

Edith Rankin Memorial United Church

Financial Plan 2024

The information in this Words Document and the numbers in the accompanying Numbers Document have been assembled by your Treasurer ... but they have been provided by the various teams and groups within our Congregation. The Financial Plan has been reviewed, discussed and recommended by the Admin Team and by Council. Thank you for your input and support.

Recommended by the Administration Team:
Oct 30, 2023

Recommended by Council:
Nov 1, 2023

Distributed to the Congregation:
Nov 6, 2023

Approved by Congregation:
Vote scheduled for Nov 19, 2023

2024 Financial Plan

Executive Summary:

Our Congregation is in a healthy financial position. We have enjoyed Operating Surpluses in recent years and we are projecting a small Surplus in 2024.

Last year, we saw a significant increase in our Fundraising and our Rental Income. We project that these will continue in 2024. In the Fall of 2023, we have asked our members to increase their Offerings by 10% and our Financial Plan assumes this increase will happen in 2024.

With the above increased Revenue, for the first time, we will be able to make all our loan payments from the Operating budget. This includes our payments against our Loan with the United Church of Canada. This Financial Plan includes making the annual lump sum Principle payment of \$22,000.

Thank you! Your ongoing generous financial support and your work as volunteers makes Edith Rankin a vibrant and financially sound faith community.

Background:

The Congregation is being asked to give consideration to this Financial Plan and to vote on two Motions. One vote is to approve the overall Financial Plan and specifically the Operating Budget and this will be the focus of most of our attention. The second motion is to approve our goal for Mission and Service givings in 2024.

It is important to recognize the detailed process that was followed in the preparation of this Financial Plan and for this reason, we provide a brief summary. Again this year, the Administration Team took the lead in the preparation of the Budget. The various Teams in the Congregation submitted their proposals to the Treasurer who assembled the first draft of the Budget. The Administration Team met several times to review a number of drafts and ultimately recommended a balanced Operating Budget to Council. Council met and reviewed the Financial Plan and has voted to recommend this Financial Plan to the Congregation.

This year we have prepared two companion documents. We have done this in an effort to make it easier to read on your computer screen and also easier to print for those who want a paper copy. The first document is this one - a "Word" document (saved as a PDF) that outlines the Principles and the Assumptions upon which the Budget is based. (We refer to this as the "Words Document"). The second document is an "Excel" document (also saved as a PDF) that records the numbers for the 2024 Financial Plan. (We refer to this as the "Numbers Document")

In the Numbers Document we record three columns for comparison purposes, plus a column for the 2024 Budget. These four columns are:

- the actual results for Fiscal 2022
- the Forecast results for Fiscal 2023 (these are the interim results for to July 31 2023, projected out for the full year)
- Budget 2023
- Budget 2024

In the past several years, our actual results have added up to be significant Surpluses. This allows us to enjoy a healthy financial position. We have retained these Surpluses and they now sit on our Balance Sheet as what is called our "Accumulated Surplus."

With respect to cash assets, we have certain investments, as follows:

- Cash in our bank accounts - this fluctuates from time to time. The balance as at September 30, 2023 was \$168,000, including the Restricted Funds (plus the GIC's in the amount of \$50,000 that are used to secure or Line of Credit.
- Our investment portfolio, held by the Trustees. The balance as at September 30 was \$277,000.

With respect to debt, we have two loan facilities. The details of these loans are:

- The largest loan is due to the United Church of Canada. The outstanding balance as at September 30 was approximately \$184,000 (down from the original balance of \$500,000). We pay Interest monthly from the Operating account. There is no required Principle payments but we have decided to make Principle lump sum annual payments of \$22,000 to repay this loan over the next 9 years - by December, 2032. We prefer to make these payments from the Capital Campaign Restricted Fund and the Operating Account, but in recent years, we have accessed the Accumulated Surplus. The Congregation has approved using the Trustee Investments if necessary.

In this Budget, we are proposing that this \$22,000 Principle payment be made first from funds donated to the Capital Campaign Restricted Fund and then from Operating funds.

- The second, smaller loan is due to the Toronto United Church Council (They have taken over the loans of the Four Winds Presbytery Church Development Corporation). The present balance is approximately \$25,000. There is one annual payment of \$5,315 (Principle and Interest combined). At this rate, this loan will be fully repaid in 2028. In this Budget, we are proposing that the payments come from the Operating Account.

We also have a Line of Credit. It has a zero balance. The Line of Credit has a limit of \$50,000 and is secured by \$50,000 in GIC's. We have not used the Line of Credit in several years. (We also have VISA card with a limit of \$1,000 that is used to facilitate small purchases. It is paid in full each month.)

We are presenting a balanced budget for 2024. Both our Revenue of \$420,800 slightly exceeds our Expenses of \$419,803. Full details are provided in the Numbers Document.

Guiding Principles

1. We recognize there are many competing pressures on our financial position.

Likewise, there are many competing opportunities as to where we might direct our financial resources.

These priorities and opportunities include funding our spiritual purpose, program leadership, responsible property maintenance, outreach, and debt repayment. In our budgeting process we are guided by our Mission, our Vision and our Values.

2. We will continue with our current staff complement.
3. We intentionally seek partnerships to share the stewardship of our space.
4. We will have a balanced budget.

Comments, Information and Assumptions:

Our Ministry and Programs

This Financial Plan enables and supports the Ministry and Programs of Edith Rankin Memorial United Church. This Ministry requires various resources in order to thrive and be successful... volunteers, physical space and supplies as well as paid staff to lead and energize programs. We are fortunate to have many rich and valued Ministries and small groups at Edith Rankin. These include vibrant worship, Choirs, Spirit Sisters, Just Men, breakfasts and popular programs for youth and children.

As noted on the Principles above, there are competing pressures on the Operating Budget. It is worthwhile to record three of these particular pressures that Council has considered in recommending this Financial Plan:

1. The opportunity for expanded programs.
 - In the past, the Discernment Team and other strategic planning groups have considered additional programs that we might offer to the Congregation and the Community. The Discernment Team has paused their activities to not add additional financial pressure onto our donor and volunteer base. Nevertheless, it remains a goal of many in the Congregation to expand our programming.
2. The position of the Office Administrator and the possibility of expanding the hours that our Office Administrator works each week. Council established an Ad Hoc Committee on this topic; and
3. The position of Custodian and the possibility of expanding the hours that our Custodian works each week. There has been some discussion in the past year about this possibility and to date, Council has not decided on a course of action.

Comments, Information and Assumptions - General:

1. This Financial Plan makes certain Assumptions about both Revenue and Expenses. We want to thank our donors who provide the vast majority of our Revenue. We also want to thank our volunteers who contribute their time and talents to organize Fundraising projects and to find tenants who provide Rental Income. Fundraising and Rent are providing a welcome and increasing share of our Revenue. We especially want to thank our PAR donors. PAR Revenue now makes up over two thirds of our Offering - thank you for this consistent monthly income!
2. This Financial Plan assumes COVID has ended. This may or may not be true but for Budget purposes, we assume there will no more Revenue or Expenses due to COVID. If the pandemic conditions become worse - this will have a negative impact on our Income. We have returned to "in-person" worship and will continue with "hybrid" worship for 2024.

3. Also, in connection with COVID, in 2020 and 2021 we did receive significant levels of grants relating to COVID (see information in point 3 below). COVID had a serious impact on our regular Revenues in 2020, 2021 and 2022. The COVID grants served their purpose to minimize the negative financial impact of the pandemic.
4. For information, we record the COVID support we received in 2020 and 2021 (combined amounts for the 2 years). Any loans have been repaid.
 - a. Canada Emergency Wage Subsidy (CEWS): \$82,475.09
 - b. Canada Emergency Business Account (CEBA): \$20,000.00
 - c. UCC COVID Loan Grant: \$500.00
 - d. Total COVID Support: \$102,975.09

We emphasize these supports were available in earlier years - not in 2022 or 2023.

5. Also, for information purposes, we note that we have recorded modest Surpluses in the past few years. Details are in the Annual Financial Statements with our Annual Reports.
6. This Financial Plan is for the Operating Fund only. Separate from the Operating Fund, there are several small capital projects under consideration. There are also several "Restricted Funds" such as the Kitchen Fund - and members can choose to donate to these specific Funds knowing their gifts will be used for the respective purpose. (These Restricted Funds are listed in the Numbers Document). Council has decided that the first capital project to proceed is the electronic sign - we are hoping the financing for this this will be in place early in 2024. The second project will be the kitchen renovations and we are expecting the financing to be in place by 2025. We need to be cautious not to put too much pressure on the same donors for both Operating Funds and Capital Funds.

Comments, Information and Assumptions - Expenses:

7. With respect to the work of the Discernment Team and the possibility of expanding our programs, this Financial Plan assumes we will not hire additional staff in 2024.
8. In 2022, we separated the Office Administrator role from the bookkeeping role. There were three objectives for this change :
 - to have people with the appropriate skills being focused on what they are best at doing;
 - to establish a separation of accounting duties (for control purposes) and;
 - to reduce costs.

2024 will be our second full year with this structure and the Financial Plan reflects this change.

Council has established an Ad Hoc Committee to review the position of the Office Administrator. During August, September and October this committee met several times and has submitted a Report to Council. In summary - this is a work in progress. Council has received the Report and has extended the mandate of the Committee to April 30 2024.

This Financial Plan makes the following Assumptions with respect to the Office Administrator position:

- A Con Ed & Training Budget of the equivalent of one week's work. The intention is that this time would be in addition to the normal 20 hour work week.
 - If the Office Administrator is away more than 2 days, Office Supply will be arranged
9. Program Delivery (Compensation) - We assume our current Ministries and all our programs will continue. Current salaries will increase 6.3% as per UCC. We assume Benefit costs will go up a similar amount for 2024. Other Expenses that support our Program Delivery include Other Allowances such as Mileage and other related Expenses. These are listed in the next Assumption.
 10. Other Allowances are the same as the Budget for 2023: Mileage: \$800 for Minister; \$400 for Pastoral Care; \$100 for Office. Other allowances: Minister's Technology - \$2,050; Minister's Spirit Fund - \$650; Minister's Study leave - \$1,500.
 11. Within "Program Delivery - Compensation", there are amounts for Pulpit and other Supply. This Financial Plan recommends that we continue with the model where in July and August, we share our Leadership with another Congregations. This will build on collaborative initiatives we are undertaking with other United Churches and save money.
 12. Leadership roles: As noted, the discernment team has paused their work until our longer term financial position becomes more clear.
 13. Volunteer Roles: There are several sections of this Financial Plan, particularly that relate to Revenue, that will rely on volunteers to provide leadership. Council has committed to recruiting these volunteers and to providing active support to them. The sections where we assume these volunteers come forward include:
 - a. Stewardship: With a focus on increasing the donations to the Operating Fund both through PAR and Envelope giving. ("Stewardship Campaign");
 - b. Stewardship: With a focus on increasing donations to the Trust Fund investments ("Planned Giving Campaign").

We have made the same assumption in prior years and to date, volunteers have not come forward to step into these two leadership roles. Nevertheless, key volunteers have taken on some of the important tasks related to a Stewardship Campaign and a Planned Giving Campaign. These key volunteers would benefit from strong leadership and direction.

In addition, this Financial Plan looks to increasing roles taken on by volunteers in support of the Office Admin tasks.

14. UCC Assessment: The budgeted amount is based on information from National Office. In the past year or two, UCC has implemented 'across the board' increases. In 2022, our Assessment was \$16,475 and in 2023, it was \$15,940. The Assessment for 2024 will be \$16,535 (This amount is determined by UCC based on their formula that uses our financial information from 2 years prior.)
15. UCC and Presbytery Development Loans: In this section of the Assumptions, we provide information on each loan and record the proposed payment amounts for the 2024 year.
- a. UCC Loan:
 - i. The present balance is approximately \$184,000.
 - ii. The Interest Rate is fixed at 2.5%. We make a monthly payment of \$570 which pays this interest plus a small amount of Principle. This a payment is a scheduled payment and so we include it as an Expense in the Operating Budget.
 - iii. The Congregation agreed in 2021 that we would make lump sum payments of \$22,000 to retire our UCC loan over 10 years, by December 2032.
 - iv. We made a lump sum payment of \$50,000 in January 2020. Since then, we have made further lump sum payments of \$84,500.
 - v. This year, the Budget records that we will pay down the Principle of the UCC loan from our Operating Funds (and donations to the Restricted Fund).
 - vi. This lump sum payment in 2024 is budgeted to be \$22,000.
 - vii. As a reminder, the Trustees and Council have agreed to use some of our Investments if it is necessary to keep up the \$22,000 annual lump sum payments.
 - b. Toronto United Church Council Loan:
 - i. This Loan previously was held by the Four Winds Presbytery Development corporation
 - ii. The present balance is approximately \$25,000.
 - iii. The Interest rate is fixed at 2.70%.
 - iv. We make an annual payment of \$5,314 on Dec 1 each year. This pays the Interest and enough Principle to repay the Loan over 11 years by Oct 2028.
 - v. This payment is a scheduled payment and so we have included it as an Expense in the Operating Budget.
16. Special projects can come up through the year: We assume these will be "self-financing" - people will make extra donations for these projects
17. HST Rebate: As a registered charity, we receive a rebate on the HST we pay. The rebate gives back about 65% of the HST we pay.
18. The purchase of assets costing up to \$25,000 will be "Expensed". Those costing more than \$25,000 will be "Capitalized". We are not subject to Income taxes, so this is for internal purposes only.

Comments, Information and Assumptions - Revenue:

19. Offerings:

- a. THANK YOU! More than two thirds of our Offerings are by way of PAR and everyone is being very generous. PAR evens out Revenue through the whole year.
- b. In 2023, Envelope Offerings are projected to be \$104,000. (Envelope Offering includes cash, cheques and e-transfers that are attributable to a certain donor,) We assume an increase of 10%.
- c. In 2024, we project PAR Offerings to also increase of 10%.
- d. At the present time, several PAR donors have decided to continue with their Capital Offering. We assume this will continue through 2024 and we project \$5,000. These donations go into the Restricted Fund and are used to make part of the Lump Sum Payment on the UCC Loan.
- e. For information, we provide the number of donors in recent years:
 - 2020 - 214 donors
 - 2021 - 187 donors
 - 2022 - 197 donors
- f. Generous donors also make gifts to other Restricted Funds - such as the Memorial Fund. Where it is within the mandate of the Fund, we will access the respective Fund to cover certain Expenses. Other than the Capital Fund and the Electronic Sign Fund, we are assuming there will not be any such transfers in 2024.

20. Fundraising events:

- a. THANK YOU! Many volunteers have worked very hard in 2023 to increase our Fundraising results and we now raise a significant amount of money through your projects. These efforts and the added benefit of the people in the church working together and enjoying each other's company as they peel apples or participate in a live auction! Our events have included (it is a long list!):
 - Bus trips for Hamilton and a Blue Jays game
 - United Marketplace Tours
 - Receptions
 - Live music evenings
 - Irish Stew and other dinners
 - Fundscript
 - Garage Sale
 - BBQ's
 - Live and silent auction
 - Mostly Apples
 - Euchre tournaments

We certainly were successful in 2023 with these fundraising projects. In 2023, we estimate we will raise a total of \$23,000. The hard work of these volunteers will continue and we budget the same generous amount in 2024.

21. Rental Income:

- a. Annual Commitments: The existing office Lease has been renewed to Sept 30 2023 and we have been told the tenant will renew for another year. We assume Revenue of \$9,600 for 2024.
- b. Other Rental Income increased significantly in 2023 and we now are confident in budgeting:
 - \$4,500 from occasional tenants;
 - \$33,000 from regular tenants

The above rental amounts add up to \$47,100 for 2024. This is up significantly from prior years - see the Numbers Document.

22. The Trustees hold an Investment portfolio on our behalf. Each year, the Trustees deliver the Return on the Investments to our Operating Budget. Even with the current poor market conditions, the Trustees advise we can expect to receive \$11,000 towards the Operating Budget in 2024. The balance of the portfolio was \$277,704 as at Sept 30 2023.