

Financial Informational Meeting Esperanza Lutheran Church

April 24, 2022

2022 Budget as Approved

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budget	B/(W) LY
Pledge Giving	\$225,668	\$241,302	\$202,405	\$248,483	\$190,000	(\$58,483)
Non-Pledge Giving	98,635	72,290	102,576	67,497	126,000	58,503
Subtotal Offerings	324,303	320,592	304,981	315,980	316,000	20
Rent/Other	5,719	6,244	30,737	4,560	2,700	(1,860)
Total Revenue	330,022	326,836	335,718	320,539	318,700	(1,839)
Total Expense	325,115	303,944	304,163	311,347	318,589	(7,242)
Net Income/(Loss)	4,908	22,892	31,554	9,193	111	(9,082)

- We had 43 pledges totaling \$200,160 as of January 8, 2022. That compared to 55 pledges totaling \$258,140 the year before. We budgeted for 95% of the pledged amount.
- 16 units who pledged and gave in 2021 did not pledge in 2022. There were 8 new pledge units.
- Rather than a budget with severe program cuts, we budgeted overall giving at the same level as 2021.

Where are we after Q1?

2022 Q1	Actual	B/(W) Budget	B/(W) Last Yr
Pledge Giving	\$60,306	\$12,806	940
Non-Pledge Giving	18,325	(15,695)	(474)
Subtotal Offerings	78,631	(2,889)	467
Rent/Other	675	0	0
Total Revenue	79,306	(2,889)	467
Total Expense	81,249	1,487	(4,104)
Net Income/(Loss)	(1,943)	(1,402)	(3,637)

- Through Q1, revenue is just shy of expense.
- Strong pledge giving has offset a shortfall in non-pledge giving vs. our budget.
- But this picture may not be sustainable for two reasons.

Concern #1: Pledge giving will likely be short of budget for the full year.

Pledge Giving through Q1	Count	Q1 Pledge	Q1 Actual	Q1 Actual B/(W)	Q1 % of Pledge		Annual Pledge	Full Year Estimate	FY % of Pledge
Behind	18	\$20,555	\$11,728	(\$8,827)	57%		\$82,220	\$57,554	70%
Even/Ahead	26	30,705	49,408	18,703	161%		122,820	122,820	100%
Total	44	51,260	61,136	9,876	119%		205,040	180,374	88%

- This estimate falls short of the \$190,000 budgeted for pledged giving by \$10,000.

Concern #2: Non-pledge giving likely to be far short of budget.

Non-Pledge Giving	2021 Annual Giving	2022 1Q Giving	2022 Full Year Low Estimate	2022 Full Year High Estimate
Pledged 2021, not 2022	\$57,220	\$8,021	\$45,000	\$58,000
No pledge 2021 or 2022	41,100	7,525	40,000	42,000
Total Non-Pledge 2022	98,320	15,546	85,000	100,000

Non-Pledge Giving Assumptions:

- Low side estimate based on average non-pledge giving over past 4 years. High side estimate based on highest giving over past 4 years.
- These estimates arguably skew optimistic due to the large increase in non-pledge units.
- Non-pledge giving budgeted at \$126,000. These estimates fall short by \$26,000 to \$41,000.

Together, this suggests that Esperanza could be facing a shortfall of \$35,000 to \$50,000 this year in General Operating Fund revenue.

Preliminary Revenue Options

No	Action	2022 Impact	Ease of Implemt	Appetite	Comments
1	Preschool makes donation at end of their fiscal year in June.	\$???	Easy	Unkwn	Current balance ~\$95k, significantly above historical levels. Driven by full enrollment and one-time grants.
2	Preschool contributes fair share for utilities, landscaping, insurance, QB software and payroll, facility use.	\$???	Easy	Low	Preschool pays for custodial service. Church spends \$39.4k annually on utilities, landscaping, insurance and accounting/payroll license.
3	Congregation steps up giving by additional 2%.	\$6,000	Easy	Low	This would still be far short of 2021 giving.
4	Pursue groups who may be interested in renting space.	\$???	Hard	High	Likely to require considerable effort.
5	Multi-family garage sale	\$5,000	Easy	High	Requires some level of volunteer support.
6	Tap Special Needs fund for general expenses	\$5,000	Easy	Low	Not in line with spirit of Designated Funds, but this specific fund has no defined purpose.

Preliminary Expense Options

No	Action	2022 Impact	Ease of Implemt	Appetite	Comments
1	Change payroll plan to Basic	\$1,800	Easy	High	Completed early March.
2	Reduce landscape service to every other week.	\$2,000	Hard	Low	Current provider has pushed back on this. Can we revisit or find another provider? Volunteers hard to find.
3	Reduce Synod benevolence by 50%.	\$4,200	Easy	Low	Current annual commitment is \$8,400.
4	Eliminate Mission Outreach spending.	\$2,000	Easy	Low	Did not spend in 2021. No plans to date for 2022. Why do we budget for outreach then not act?
5	Eliminate newsletter coordinator.	\$0	Easy	Low	Not funded beyond May. If we continue, this will add an additional \$4,200 expense.
6	Reduce staff hours (or re-direct work)	\$???	Hard	Low	Work done by volunteers or doesn't happen.
7	Negotiate with MidFirst to only pay interest on mortgage.	\$10,800	Hard	Low	We have not explored this. Only delays the problem. Amount based on monthly principal payment of ~\$1,800/month for 6 months.
8	Eliminate choir for the Fall	\$4,000	Easy	Low	Downsides may include lost members, etc.
9	Temporary pay cut for Pastor or move to part-time Pastor role.	\$???	Hard	Low	Contractual obligations. Longer term implications for church viability.

Implications

- Revenue and expense options that Council recommends likely to fall well short of closing potential gap.
 - Remainder would be covered by deficit spending.
 - Not sustainable longer term.
- Constitution requires congregational approval to deficit spend in excess of \$2,500.
- Some combination of these measures may be presented at May congregational meeting.