

Congregational Church of Salisbury, UCC
Budget Narrative 2020
October 17, 2019

Income

Draw from Endowment

This includes a draw from the investment account of \$251,750, which is 4.06% of the 3-year rolling average value of the investment account. The budgeted draw in 2019 was \$242,000, although we reduced it to \$227,000 to account for the savings from the pastor vacancy in the winter of 2019.

Draw from Special Music Fund

The Music Committee has essentially maintained the amount they plan to spend on the budgeted concerts at \$15,250, a nominal increase of \$250, of which they will draw \$10,000 from the Special Music Fund. The budget will contribute the balance of \$5,000 to those concerts.

Pledges/Annual Appeal

We have increased the pledge amount to a level to balance the budget, although pledges this year-to-date are behind 2018 (but ahead of 2017, which ended at \$249,000).

Expenses

Compensation

Hourly schedules were generally maintained for this budget. Increases for staff are proposed at 3% as of January 1 except for the Pastor, whose raise would go into effect on April 1, the anniversary of his hiring. At the Pastor's suggestion, recognizing that expense lines such as Continuing Education and Travel are substantially higher this year in accordance with the contract offered him, the Pastor's Housing allowance shows a reduction of \$2,000. The Youth Discussions Group leader would be a different individual and would be compensated at a lower rate. Nurse Care reflects a reduction in budgeted hours rather than in the hourly rate.

Other Personnel Expenses

Certain expenses related to the new Minister have changed in line with his practice. Specifically, the Travel line is based on his experience since starting. Minister's Continuing Ed has been increased again after having been reduced upon completion of Pastor Diane's graduate degree. We pay the Music Minister the amount that it would cost us if he participated in our Supplemental Health Insurance Plan, (Music Min Health Ins) and that has increased faster than wages. In-Service Staff training has been increased by \$500 to cover the actual costs of the Music Minister attending a conference annually.

Office Costs

These are relatively small amounts and so modest increases show as large percentages. We have eliminated Line 6309 - Publicity and combined it with renamed lines 6111 – Computer and Technology (formerly Computer) and Line 6112 – Publicity and Marketing (formerly Electronic Communication) and have achieved savings of \$750 there.

Maintenance & Repairs

I have shifted some funds from the Repairs & Capital line to the Church Maintenance line since we have been overbudget on the Maintenance line while much of the Capital work is being paid from the separate Capital Fund. The Trustees review those expenses regularly and details of those specific expenditures are available upon request.

Utilities

I have again locked in our heating oil with the Salisbury consortium. The per gallon price for 2020 was \$2.21 compared to \$2.36, but I prefer to leave this line unchanged. We never know exactly how many gallons we will use, or whether we will be able to buy all of them at the consortium price.

Program Expense

As previously mentioned, the Music Committee has proposed that the budget for Concert and events remain essentially unchanged at \$15,250. As in 2019, \$10,000 of the amount will be paid from the Special Music fund, while \$5,000 will be contributed from the budget. The increase in the Music – Other line includes additional funds for repairing and cleaning choir robes as well as funds to create scholarships for Choir Apprentices.

Hospitality

The Hospitality budget remains unchanged.

Reserves

The \$30,000 in the 2020 Capital Reserve budget reflects our practice of budgeting the funds set aside for capital expenses.

Benevolences

Benevolences remain largely unchanged, with a slight increase to the Board of Christian Action's line. They have put together a thorough and thoughtful list of organizations to support and have included a reserve for unplanned expenses.

Investments

In 2017 an earlier Investment Committee, based on then current and recent investment performance, commenced a search for an investment manager. As the Board of Trustees reviewed the status of the search, the question of socially responsible investing was raised and discussed internally. This was not the first time the question had been considered by Trustees. The Trustees adopted an investment policy designed with socially responsible investing a feature, but not the only feature, for the management of the Church's endowment.

A new RFP was prepared by the investment committee and the search for an investment manager was recommenced. Nine firms responded. The Investment Committee was pleased with the response and narrowed the list to a group of four finalists (including the current investment manager). It was a difficult selection process that focused on performance, fees and socially responsible investing experience. In the end, the committee unanimously recommended an investment manager to the Trustees. The recommendation is currently before the Trustees for approval, which will be followed by notification of the manager.

Budget Overview

The chart below gives an overview of the 2020 Church budget as a tool for mission and ministry. We started by describing five general areas of Church ministry. For each budget line item — salary, maintenance, denominational contribution, etc. — we estimated how much of the expense will support our different ministry areas. This perspective does not replace the traditional presentation of the budget, but underscores how all our financial commitments are indeed tied to our Church mission.

Ministry Expenses

