Finance Update – April 2021

The following update outlines our year-to-date finances to the end of our third quarter (July 1 to March 31). As stated in previous reports, we continue to revisit our budget at the end of each quarter to readjust both the income and expense projections as necessary and as resources allow in order to remain nimble and react to changes in this year.

From a financial perspective, reflecting on the previous 12 months or so, we now have a more general sense for both our income and expense trajectories for this period where we have remained online as our primary way to connect. While we begin planning to hopefully relaunch Sunday gatherings in September and consider other gathering opportunities at a parish level, we continue to feel that remaining flexible with the resources we steward seems to be the wisest approach.

It certainly bears repeating that God has blessed our church over this past year. Overall, our finances have remained positive for the level of expenses we are currently carrying despite this unpredictable time. That said, if we were to re-engage all our parishes as they were prior to the pandemic, our current rate of income would not be sufficient.

As a quick reference, our General Fund budget this year is $7,443,700. This represents an 18% reduction to the previous year's actual income.

Another helpful comparison would be the last full fiscal year prior to any influence from the pandemic. That would be in 2018 - 2019 where our General Fund budget was $9,670,220

Third quarter review

General Fund offerings in the third quarter (January to March) were $1,699,815 vs our budget of $1,650,886. Offerings during the same period last year were $1,828,292.

In the January report, we noted that our current General Fund offerings, while tracking behind last year, were trending ahead of the current year's reduced budget by about 20%. Further analysis suggests that the previously reported shift in the mix of **regular** and **special (one-time) offerings** (where **special offerings** increased well beyond expectations) was the primary factor.

As the third quarter began January 1, the level of **regular offerings** declined a bit more vs the first half of the year. The **special offerings** dropped back as well but more significantly. The combined effect of this overall change has shifted our offering trends back down to budgeted levels (noted above) that were projected last spring.

We reported in January that an analysis of our donor base seemed to indicate that while our regular donors were giving about 11% lower than the previous year, a significant number of core donors had increased their offering levels which helped to offset the decline. Another more recent observation is that the number of donors that historically gave at a steady rate (such as 12 or more offerings in the past 12 months) has declined more significantly during the pandemic. Prior to this time, the number of donors in this segment had increased year over year by approximately 3%. Currently, this segment is declining at a rate of about 12%. This does not necessarily mean that these donors have stopped giving, but the observation suggests that offerings (if any) from this segment are not at the regular rate they were before.

Our third quarter General Fund expenses continue to trend below anticipated. While we have budgeted for minimal costs to provide for smaller gatherings (Home Church size) and a limited number of larger gatherings, current restrictions continue to impede our ability to act on this.

As mentioned in the last quarter report, the **Go Fund** and **Compassion Fund** have both continued to track below income expectations all year. We adjusted our General Fund budget in January in order to provide transfers to both these funds to support the initiatives within each. As we forecast the end of our fiscal year, it appears that we will be able to make these fund transfers within this budget and leave all funds in a healthy position to meet the current level of needs heading into the next fiscal year.

Year End General Fund Income Forecast

As stated in previous reports, we continue to revisit our budget at the end of each quarter and readjust both the income and expense projections as necessary and/or as resources allow. The same notes from the previous report (in this section) would apply to the last quarter of our 2020-2021 fiscal year.

In this season, we are now forecasting the end of this fiscal year to estimate a year-end closing and to project the next year's income budget. At the time of this report, we expect that we will exceed our budgeted offerings this fiscal year. If our current giving trends continue at the present rate, we will likely end up with year-end offerings of about $8,300,000. This would represent an 11.5% increase over our budget but a -5.4% decrease over the previous year's actual General Fund offerings.

While offerings are a primary source of income, the rental of our Oakville facility has historically provided additional funds to support our overall ministries. Prior to the pandemic, our additional net income from rentals was around $350,000-$400,000 per year. During this past year, we have not been able to rent to the extent we did before and are projecting a net rental income this year of around $100,000.

2021 - 2022 Budget Considerations

General Fund Income:
Our current offering trends suggests that we could potentially see a moderate increase in overall General Fund offerings next year. We will continue to analyze our **regular offerings** and **special offerings** to discern a projection going forward, but at this point it is reasonable to project total income next year somewhere between $8,400,000 and $8,700,000. A good comparative for this would be our last fiscal year (2018-2019) prior to any pandemic effects. As mentioned above, in that year our General Fund offerings budget was $9,296,200 (the total income budget (noted above) was $9,670,220).

General Fund Expenses:
As we begin to formulate strategies for the next ministry season, regathering together throughout the week and on Sundays is a significant part of our plans. We feel that a staged approach to this is wise from an operations/logistics perspective, as well being financially responsible given that our income will need to increase to support a higher run

rate of expenses as we contract more weekly rental spaces for our parishes. To that end, our budget for next year will likely have a **base line** that would somewhat parallel our current spending with **incremental layers** of expenses (rental spaces, etc.) that we can act on as finances are in place and as restrictions allow us to. To that end, we are anticipating incremental costs for Sunday re-gatherings during the month of September and likely increasing that level of costs over time as our congregations begin to regather more and as meeting space capacity requires.