



Finance Update – July 2020

Navigating the changes over the past four months while planning to create a budget for the 2020-2021 fiscal year has been much more complicated than previous years. Restrictions from COVID-19 on ministry activity and resulting finances have been unpredictable and outside of historical trends over the past five months, making future projections murky at best.

Last year end review

Our fiscal year ended June 30, 2020. From an offering perspective, our experience in the last quarter saw numerous adjustments from our donor base as the financial realities for many of our community impacted their ability to give. A close look at our donations suggested that our offerings that would be considered more “regular” and somewhat predictable were declining slightly but trending down more each month. At the same time, there were increases from new donors, many of them giving at significant levels as well as many “special” one-time gifts that we had not received before. The net result of this shift in our donor base enabled us to close our year within 2% of our original budget.

Our year end expenses ended up being below budgeted spending, primarily from the restrictions to ministry during the last four months at a staff level and ministry line. Please see below for more explanation to last year’s spending and the current year’s provisions for our current budget.

Current year budget considerations

1. Our practice has always been to develop a ministry plan that results in an annual budget for our spring Town Hall and Overseer’s approval each June, taking effect July 1st. As we continue to respond to the changes related to being online with all ministries and the potential financial volatility, it seemed wise to have shorter planning/budget time periods for the current year. Therefore, **we have developed a budget in an annual framework but plan to readjust both the income and expenses every three months**. This will enable us to be nimble and respond to ministry development opportunities as well as stay current with offering levels.
2. While we ended our last year end within 2% of planned general fund offerings, the uncertainties around the current year continue to be a concern. We felt **a more conservative approach to offering expectations would be wise for the unforeseeable future**. For more details around expectations, see note 1 below.
3. Because we are not able to get a clear view of when any larger gatherings (such as a Sunday service) will be allowed, our budget mainly provides for online Sunday services, online Home Church, and other gatherings. However, we have budgeted for the potential of limited rental space for Home Churches or smaller gatherings. If circumstances were to change and finances would allow, we will address the need for rental space for other larger gatherings, all as outlined in note 11 below.
4. Due to the uncertainties that we face as individuals and as a church, we have purposefully increased our fund balance in the General Fund and will continue to do so looking ahead in the coming months. This will allow a greater provision for fluctuations in offerings that could come about as the economic impacts force our donors to adjust their financial support.

Budget 2020 - 2021

	Budget 2020	Forecast 2020	Budget 2021
GENERAL FUND			
INCOME			
Regular offerings	8,922,180	7,684,840	6,713,030
Special offerings		1,137,340	568,670
Total general fund offerings	8,922,180	8,822,180	7,281,700
BIC Lease Income	16,520	13,767	0
Resource Centres - Net	2,500	3,182	0
Interest & Other Income	12,000	44,731	12,000
Net Rentals Income	350,000	247,860	50,000
Total General Fund Income	9,303,200	9,131,720	7,343,700
EXPENSES			
BIC Co-operative Ministries	340,720	335,220	325,500
Kidmax	473,760	461,980	219,250
Youth	655,990	535,942	401,480
Young Adult	11,000	4,500	5,000
Adult Ministries/Site Leadership	2,471,240	2,329,020	2,188,650
Ministry Development Reserve			175,000
Communications	619,650	603,630	645,280
Weekend Service/Music	895,135	747,415	447,000
Vehicles & Equipment Mtc	121,550	97,800	70,000
Shared Ministry/Leadership Expense	546,640	531,200	547,250
Total Ministry Costs	5,794,965	5,311,486	4,698,910
Administration & IT	777,200	757,740	728,340
Facilities & Rentals net costs	742,320	664,325	505,600
Site Rent	1,075,000	1,003,110	273,230
Mortgage Interest	159,865	159,870	150,195
Mortgage Principal	268,092	268,098	273,065
Equipment Purchases, Building Repairs	75,000	25,000	50,000
Transfer to Property Fund	70,000	126,716	75,000
Transfer to Compassion Fund			100,000
Total General Fund Expenses	9,303,162	8,651,566	7,179,840
NET GENERAL CASH FLOW	38	480,154	163,860
General Fund Balance at Beginning of Year	745,894	1,060,596	1,600,000
Balance of leadership development donation	59,250	59,250	59,250
General Fund Balance at End of Year	805,182	1,600,000	1,823,110



2020 – 2021 General Fund Budget Notes:

1. There was a slight decline to “regular” offerings last year, and we felt that we should be conservative and plan for a lower trend in 2020-2021 as our congregation continues to feel the financial impacts that our economists forecast as we head into the next season of this pandemic. “Special” or larger, one-time donations were more noteworthy last year, but we felt they could decline more significantly this year. Our decision therefore was to plan for a potential 7% decline in regular offerings and a 50% reduction of special offerings over last year. **The net result is an offering plan for 2020-2021 of \$7,281,700, which represents a decrease of 17.5% over last year’s forecasted year end.**
2. BIC Lease (BIC denominational offices) income will end this year as they have decided to shift their employees to home offices on a permanent basis.
3. Rental of the Bristol Circle facility in Oakville ended the year with a net profit much lower than planned due to no rentals for the last four months of the year. We continue to budget conservatively for this year as booking possibilities will be very slim due to COVID-19 restrictions.
4. The Meeting House, along with all other BIC congregations in Canada, partner with our denomination’s programs and ministries. The BIC Co-operative Ministries line shows a percentage of our offerings that we donate to them to help fund their work in Canada and throughout the world.
5. Total expenses ended last year significantly under budget. This was due to immediate cutbacks in March to respond to ministry moving to only online. Site rentals stopped at that time and several staff roles that only supported weekend rentals were laid off due to no work. Overall budget cuts continue into the first part of this year as our ministry remains online. As we move further into the year, we will monitor the trends of provincial restrictions and ministry opportunities in light of offering levels and adjust accordingly.
6. Kidmax and Youth Ministry expenses include staff that serve in these ministries, as well as limited supplies that facilitate online ministry only.
7. Adult Ministries allows our pastors and support staff to serve our adult community. Costs would cover leadership development, training our elders, and providing general pastoral care.
8. Communications includes the costs to capture and produce Sunday service teaching, video, and other resource developments that provide support for all our ministries and promote The Meeting House externally.
9. Weekend Service costs for this year have been reduced significantly to only provide for support that facilitates online ministry. Support for meetings (Sundays or otherwise) has been significantly reduced with minor provision if provincial restrictions are reduced.
10. Shared Ministry expenses include administration costs such as insurance, IT, telephone, professional fees, and general office expenses as well as the senior leadership and administrative staff that serve all ministries.
11. Facilities and Site Rent costs typically include operating and staffing of the Oakville production facility, local site rental costs for Sunday services, midweek youth program locations, music



rehearsal space, truck and trailer parking during the week, as well as any special ministry space requirements at all our sites throughout the year. The budget provided this year is significantly reduced and only provides for limited regathering spaces should restrictions begin to lift and health experts suggest it is safe to meet indoors. This line will be evaluated regularly and adjusted as the opportunities arise and as finances allow for increased costs.

12. Equipment purchases cover the costs for minor equipment purchases as required.
13. The transfer to the Property Fund is planned to cover anticipated costs for repair/replacement of significant building components, major production equipment, trucks/trailers, etc. The anticipated value in the Forecast 2020 is a net transfer depending on the actual year end net cashflow to provide a fund balance of \$1,600,000 (see note 15).
14. We are aware that giving to the Compassion Fund has been reduced as some donors have needed to reduce their offerings. We want to increase our ability to provide to those who have increased needs resulting from this pandemic. The transfer to the Compassion Fund is a budgeted allocation to provide further support to this fund at this time.
15. The General Fund balance is held to allow for fluctuations in cash flow throughout the year and as an emergency fund for unforeseen events. Seasonal fluctuation within this fund is normative. Our cash balances are naturally the highest around the Christmas season and lowest through the summer. A balance in this fund on the June statements would typically be around \$900,000, and this level ensures we have enough cash on hand for expenses throughout the summer months. Due to the uncertainty of this time, we have planned to increase the level of this provision to \$1,800,000 to allow for increased uncertainty. (Note: the balances in the other funds are restricted and cannot be used for General Fund needs.)