

MDUUC Treasurer Report to Annual Meeting, June 4 2017

MDUUC Financial Condition:

Strengths:

- **Our congregation is generous and meets their commitments:**
 - 80% of our income is from pledges (\$650k), and by end of March (3/4 of the year) 75% had been received.
 - Our fundraisers continue to be successful, especially serve-U. Two weeks ago we raised over \$6,000 in chili cook-off to send our youth to GA!
 - We have received nearly \$70k in bequests, both to support operations and the endowment fund.
 - Our stewardship campaign for next fiscal year was very successful, achieving a 10% increase over last year, exceeding our goal of a 6% increase.
 - We paid our full denominational contributions this year and over 10 years.
- **Our budgeting is realistic:**
 - Although we had a budgeted deficit of \$25k, we are on track to generate a surplus of over \$30k. (Mostly due to gifts).
 - We have not had to use any of our reserves.
- **Our net worth and reserves are healthy (May 31 bank statements):**
 - Operating Funds: \$191k, Reserve Funds \$289k, Endowment \$624k = \$1.1m
 - Debt: Mortgage \$412k, Solar lease \$70k, Notes \$280k = \$762k
 - MDUUC is well insured against loss and liability.

Challenges:

- **Staff Turnover and burden:**
 - The size and changing demographics of our congregation place increasing burdens on our staff.
 - Cost of living in this community, commuting difficulty and uncompetitive compensation contributed to high staff turnover and difficulty recruiting.
- **Problems with recordkeeping and financial management due to staff turnover, switch to online books, fraud risk.**
- **Technology management: breakdowns, fraud risk, delay and difficulty adapting to modern electronic payment options.**

Endowment (Sammons Fund):

Invested at Morgan Stanley since 2011: 70% in fixed income securities, 30% in growth (equity) funds. Only income from fixed income securities is distributed to MDUUC.

The endowment funds earned 6.86% last year (2016), with an average 5.51% per year since 2011. Current balance is \$624k (Up from \$570k May 2016).

Distributed \$15k in 2016 to MDUUC operating budget. \$16k will be distributed in 2017.

Recommend Approval of Proposed Budget for FY 17/18 (July 2017-June 2018).

In my report to the annual meeting last year I supported a proposed deficit budget because I noted that the greatest risk to MDUUC was not a financial risk, but the risk of staff turnover due to burden and inadequate compensation. It turns out that due to the continuing generosity of our congregation, and careful budgeting and financial management we actually expect to generate a surplus this year, and our financial position continues to improve.

However, our problems with insufficient staff and turnover did hit us hard this year, and placed great burdens on continuing and new staff, minister and volunteers.

Congregational support for our community, “Make it so” strategic goals, and the stewardship drive have put us in a position to seriously address these risks in our budget for the next year.

Thanks to the great efforts of our search committees, our minister, and the financial generosity of our members (including a special gift from one of our new members) we are now able to hire and adequately compensate new and continuing ministers and staff. This budget reflects that commitment. It includes pay raises, improved medical benefits (though still “bare bones”), moving expenses, assistance with housing, and improved provision for professional expenses. It also includes providing additional support for bookkeeping and personal assistance for the minister.

In so doing, we advance our mission, our opportunity to support and effect changes both within our own community, our denomination and our local area. Also to address the great social justice and other challenges that we face in our wider community.

You will no doubt notice that this budget does not provide for increases to our reserves or to repay debt, both of which are legitimate concerns. If, after taking care of the needs noted above, we continue to generate surpluses, we should allocate some or all of these to further improve our reserves. I do recommend that we initiate a capital fund after developing plans for improvements to our church campus.