

To: RDLUC Community of Faith
 From: Mike Jackson, Treasurer
 Subject: 2023 financial statements and 2024 budget
 Date: March 13, 2024

2023 SURPLUS/DEFICIT and 2024 BUDGET

Revenue	<u>2022</u>	<u>2023</u>	<u>'23 vs '22</u>	<u>'24 budget</u>
donations	262,222	250,467	-11,755	282,360
rent	40,799	43,501	2,703	43,550
fundraising	34,304	46,471	12,166	36,700
grants	<u>6,423</u>	<u>33,351</u>	<u>26,929</u>	<u>26,600</u>
Total Revenue	343,748	373,791	30,043	389,210
Operating Expenses				
property	70,725	73,238	2,514	82,451
salaries	220,289	154,635	-65,654	221,120
programs	11,012	13,591	2,579	40,520
assessments	15,390	13,747	-1,643	18,524
Admin & Other	<u>16,949</u>	<u>31,022</u>	<u>14,073</u>	<u>25,600</u>
Total Oper. Expenses	334,364	286,233	-48,131	388,215
Revenue less Oper. Expenses	9,384	87,558	78,174	995
Interest Expense	13,984	18,610	4,626	14,000
Surplus	-4,600	68,948	73,548	-13,005
capital expenditures	0	0	0	0
loan repayment	24,603	24,150	-453	24,000
Cash Flow	-29,202	44,798	74,001	-37,005

Excludes Mission and Service donations which are a pass-through, 2023 = 8,352, 2022 = \$8,215, 2021= 10,115

2023 SURPLUS/DEFICIT

Donations are down \$11,755, 4.5%, year-over-year. A few ways to slice & dice the donation data:

Method of Donation

	Recurring & on-line	Cash & cheque	Marketable Securities	Old Vehicles
2023	62%	34%	3%	1%
2022	70%	27%	3%	<1%
2021	75%	23%	2%	<1%

By Calendar Quarter

	Q1	Q2	Q3	Q4
2023	22%	24%	19%	35%
2022	18%	20%	21%	41%
2021	19%	19%	18%	44%

Number of Donors 2023

dollar range	\$5,000 & greater	\$2,500 - \$4,999	\$1,000 - \$2,499	<\$1,000	Total
# of donors 2023	13	20	47	152	232
% of aggregate \$ 2023	33%	24%	26%	17%	100%
# of donors 2022	12	19	49	137	217
% of aggregate \$ 2022	36%	24%	26%	14%	100%

The ways to donate are described on the “giving” page of the RDLUC website. A few comments:

- If people are active members of the community, I encourage them to make a recurring gift rather than an envelope just when they attend a service. Recurring donations help our working capital position during periods of lower attendance (e.g. summer), have a lower processing cost, and less demand on volunteers (i.e. counting the offering after every Sunday service). It also shows a financial commitment that helps with budgeting and mid-year course corrections. The easiest way to do this is click the “online giving” button on the “giving” page, and in the dropdown menu select a frequency (e.g. monthly).
- A gift of marketable securities is a tax efficient method for donors because it avoids capital gains tax. Donating a vehicle is a way to dispose of an old vehicle and benefit the church. We have been getting a couple donations per year each of securities and vehicles.
- Putting a gift to RDLUC in your Will can be part of your estate planning. RDLUC’s current cash position and the ability to make debt payments the past few years is the result of a few generous people who made Planned Gifts. There is a brief description on the “giving” page, with a link to information on the UCC website. I am familiar with planned gifts so can provide some direction. Your financial and legal advisors (and family members) should be involved as this is part of your estate plan.

Fundraising is up \$12,166. On The Edge Concert Series is up \$11,979, from strong ticket sales and concessions. We have benefitted the past two years from the turkey supper, auction, handcraft market and poinsettias/wreaths fundraisers, generating approximately \$20,000 each year. In addition to the financial benefit of these events, it builds community spirit and introduces people to RDLUC. We also need to be aware that there is tremendous volunteer time & effort that could be exhausting over time.

Government grants include \$23,576 for the seniors’ support program and \$9,800 from the Community Services Recovery Fund. The former funds the food & transportation congregational care ministry, delivered by volunteers. The latter is a federal program we accessed to engage a consultant to study the feasibility & process for RDLUC to become a Hub for social service agencies in the surrounding area (the final \$4,200 portion of the grant is expected in Q2’24 upon filing of a final report with the government).

A major financial difference is that salaries & benefits are down \$65,654. This is an aberration caused by Nick and Vi departing early in the year. Staff compensation will revert to “normal” during 2024.

Property expense increased \$2,514 because of higher electricity & natural gas (including \$3,374 carbon tax) and we started subscribing to Starlink for internet. What is not visible in the aggregate numbers is that during 2022 there was substantial work done on the elevator & memorial garden and during 2023 on the exterior walls of the chapel. These were mostly funded by donations specifically for these purposes and volunteer labour (these cash donations are netted in property expense rather than included in donation revenue).

Program expense includes the grant-funded seniors’ support ministry. Hospitality ramped up during the year, and I note that the cost of some events, such as lunches after Sunday services, is considerably offset by

attendees donating a few dollars. The cost of music and licensing is up in 2023. The Wish Christmas Tree and refundable bottles raised \$5,383 for food hampers.

The increase in Administration & Other is the grant-funded consultant regarding a Hub.

Interest expense increased \$4,626 because the loan is a floating rate. We again asked Canadian Western Bank to lengthen the amortization period of the loan and again were rejected, so the principal repayment remained flat around \$24,000.

At December 31, 2023 total cash holdings were \$323,738, of which \$199,417 was unrestricted. At December 31, 2023 the CWB loan balance was \$221,878.

2024 BUDGET

The budget has been prepared to have breakeven cashflow, prior to loan principal & interest payments (P+I). Expenses have been set at reasonable levels based on recent history and desired 2024 activities, with the governor of living within our means. A key variable is that the budget includes an increase in donations of \$31,893, 13%, which moves it back towards pre-pandemic levels. A mid year review may lead to adjustments of adding or subtracting some activities.

Fundraising revenue is down because OTE is projecting a softer year and the handcraft market & auction may be downsized a bit.

The largest dollar difference from 2023 is having a full salary load for the team of ministers. The budget also adds the position of music coordinator/accompanist.

Grants will continue to fund the seniors' support ministry (some grant money carries over from 2023 into 2024). The numbers have been increased for worship (music, AV), faith & spirituality, and hospitality.

Property expense is higher because of higher utility rates and a requirement to repair the kitchen fume hood.

The Administration budget includes more money for communications/advertising and lower interest revenue resulting from a lower GIC balance.

The Canadian Western Bank loan is a significant negative weight on the church's finances and ability to invest in growth & additional programs. The loan dates back twenty years to construction of the sanctuary, with an original balance around half a million dollars. The current 12-month run rate for P+I is \$46,778. The budget assumes a \$60,000 prepayment is made in April from unrestricted cash, which brings the P+I run rate down to \$34,128. The spread between the loan interest rate and GIC interest rate has widened as interest rates have gone up, so there is a cost to sitting on too much cash. The counter is that we do not want to run the cash balance too low to make us vulnerable to seasonal working capital needs or not have a buffer for a major shock (e.g. pandemic). We will request CWB to extend the amortization period, from 6 to 10 years, which if they do will lower P+I to \$24,343 (this lower level is not in the budget). At this time, I also raise a trial balloon to the church community that maybe a campaign, led by a few families, could eliminate the debt over the next 1-3 years (I have received some positive initial reaction to this).

MJ