show the following highlights:

	2009/10	2010/11	2011/12
Total Revenue	579,000	538,000	569,000
Current Year Pledges	420,000	405,000	422,000
Unpledged donations	20,500	8,000	10,000
Prior Year Pledges	7,000	7,000	7,000
Building User Fees	6,500	5,100	8,000
Mollie Michie	5,850	6,300	6,750
U House Rent	22,000	22,000	22,000

Plate Cash (Sundays)	11,500	7,000	7,000
Fund Raising Income	23,000	23,000	23,000
Scrip Profit	30,000	22,500	19,500
Social Action Collections	18,000	22,000	22,000
Other/Investments	14,650	10,100	21,750
	2009/10	2010/11	2011/12
Total Expenses	580,800	538,191	569,694
Personnel	359,000	337,000	364,000
Program Expense	34,015	25,560	31,080
Office & Fundraising	24,050	21,150	24,150
Buildings & Grounds	64,482	54,150	53,912
Community & Denomination	59,860	62,189	59,254
Debt Service/Loan Repayment	38,952	37,378	36,326
Budget Balance (Surplus/Deficit)	(1,150)	32	(151)

Notes:

1. Current year pledges account for 73% - 75% of total income.
2. Total budget fairly stable for past 5 years except during 2010/11.
3. Pledge income was budgeted to decline in 2010/11 due to poor economy and the absence of a settled minister.
4. Expenses were also cut in 2010/11 through reduced staffing hours and reductions to program costs, and then largely restored for 2011/12.
5. U – House *net* revenue after expenses and property tax is approx. \$15,000/year.
6. Scrip profit has declined over each of the past 3 years.
7. Increase in Social Action collections have been offset by reduction in plate receipts
8. Building Use Fees (including Mollie Michie) less than \$15,000 or 3% of income.
9. Personnel costs including salaries, benefits, and professional development approx. 64% of total expense.
10. Loan service approx. 6% of operating costs.

Balance Sheet – October 2011

As explained above, the balance sheet is a snap-shot in time of the total assets and liabilities of the church. For TJMCUU the numbers remain fairly stable but as of October, 2011 the highlights would show the following:

ASSETS

1. Current Assets (Cash and other liquid assets including our money market account)		\$181,011
2. Property & Equipment (Valued at time of purchase)		
Church Building & land	\$1,087,314	
U-House Building & Land*	\$229,500	
Summit House & Land	\$509,148	
Total P & E		\$1,825,962
3. Other Assets including:		
Endowment Fund	\$241,250	
Cheetham Fund (RE)	\$9,603	
Bristol Fund (For Buildings)	\$41,123	
Abrahamse Fund (For Music)	\$11,725	
TJMC Remembrance Garden	\$7,239	
Scrip Inventory	\$15,355	
Total Other Assets		\$326,295
Total Assets of TJMCUU		\$2,333,268

**U-House was recently assessed at \$566,700 for property tax purposes.*

LIABILITIES

1. Current Liabilities (Bills and other commitments we have made to various funds)		\$171,015
2. Long Term Liabilities including:		
UUA Loan	\$37,509	
Summit House Loan	\$125,000	
Total Long Term Liabilities		\$162,509
Total Liabilities of TJMCUU		\$333,525
Total Equity		\$1,999,743

Notes:

1. The balance sheet will change whenever there is a change in the value of the current assets or liabilities incurred by the church.
2. The property is currently valued at the original purchase or building cost.

