

Budget Narrative for FY2021-2022 (7/1/21 to 6/30/22) FY22 Budget & Annual Meeting

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Presented to Mayflower Church Budget Meeting 5/5/21, and Annual Meeting 5/19/21.

Summary:

Our current fiscal year 2020-2021 budget (ending 6/30/21), was an austere budget. We cut expenses. We froze salaries. We attempted to align expenses with revenues. Thus far in FY21 we have achieved our budget goals of sustaining Mayflower's ministry while avoiding a deficit. But this has been a mixed blessing, for while we avoided a deficit, we also deferred spending in some areas (including deferring building the cash and building maintenance reserves, and deferred compensation changes). This next fiscal year begins to return to a more normalized budget, as well as addresses some deferred expenses.

In the turbulence of this last year, there was one constant: the enduring faithful commitment of this congregation. While some congregations and organizations faced existential risk, Mayflower was an abiding, serving presence through its ministries. This was only achieved because Mayflower members continued their generous support. This also meant digging deep to help offset those who couldn't give. While Mayflower saw a big drop in building rental income, strong giving sustained Mayflower.

For fiscal year 2021-2022 (ending 6/30/22), as we are still in the midst of a pandemic, this proposed FY22 budget is still a leap of faith. This is a budget of trust in the steadfast support by this congregation, as we attempt to support a robust ministry with a lean budget.

For FY22, we propose a \$941,000 budget. For revenue, we budget \$790,000 in giving, and \$133,000 in rental income. Along with miscellaneous additional items, total revenue is budgeted at \$929,000. This is \$5,000 more than FY21. For expenses, we budget \$941,000, which is \$13,000 more than FY21. This results in a budgeted deficit of \$11,748, or an increase in the budgeted deficit by \$8,000 from FY21.

Assumptions:

1. The pandemic will still significantly affect activity at least from July to December 2021. The church will begin to resume worship and general activity in September. There remain substantial unknowns in this pandemic period.

Revenue: Giving and Rent

2. Giving is expected to reflect the pledge drive, with giving increasing approximately two percent over FY20 (the last full fiscal year).
3. Rentals are still expected to be lower due to the pandemic, with a gradual return to pre-pandemic rental levels.

Expenses

4. General expenses (utilities, supplies, etc.) will be generally the same as last year.
5. We continue to support and increase funding for social justice programs.

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6. We fund a portion of congregational care and the social justice groups' expenses from the designated memorial fund with \$4,100. Memorial funds come from contributions given for deceased members for funerals and memorial services.
7. Compensation increases scheduled for FY21, the current year, that were suspended to create a more austere budget, will be implemented in FY22.
8. There is no cost-of-living (COLA) adjustment for compensation planned for FY22.

Notes in Budget Presentation (please refer to the Proposed Profit & Loss Statement)

1. Tithes & Offerings (Giving) reflects the goal from the pledge drive.
2. Hospitality Donation. Miscellaneous gifts, event contributions.
3. Deduction from contributions for credit card charges.
4. Administration. Miscellaneous income, interest income, stock/gain loss on stock gifts.
5. Building use (rentals). This includes MECC, Kinderstube, tower lease, and miscellaneous rental groups. Rentals are expected to be lower due to the pandemic, with a gradual return to building rental.
6. Memorial Fund. Memorial funds will be directed specifically to support congregational care expenses and justice team expenses.
7. Operations. This includes expenses for Church Council, Stewardship, professional consultants, UCC Conference delegate expense.
8. Youth Faith Formation. This is reduced as there is no major youth trip scheduled in July 2021.
9. Congregational Care. This includes support for small groups including Prayer Ways, BeFrienders, MARS, etc., and pastoral care. Pastoral care support is expected to return to a pre-pandemic level.
10. Worship Life. Includes music and worship supplies, instrument upkeep (pianos, etc.).
11. Community & Belonging. Includes expense for community gatherings and events, new member classes, memorial service support, etc.
12. Buildings & Grounds. Includes expense for utilities, building supplies, maintenance, snow removal, property tax, building insurance, and custodial services.
13. OCWM (Our Church's Wider Mission). Support for broader ministries and support of the state and national UCC. Budgeted at ten percent of the previous year's contributions (\$760,000 in FY20) (the support level recommended by the UCC).
14. Dues – Conference. Fees paid to the MN UCC Conference for Conference support of their budget (recommended amount determined by the membership formula of the MN UCC).
15. Sanctuary & Asylum. For support of the Mayflower Immigration Team (MIT) in their work to support immigrants and asylum seekers. Calculated at one percent of last year's contributions (\$760,000).
16. Climate Change. Support to groups working on climate change. Calculated at one percent of last year's contributions (\$760,000).
17. Justice Teams. Support of \$200 to the justice teams including ISAIAH, Creekside, Global Justice, Groundwise, Earthwise, Immigration, Open and Affirming, Race Matters and Beacon. This is supported by the memorial fund contribution.

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18. Ministerial. The Minnesota UCC Conference publishes annual compensation guidelines, which provides guidance to churches on ministerial compensation. Mayflower endeavors to follow these guidelines. The senior minister compensation was reviewed for a benchmark evaluation of her compensation in the fall 2019, to be implemented in FY21. This was deferred in FY21 (the current fiscal year) to control costs, during the pandemic. This will now be implemented in FY22. The senior minister has not had a compensation benchmark evaluation performed in over six years.
19. Staff. Staff refers to all Mayflower employees excluding the senior and associate ministers. There was a compensation benchmark evaluation performed in the fall 2019, to be implemented in FY21 (the current fiscal year), for staff who had not previously received benchmark evaluations, and had been employed by Mayflower for at least three years. This was deferred in FY21 (the current fiscal year) to control costs, during the pandemic. This will now be implemented in FY22. There has been no COLA (Cost of Living Adjustments) for the last five years.
20. Other Staff. Includes payroll fees, human resource support, and miscellaneous expenses.
21. Administrative. These are expenses for office operations, including accounting support, information technology support, office supplies, telephone and internet services, computer purchases, and postage.

We accelerate and complete the goal of a \$70,000 cash reserve and \$100,000 building maintenance fund, by drawing approximately \$100,000 from the cash surplus generated over the last four years (with \$33,000 toward the cash reserve, and \$67,000 toward the building maintenance reserve). This relieves the operating budget from annually budgeting \$5,000 toward creating a cash reserve of \$70,000, and \$18,000 for building maintenance toward creating a \$100,000 building maintenance reserve.