

virginia beach
UNITED METHODIST



where life and hope meet

FY 2016/17 Operating Budget
Approved by CLC
June 15, 2016

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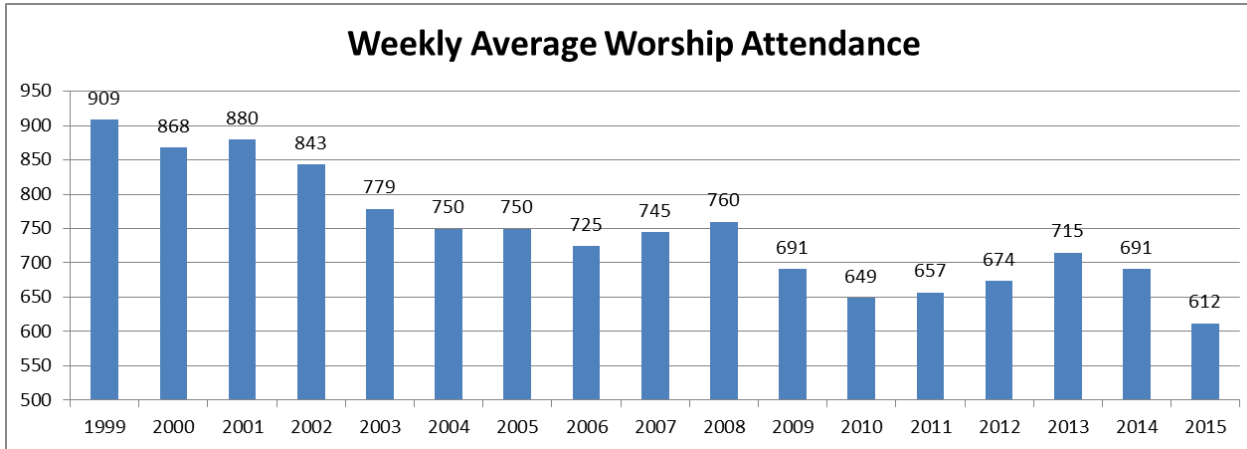
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Introductory Budget Comments

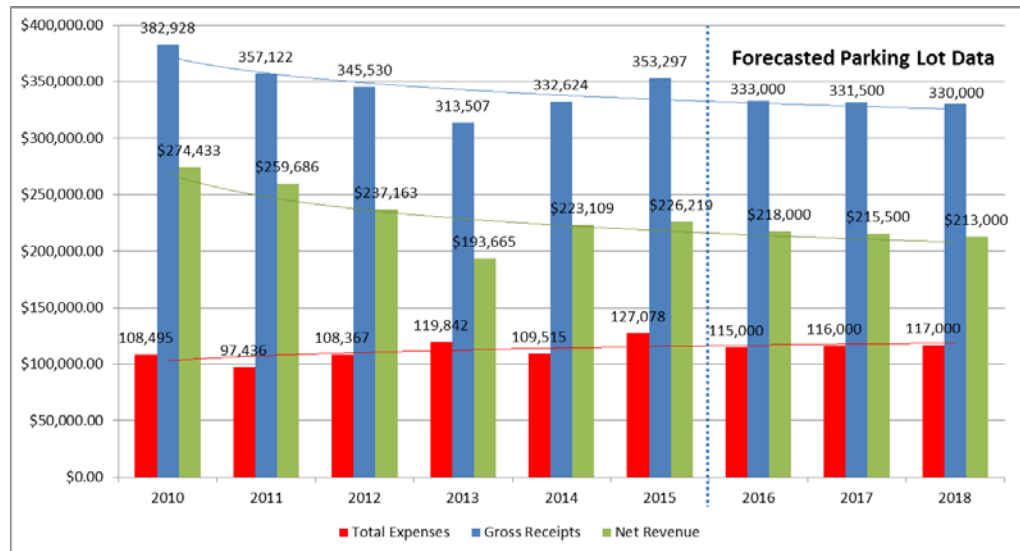
- The FY16/17 general fund budget recommendation has been developed by the Finance Committee based on multiple rounds of input from VBUMC's Pastors, Ministry Directors, staff, SPR, stewardship committee, and trustees
- As of 6/15/16 the FY15/16 general fund budget of \$1,707 has a potential shortfall of \$25k or less

VBUMC Key Statistics – Attendance, Parking Lot



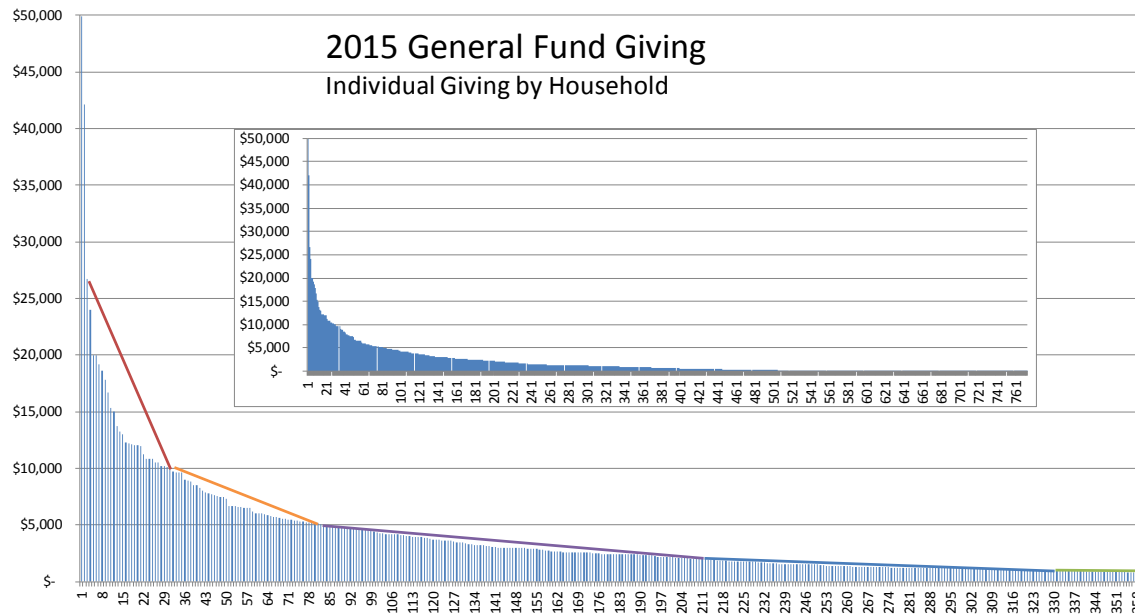
- Attendance has decreased 14.4% from 2013 to 2015
- It has further decreased another 9.6% for Jan-Apr 2016

- Parking lot revenues tend to increase or decrease yearly depending on weather, timing of key Oceanfront events, and limitations from church events that need parking at key hours
- Revenue is forecasted to stay steady the next few years while expenses increase minimally



VBUMC Giving, Pledges & Designated Building Cash

2015 General Fund Giving
Individual Giving by Household



Cash Designated for Buildings (3/31/16)

Total Capital Campaign Collected	\$1,565,769
Total Parking Lot Accumulated	\$1,218,358
Grant Estate	\$193,905
Bequest - Sanctuary	\$214,086
Bequest - Potter's House	\$101,010
Total Funds Designated:	\$ 3,293,128

General Fund Yearly Pledge Campaigns

Year	Pledges	Dollars	% Budget	Fulfillment
2014	171	\$ 590,130	36%	94%
2015	345	\$ 1,196,970	78%	98%
2016	351	\$ 1,301,541	77%	TBD

*Forecast giving to increase 8.7% (\$105k) due to new pledges in 2016

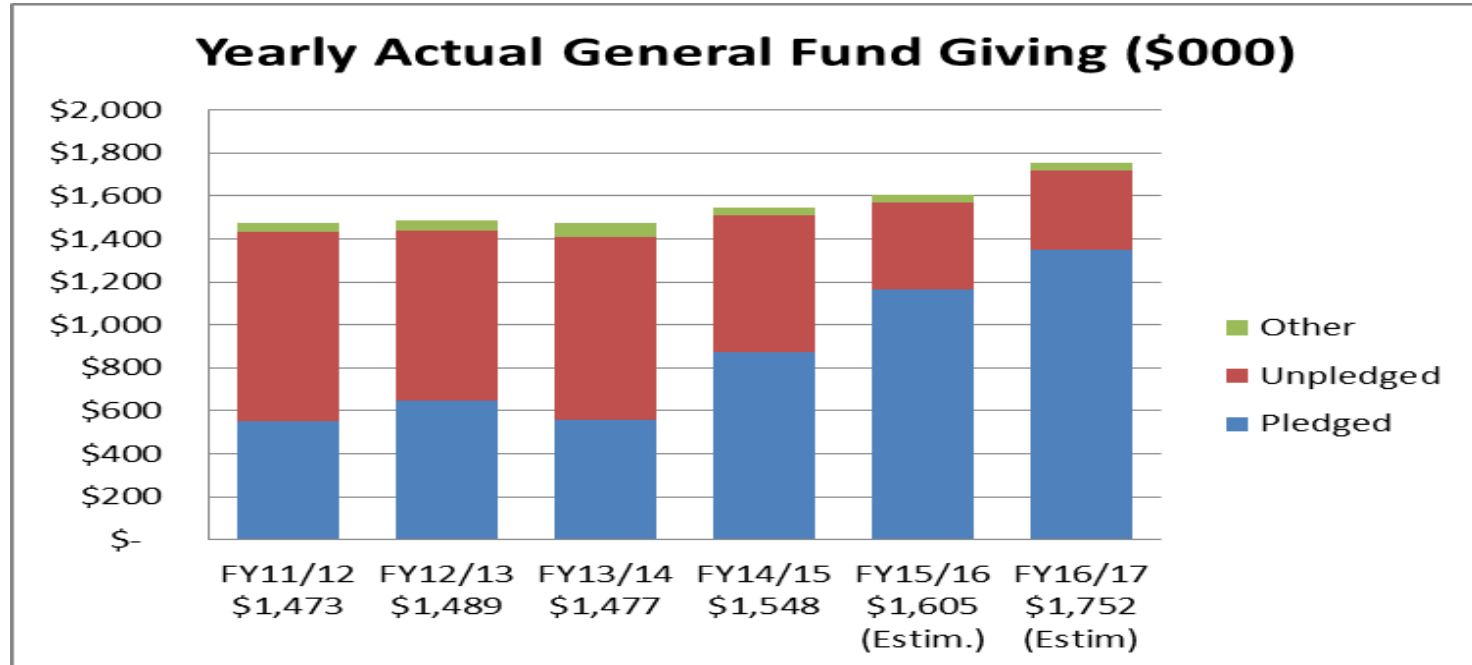
Group	Range	Total \$	% \$	Avg. \$	Household	% Total
1	> \$10k	\$ 502,935	32.7%	\$16,224	31	4.0%
2	\$5k-\$10k	\$ 355,118	23.2%	\$ 6,700	53	6.9%
3	\$2k-\$5k	\$ 400,155	26.0%	\$ 3,176	126	16.3%
4	\$1k-\$2k	\$ 166,961	10.9%	\$ 1,346	124	16.0%
5	< \$1k	\$ 111,044	7.2%	\$ 253	439	56.8%
Overall	\$24k - \$1	\$1,536,213	100%	\$ 1,987	773	100%

(We have 86 fewer giving units than 2014, mostly lowest tier givers who quit giving.)

- Notes:
- Top 31 households (4% of total) gave 33% of all revenue. (4.4% > \$ than 2014)
 - Top 84 households (6.9%) account for 56% of all revenue. (12% < \$ than 2014)
 - Top 210 households (27.2%) account for 82% of all revenue.
 - Bottom 563 households (72.8%) gave only 18% of all revenue.
 - Giving is more concentrated in top few givers and mega-givers.
 - Need a way to engage 56.8% lowest tier majority who are giving <\$1k.

Changes in Actual Receipts

- As can be seen in the chart below the amount of actual general fund receipts received has been steadily increasing for four years
- VBUMC has been blessed by a \$105k (8.7%) increase in pledged dollars from last year to \$1,301k in pledges which covers 77% of the FY15/16 budget



Changes in Budgeted Receipts

- To estimate the FY16/17 General Fund receipts at \$1,752,154 we used the following analysis:

FY15/16 Receipts Estimate (Pledged, Unpledged, & Other)	\$1,604,836
2016 Pledges (\$104,571 @ 98.2% fulfillment)	\$ 102,689
Stewardship Additional 2017 Pledges (+\$50k)	<u>\$ 44,629</u>
FY16/17 General Fund Receipts	\$1,752,154

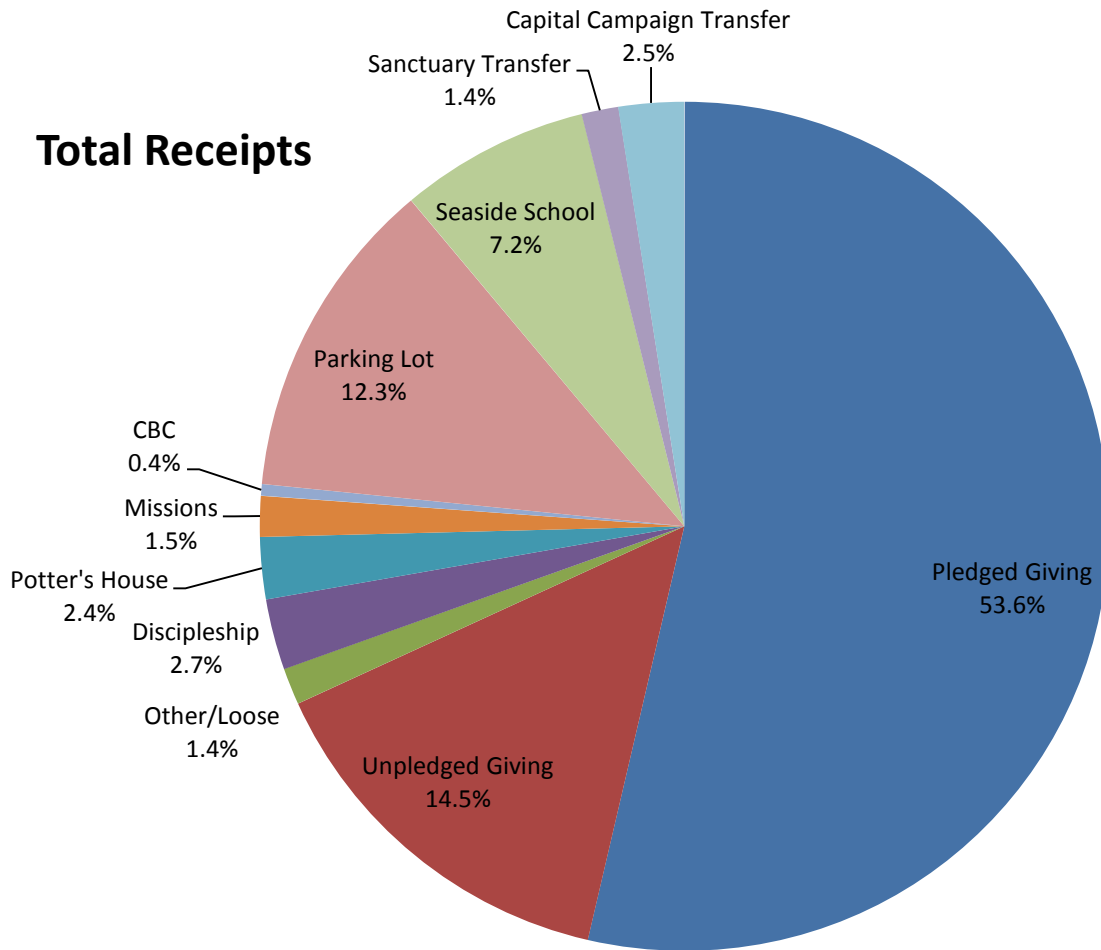
- Total receipts of all areas for FY16/17 are estimated at \$2,519,243 which includes:

FY16/17 General Fund Receipts	\$1,752,154
Temporary Restricted Receipts (CBC, Potter's House...)	\$ 177,307
Parking Lot & Seaside Receipts	\$ 492,042
Designated Funds Transfer (Sanctuary, Capital Campaign)	<u>\$ 97,740</u>
FY16/17 Total Receipts	\$2,519,243

- See attached pie chart for the various sources of our receipts

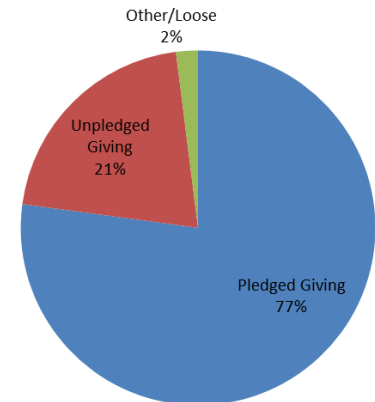
2016/17 Budget Recommendation

Total Receipts



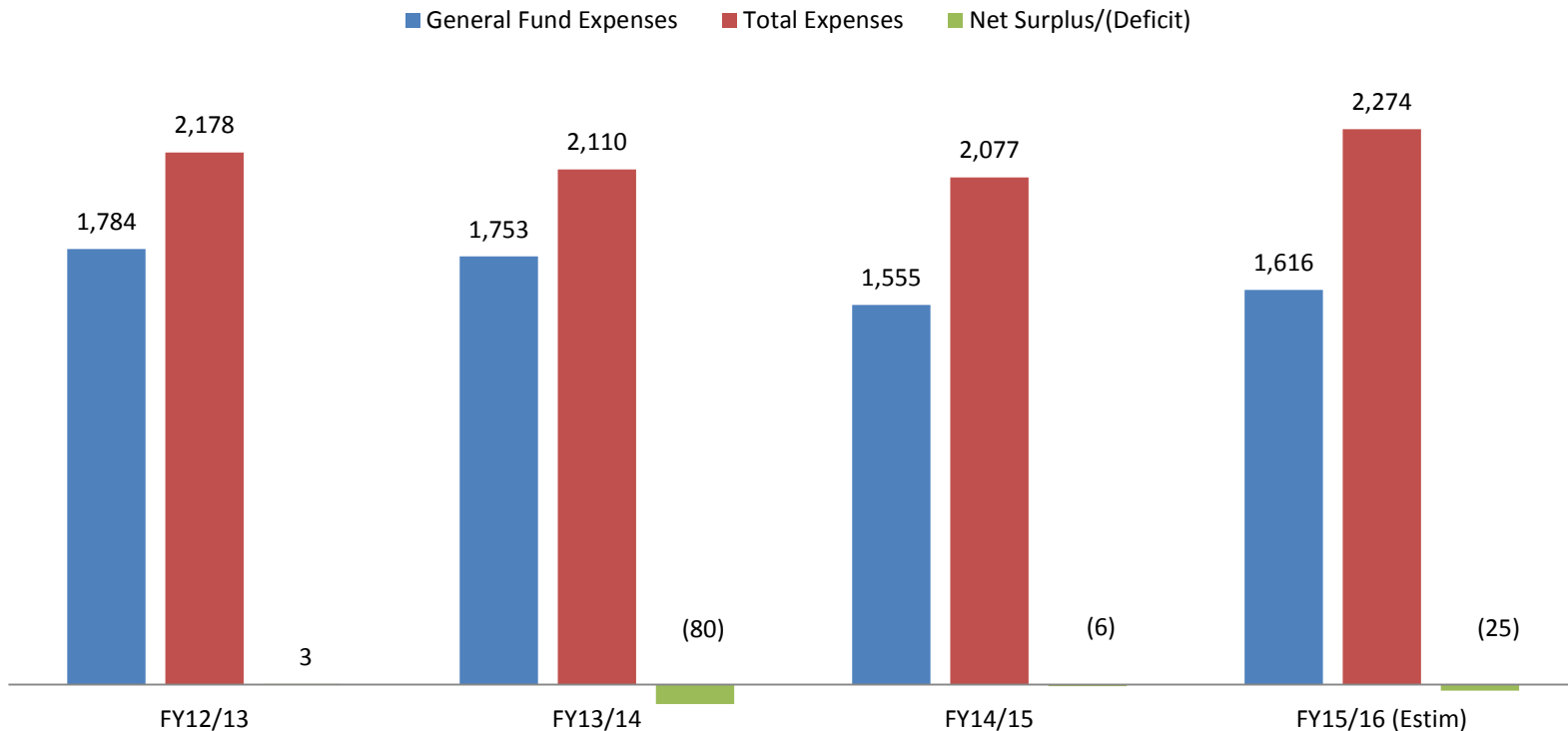
Receipts	Total	Percent
Pledged Giving	\$ 1,351,541	53.6%
Unpledged Giving	\$ 365,613	14.5%
Other/Loose	\$ 35,000	1.4%
Discipleship	\$ 67,507	2.7%
Potter's House	\$ 60,000	2.4%
Missions	\$ 38,800	1.5%
CBC	\$ 11,000	0.4%
Parking Lot	\$ 310,000	12.3%
Seaside School	\$ 182,042	7.2%
Sanctuary Transfer	\$ 35,000	1.4%
Capital Campaign Transfer	\$ 62,740	2.5%
	\$ 2,519,243	

General Fund Receipts



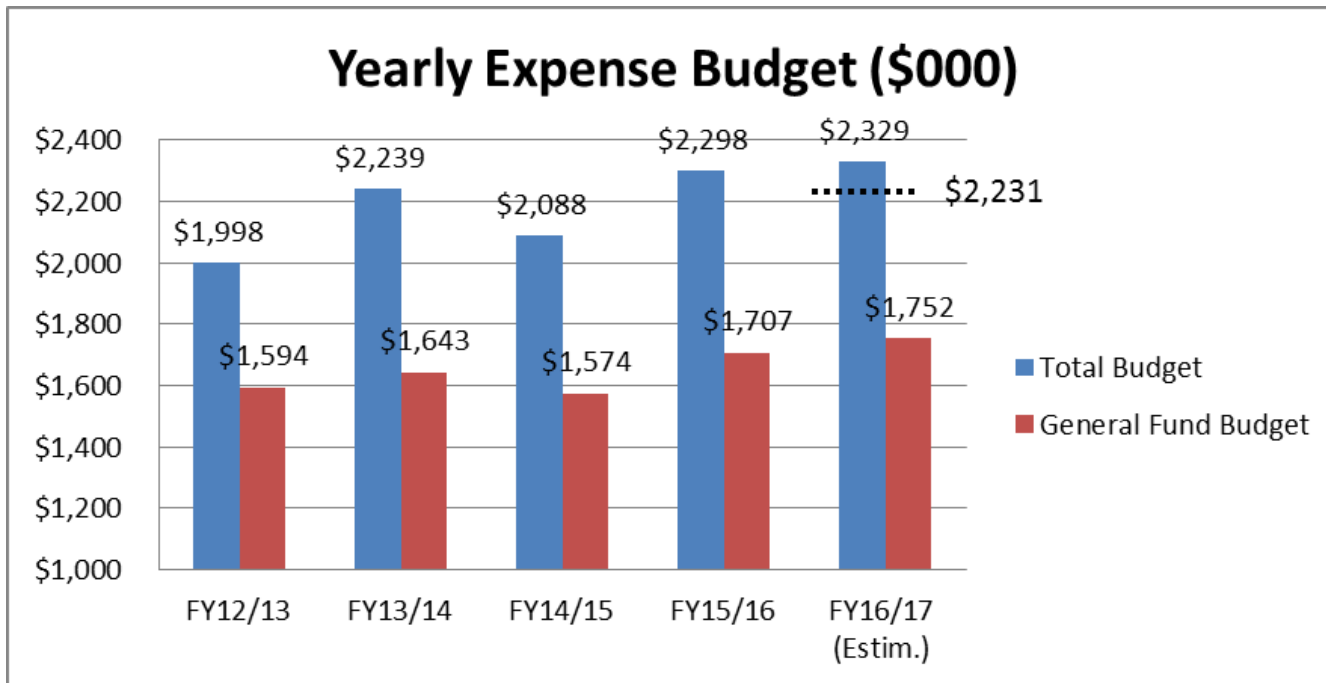
Changes in Actual Expenses

Yearly Actual Expenses



Changes in Budgeted Expenses

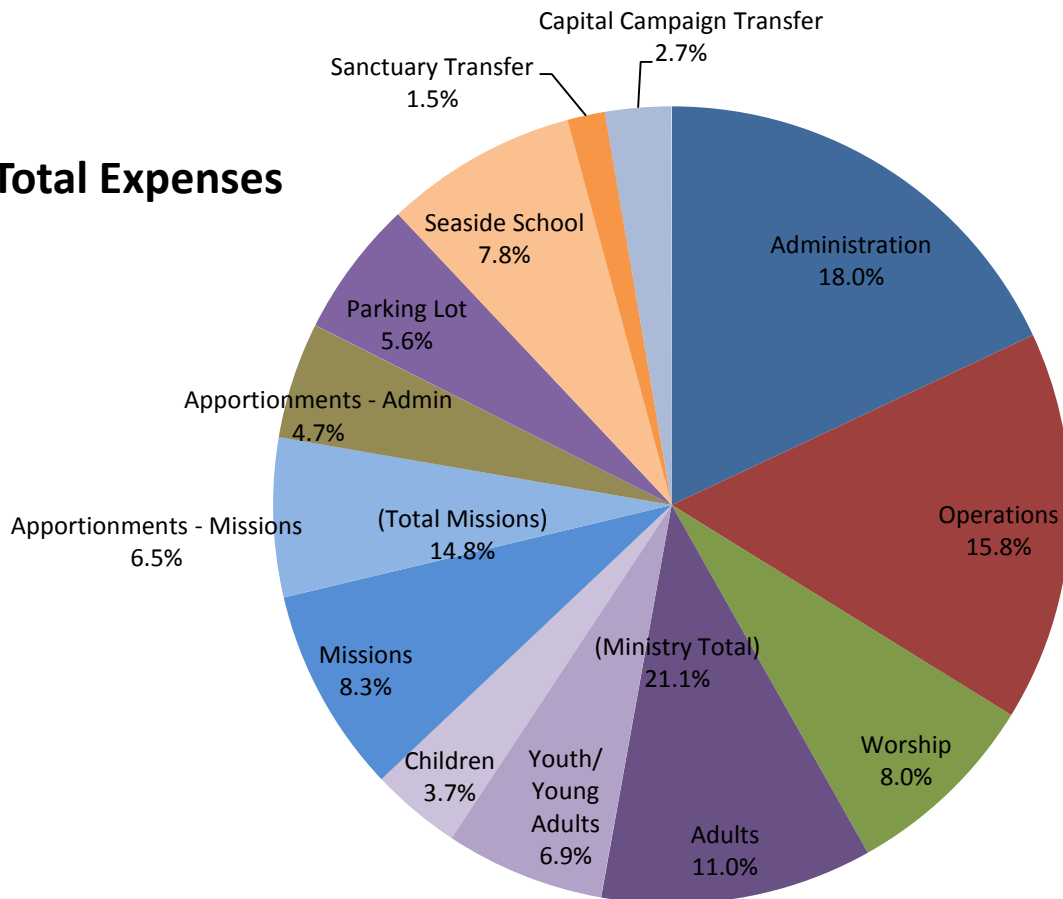
- FY16/17 total budgeted expenses includes \$98k in Designated Funds Transfer not tracked in previous years. Without these the FY16/17 Expense Budget would be \$2,231k or a decrease by \$67k from the previous year



- The graph on the following page shows a breakout of allocated expenses by church function

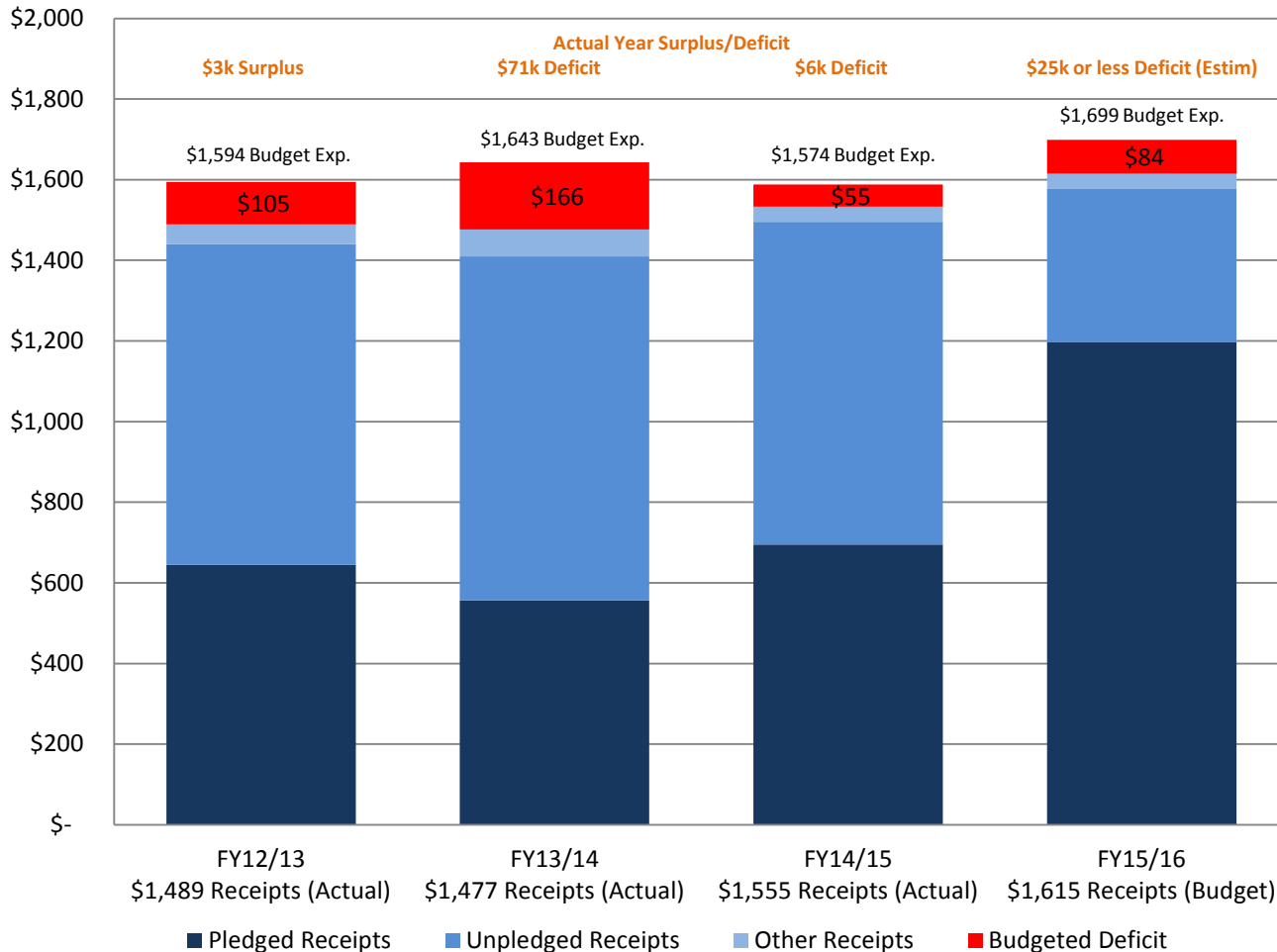
2016/17 Budget Recommendation

Total Expenses



Function	Estim. Total	Percent
Administration	\$ 419,615	18.0%
Operations	\$ 368,141	15.8%
Worship	\$ 186,390	8.0%
Adults	\$ 256,646	11.0%
Youth/Young Adults	\$ 150,113	6.4%
Children	\$ 85,655	3.7%
Missions	\$ 193,366	8.3%
Apportionments - Missions	\$ 150,465	6.5%
Apportionments - Admin	\$ 109,617	4.7%
Parking Lot	\$ 129,423	5.6%
Seaside School	\$ 182,042	7.8%
Sanctuary Transfer	\$ 35,000	1.5%
Capital Campaign Transfer	\$ 62,740	2.7%
Total	\$ 2,329,213	

General Fund Actual Receipts vs. Budgeted Expenses



- Yearly actual deficits have been lower than budgeted deficits due to spending lower than budgeted amounts and increased receipts

- For FY16/17 Finance is proposing a balanced General Fund budget that is covered in part by \$50k in additional Stewardship pledges

Budgeted Expenses Analysis

Category	General Fund					Notes	Total Budget					Total Budget %		
	FY14/15 Annual Budget	FY15/16 Annual Budget	FY16/17 Annual Budget	Variance	% Var		FY14/15 Annual Budget	FY15/16 Annual Budget	FY16/17 Annual Budget	Variance	% Var	FY14/15 Annual Budget	FY15/16 Annual Budget	FY16/17 Annual Budget
SALARIES	\$ 748,315	\$ 771,340	\$ 807,897	\$ 36,557	5%	PT Missions Coord, merit staff raises, pastor raises	\$ 748,315	\$ 771,340	\$ 807,897	\$ 36,557	5%	36%	34%	35%
OTHER PERSONNEL	\$ 118,095	\$ 149,056	\$ 143,206	\$ (5,850)	-4%	Health Insurance	\$ 118,095	\$ 149,056	\$ 143,206	\$ (5,850)	-4%	6%	6%	6%
ADMINISTRATIVE	\$ 79,690	\$ 102,019	\$ 104,589	\$ 2,570	3%	Shelby Arena software	\$ 79,690	\$ 102,019	\$ 104,589	\$ 2,570	3%	4%	4%	4%
BUILDINGS & VEHICLES	\$ 236,742	\$ 244,106	\$ 256,735	\$ 12,629	5%	HVAC repairs	\$ 244,742	\$ 264,106	\$ 256,735	\$ (7,371)	-3%	12%	11%	11%
COMMITTEES	\$ 8,525	\$ 11,550	\$ 13,650	\$ 2,100	18%	SPR, new hire advertisements	\$ 8,900	\$ 12,050	\$ 13,650	\$ 1,600	13%	0%	1%	1%
DISCIPLESHIP	\$ 65,505	\$ 67,344	\$ 60,481	\$ (6,863)	-10%	Visitor water bottles, re-using educational materials	\$ 113,875	\$ 140,285	\$ 125,938	\$ (14,347)	-10%	5%	6%	5%
WORSHIP/MUSIC	\$ 26,700	\$ 34,820	\$ 32,930	\$ (1,890)	-5%	Children's choir robes last year	\$ 30,200	\$ 36,570	\$ 34,680	\$ (1,890)	-5%	1%	2%	1%
CARE MINISTRY	\$ 7,815	\$ 8,088	\$ 10,059	\$ 1,971	24%	Kitchen supplies	\$ 7,815	\$ 8,088	\$ 10,059	\$ 1,971	24%	0%	0%	0%
MISSIONS	\$ 29,000	\$ 43,910	\$ 45,675	\$ 1,765	4%	Potter's House utilities	\$ 194,410	\$ 175,226	\$ 155,475	\$ (19,751)	-11%	9%	8%	7%
INTERGENERATIONAL	\$ 9,750	\$ 9,300	\$ 9,150	\$ (150)	-2%		\$ 13,630	\$ 11,600	\$ 9,450	\$ (2,150)	-19%	1%	1%	0%
APPORTIONMENTS	\$ 243,863	\$ 257,574	\$ 260,082	\$ 2,508	1%	Apportionment increases (Missions & Admin)	\$ 243,863	\$ 257,574	\$ 260,082	\$ 2,508	1%	12%	11%	11%
PARSONAGE	\$ -	\$ -	\$ -	\$ -			\$ 720	\$ -	\$ -	\$ -		0%	0%	0%
PARKING LOT	\$ -	\$ -	\$ -	\$ -			\$ 121,990	\$ 121,062	\$ 119,970	\$ (1,092)	-1%	6%	5%	5%
SEASIDE SCHOOL	\$ -	\$ -	\$ -	\$ -			\$ 161,533	\$ 241,523	\$ 182,042	\$ (59,481)	-25%	8%	11%	8%
SANCTUARY TRANSFER	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ 35,000	\$ 35,000		0%	0%	2%
CAPITAL CAMPAIGN TRANSFER	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ 62,740	\$ 62,740		0%	0%	3%
Budgeted Expenses Total:	\$1,574,000	\$1,706,807	\$1,752,154	\$ 45,347			\$ 2,087,778	\$ 2,298,197	\$ 2,329,213	\$ 31,014				
Budgeted Revenue Total:			\$ 1,752,154						\$ 2,519,243					
Net:			0						\$ 190,029					

- This year's general fund expense increase of \$45k is much less than last year's \$132k increase.
- Total budgeted expenses are actually \$67k less than last year when factoring out the \$98k in Sanctuary and Capital Campaign transfers that were not part of past budgets
- The overall budget has a surplus of \$190,029

VBUMC SWOT Analysis

	Helpful	Harmful
Internal Attributes of the organization	<p>Strengths</p> <ul style="list-style-type: none"> • Pledges up 8.7% (\$105k) this year and 7.7% (\$102k) last year • General Fund giving up 9% in 2015 (has increased last 3 years) • Parking lot revenues have increased for past three years (\$40k increase) • 98.2% G.F. pledge fulfillment last year 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Attendance down 14.4% past 2 years and down another 9.6% so far in 2016 • 86 fewer G.F. giving units this year (10%) • Seaside School \$90k shortfall this year • Upcoming Capital Campaign may impact G.F. giving (10% decrease = \$160k loss) • \$600k in debt for Dominos property
External Attributes of the environment	<p>Opportunities</p> <ul style="list-style-type: none"> • Gaining members from other weaker UMC churches • Great Location at Oceanfront with many new housing units being built close to the church • City/developer may purchase air rights over south parking lot for around \$3 million 	<p>Threats</p> <ul style="list-style-type: none"> • New churches in the area: Red Church, Life Church, Grace Bible, Wave, Spring Branch... • City could start offering free parking at Oceanfront, impacting parking lot revenue • Each year there are more surface parking lots giving us more competition • U.M. Church in general is in decline



Finance Committee Recommendation to CLC

- Recommend approval of attached 2016/17 budget with General Fund expenses of \$1,752k (balanced vs. General Fund receipts of \$1,752k) and an overall \$2,329k in total expenses (\$190k net surplus vs. \$2,519 in total receipts)
- Additionally, during the FY16/17 fiscal year, VBUMC will continue to look for cost savings throughout the year to further strengthen our bottom line
- If during the FY16/17 fiscal year VBUMC sees that receipts/pledges are not meeting estimates, the Finance Committee will then work with the Ministry Directors and Pastors to strategically make adjustments that fit our church vision/mission