

2019 Budget

Eastside’s budget for 2019 would normally have been presented in February 2019, however it was delayed this year as a result of Eastside’s challenging financial circumstances. Specifically, a Joint Needs Assessment Committee (JNAC) was established in late 2018 to identify options to preserve Eastside’s continued viability. The JNAC Committee has completed its review, so sufficient clarity now exists to present a budget for 2019.

An overview of the budget is as follows:

Snapshot of 2019 Budget, With Comparative Information				
	2019 Budget	2018 Actual	2017 Actual	2016 Actual
Revenue to Support Eastside United Church	\$ 152,300	\$ 137,129	\$ 139,367	\$ 142,744
Family Ministry Grant from UCC	4,000	0	0	0
Grant from Wind-up of Whitmore Park	0	6,460	0	0
Revenue to Support Eastside Share of LSC Mortgage	0	490	650	27,925
Revenue to Support Mission & Service Fund	0	12,449	14,106	15,150
Total Revenue	156,300	156,528	154,123	185,819
Eastside's Operating Expenses	(145,300)	(140,719)	(139,080)	(135,901)
Contribution to Mission & Service Fund	0	(12,449)	(14,106)	(15,150)
Total Operating Expenses	(145,300)	(153,168)	(153,186)	(151,051)
Operating Surplus/(Deficit)	\$ 11,000	\$ 3,360	\$ 937	\$ 34,768
Less: Mortgage Payments (principal & interest)	(11,000)	(9,900)	(10,000)	(10,000)
Add: Drawdown of Mortgage Fund	0	9,065	10,000	0
Equals: Surplus/(Deficit)	\$ 0	\$ 2,525	\$ 937	\$ 24,768

Revenue

The most significant aspect of the 2019 budget is that it requires an 11% increase in local revenue, from \$137,129 in 2018 to \$152,300 in 2019. Local revenue has been declining in recent years, so the congregation needs to step up in a big way to achieve this level of giving.

To date, results have been very encouraging! PAR giving has grown to \$6,880 per month, which is up more than 22% from the \$5,618 that was reported in December 2018. Overall, local revenue from January to May (not counting amounts given to eliminate the M&S and denominational liabilities) has been up 26% (\$14,676) over the same period in 2018.

Expenses

Expenses are budgeted to be up 3.3% (\$4,581) over the amount incurred in 2018. The majority of this amount consists of \$4,000 of expenses for family ministry. This amount is fully recoverable from a grant that has been received from the United Church.

A reconciliation of expenses between the budgeted amount for 2019 and the actual expenses incurred in 2018 is as follows:

Eastside Actual Operating Expenses, 2018	\$ 140,719
Less:	
Sabbatical costs of 2018 that will not be incurred in 2019	(2,534)
Add:	
Expenses pertaining to family ministry (offset by grant from UCC)	4,000
1.6% increase in staff salaries and benefits	1,672
Increase in Eastside's share of LSC operating costs	1,053
Other increases in operating expenses	390
Eastside Budgeted Operating Expenses, 2019	<u>\$ 145,300</u>

A more detailed listing of Eastside's revenue and expenses is included in the following pages in the table entitled "Income and Expenses, Budget and Actual, 2017-2019".

Living Spirit Centre (LSC) Finances

Eastside's share of LSC costs has increased significantly. For 2019, Eastside is paying 35.32% of LSC costs, versus 32.00% in 2018. LSC costs are divided among the three congregations based on their average local revenue for the previous 3 years. Eastside's revenue has declined over this period, however the revenue of the other congregations has also declined, resulting in Eastside bearing a larger portion of the total costs.

It is important to note that the cost of operating the LSC is very modest. Excluding the mortgage, Eastside's share of the LSC costs is only \$13,537.

Questions and Answers

Question #1: how does Eastside spend its money?

Eastside's largest expense is the cost of ministry (\$108,810 for 2019). This includes the minister's salary, and several other costs, including the office administrator's salary, as well as costs for pianist/music services and employment benefit costs.

Eastside enjoys tremendous cost savings as a result of sharing a facility with Bread of Life and St. Philip. At the Living Spirit Centre, common costs (i.e., costs that are not specific to a single congregation, such as heat, power, water, insurance, repairs and maintenance) are shared in proportion to the number of families that comprise each congregation. Currently, Eastside is responsible for 35.32% of common costs.

Eastside's expenses by category are as follows:

Expenses:	2019 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual
Ministry & Personnel	72%	70%	67%	69%	66%
Mortgage Payments & Capital Exp.	7%	6%	6%	6%	9%
Denominational Assessment	4%	4%	5%	4%	4%
M&S & Outreach	1%	8%	9%	10%	10%
Administration & Other	16%	12%	13%	11%	11%
Total	100%	100%	100%	100%	100%

Question #2: how much debt does Eastside have?

Eastside's 35.32% share of the mortgage at December 31, 2018 was \$48,015. It bears interest at a floating rate (TD Bank prime + 1.25%) which equates to 5.20%. The TD Bank mortgage matures in August 2024.

By May 31, the balance had declined to \$44,484, and by December 31, 2019, the TD Bank mortgage will be reduced to \$39,542.

During 2016, Eastside raised funds for the extinguishment of the mortgage. These funds assisted with making the mortgage payments in 2017 and 2018, however they have now been fully used, and no amount remains in the mortgage fund.

Question #3: Does Eastside Receive any Grants or Other Financial Support from the United Church of Canada?

No, Eastside's ongoing existence is entirely dependent on financial support from the congregation. In 2019, Eastside has received a grant of \$4,000 from the United Church of Canada for family ministry, however these funds are earmarked for specific program expenses and are not available to meet day to day expenses.

Question #4: Does Eastside Owe any Money to the M&S Fund or to the Living Skies Region?

No! The generous giving of the congregation in early 2019 has been sufficient to extinguish Eastside's obligations to both the M&S Fund and the Living Skies Region. Eastside's only liability at May 31, 2019 was for its share of the mortgage on the Living Spirit Centre.

Question #5: Does Eastside Have any Reserves or Other Financial Assets?

No. Eastside's only assets are its cash in the bank and its partial ownership of the Living Spirit Centre. At May 31, 2019, Eastside had net cash of \$28,398 after deducting accounts payable. Of this amount, \$6,460 is a one-time grant that was received from Whitmore Park United Church when it closed. This amount has been set aside in reserve, leaving \$21,938 of unencumbered cash.

If Eastside's remaining share of the Living Spirit Centre mortgage is taken into consideration, Eastside's net debt at May 31, 2019 was \$16,086, which is an improvement of \$48,125 from the net debt of \$64,211 that existed at December 31, 2018.

	May 31 2019	Dec. 31 2018	Dec. 31 2017
Cash in bank	\$ 28,398	22,095	\$ 13,941
Cash set aside for future mortgage payments	0	0	(8,575)
Adjusted cash balance	28,398	22,095	5,366
Less accounts payable:			
Mission and Service Fund	0	(31,111)	(18,662)
Denomination assessment	0	(7,180)	(731)
LSC	0	0	(2,625)
Net cash position	\$ 28,398	(16,196)	\$ (16,652)
Share of LSC mortgage	(44,484)	(48,015)	(51,177)
Cash set aside for future mortgage payments	0	0	8,575
Net debt	\$ (16,086)	(64,211)	\$ (59,254)

Any Questions?

Do you have any questions about Eastside's finances? If so, please e-mail the church at eastsideunited@sasktel.net, and your question will be forwarded to someone who can provide an answer!

Income and Expenses, Budget and Actual, 2017-2019

	2017 Actual (\$)	2018 Budget (\$)	2018 Actual (\$)	2019 Budget (\$)
Operating Expenses:				
A. Ministry and Personnel				
Payroll Expenses:				
Ministry Salaries				
a) Minister's Salary	64,104	65,000	65,001	66,040
b) Sunday School Teachers, Nursery, Youth	100	500	0	0
c) Pianist & Related Services	3,745	3,750	3,650	3,650
d) Musician Services	150	200	75	200
e) Worship Leadership	680	0	518	500
f) Sabbatical Coverage - honoraria and travel	0	2,000	1,599	0
g) Sabbatical Coverage - guest speakers	0	1,050	935	0
Office Administrator Salary	19,800	20,100	20,077	20,420
Employer Contributions (Non-Salary)	16,683	16,950	17,710	18,000
Total Payroll Expenses:	105,262	109,550	109,565	108,810
Order of Ministry Expenses:				
Payroll Administration	285	275	292	300
Minister's In-town Travel Expenses	1,049	750	470	500
Minister's Phone	440	450	440	450
Minister's Continuing Education	1,166	1,532	1,806	1,557
Staff Development	0	500	432	900
Pastoral Outreach	468	450	530	450
Gift cards & Thank You Cards	57	25	35	25
Total Order of Ministry Expenses:	3,465	3,982	4,005	4,182
Total Ministry and Personnel	108,727	113,532	113,570	112,992
B. Administration				
Advertising	473	300	272	300
Insurance	644	650	644	665
Technology Support	686	600	625	200
Living Spirit Centre Common Expenses (EU share) (Note 1)	13,628	12,484	12,484	13,537
Planning Meetings and Retreats	0	0	110	0
Office Supplies				
a) Miscellaneous Office Supplies	40	100	110	113
b) Photocopying	276	1,600	561	1,600
c) Postage	70	50	87	50
d) Telephone & Internet	2,780	2,550	2,739	2,800
e) Office Equipment/Furnishings	0	400	0	200
Total Office Supplies	3,166	4,700	3,497	4,763
Total Administration	18,597	18,734	17,632	19,465

	2017 Actual (\$)	2018 Budget (\$)	2018 Actual (\$)	2019 Budget (\$)
Operating Expenses Continued.....				
C. Stewardship and Finance				
Envelopes, PAR and Bank Service Charges	537	539	443	470
Total Stewardship and Finance	537	539	443	470
D. Presbytery/Denominational Assessment	7,520	7,520	7,180	6,073
E. Subscription Expenses				
Church Calendar & Observer	258	250	27	250
Total Subscription Expenses	258	250	27	250
F. Fundraising Expenses	0	0	0	0
G. Worship				
Worship Supplies	570	500	228	150
Music Supplies, Licensing, Worship Band	95	200	506	0
Total Worship	665	700	734	150
H. Outreach				
Outreach Committee Expenses	30	0	0	0
Third Party Donations:				
Indian Metis Christian Fellowship	1,200	1,200	765	1,100
Total Outreach Fundraising	1,200	1,200	765	1,100
Mission and Service	14,106	14,500	12,449	0
Total Outreach	15,336	15,700	13,214	1,100
I. Congregational Development	225	200	200	200
J. Christian Education				
Christian Education	711	400	211	400
Family Ministry	382	400	-203	4,000
Total Christian Education	1,093	800	8	4,400
K. Affirming Ministry	228	200	160	200
Total Operating Expenses:	\$153,186	\$ 158,175	\$153,168	\$145,300

	2017	2018	2018	2019
	Actual (\$)	Budget (\$)	Actual (\$)	Budget (\$)

Capital Expenditures:

Living Spirit Centre Mortgage Payments (EU share) (Note 2)	10,000	9,900	9,900	11,000
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Total Capital Expenditures:

	\$ 10,000	\$ 9,900	\$ 9,900	\$ 11,000
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Total Expenses:

	\$163,186	\$ 168,075	\$163,068	\$156,300
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	2017 Actual (\$)	2018 Budget (\$)	2018 Actual (\$)	2019 Budget (\$)
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Revenue:

A. Offerings for Local Church

Envelope Offerings	66,004	67,300	65,226	67,100
PAR Offerings	70,162	70,000	68,570	78,000
Loose Plate Offerings	1,581	1,200	3,158	4,000
Initial Offerings	20	100	0	0
Family Ministry Revenue	0	0	0	2,000
Donations for Mortgage Payments	650	5,000	490	0
Donations from Whitmore Park United Church	0	0	6,460	0
Draw from Mortgage Fund (Note 3)	10,000	8,575	8,575	0

Total Offerings for Local Church	148,417	152,175	152,479	151,100
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B. Subscription Revenue	225	200	65	0
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C. Local Church Fundraising	0	0	0	0
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D. Grants From United Church of Canada	1,000	0	0	4,000
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E. Outreach Revenue

Mission and Service:

a) Envelope M&S Offering	5,358	5,800	3,809	0
b) Pre-authorized Remittance	8,748	8,700	8,640	0
Total Mission and Service	14,106	14,500	12,449	0

Fundraising Projects:

Indian Metis Christian Fellowship	375	1,200	600	1,200
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Total Outreach Revenue	14,481	15,700	13,049	1,200
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Total Revenue	\$164,123	\$ 168,075	\$165,593	\$156,300
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Surplus/(Deficit)	\$ 937	\$ 0	\$ 2,525	\$ 0
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Notes:

Note 1: Costs of operating the LSC that are not specific to Eastside are called "common costs". These costs are shared by Eastside, St. Philip and Bread of Life in proportion to the amount of revenue in each congregation. For 2019, Eastside's share of the common costs has increased to 35.32%, from 32.00%. The increase results from lower revenue at Bread of Life, which means that Eastside must bear a larger share of these costs. The operating costs that comprise this amount are as follows:

	Total LSC 2019 Budget	Eastside 35.32% Share
Capital acquisitions	25,000	8,830
Janitorial services	15,810	5,584
Heat, light and water	15,000	5,298
Repairs and maintenance	7,000	2,472
Insurance	7,000	2,472
LSC accounting and administration	5,500	1,943
Office supplies	5,000	1,766
Lawn care and snow removal	3,000	1,060
Photocopier (common)	2,300	812
Facility supplies	2,000	706
Mission	1,500	530
Other	5,255	1,856
	<u>94,365</u>	<u>33,330</u>
Less: portion of costs paid by drawing down LSC bank account	(14,000)	(4,945)
Less: common revenue	<u>(34,960)</u>	<u>(12,348)</u>
	45,405	16,037
Less: cost recovery of Eastside administrative time	<u>(2,500)</u>	<u>(2,500)</u>
Equals: Eastside share of LSC operating costs	<u>42,905</u>	<u>13,537</u>

Note 2: There is a mortgage on the Living Spirit Centre. Principal and interest payments on this debt are treated as a common cost of the LSC. Eastside's 35.32% share of this mortgage is as follows:

Forecasted balance at December 31, 2018, per 2018 budget	43,501
Add: Additional share resulting from increase in Eastside's cost share (35.32% vs. 32.00%)	<u>4,514</u>
Equals: actual balance at December 31, 2018	48,015
Less: Principal Payments Scheduled for 2019	<u>(8,473)</u>
Equals: Forecasted Balance at December 31, 2019	<u>39,542</u>
Principal Payments Scheduled for 2019 (per above)	8,473
Add: Interest Payments Scheduled for 2019	<u>2,527</u>
Equals: Mortgage Payments Scheduled for 2019	<u>11,000</u>

Note 3: Eastside's mortgage reserve is comprised of the following amounts:

	2018	2017
Opening Balance at January 1	8,575	8,575
Collected During the Year	<u>490</u>	<u>0</u>
Available to Apply Against Mortgage Payments	9,065	18,575
Applied Against Mortgage Payments	<u>(9,065)</u>	<u>(10,000)</u>
Closing Balance at December 31	<u>0</u>	<u>8,575</u>