

# UALC FINANCIAL UPDATE - SEPTEMBER 6, 2020

## 2021 BUDGET PROPOSAL

The budget proposal for UALC's 2021 fiscal year (9/1/2020-8/31/2021) is presented in the table below. The presentation shows the 2020 budget, the forecast for the 2020 fiscal year (ended 8/31/2020) and the proposed 2021 budget. Net operating Income for fiscal year 2020 is forecasted to be \$179,341 better than the 2020 budget! However, the 2021 budget anticipates a very small net operating loss of \$(7,700).

### Upper Arlington Lutheran Church

#### 2020 Budget & Forecast and 2021 Budget Proposal

(\$, thousands)

	2020 Budget	2020 Forecast	Proposed 2021 Budget
<b>Revenue</b>			
Offering	4,585.6	4,613.4	4,500.0
Investment Income	49.6	60.6	55.6
Other Income	605.4	400.9	550.9
<b>Total Revenue</b>	<b>5,240.6</b>	<b>5,074.9</b>	<b>5,106.5</b>
<b>Expense</b>			
Staff Expense	3,077.2	2,992.0	2,927.2
Missions Expense	913.1	922.7	900.0
Facility Expense	458.6	368.2	483.2
General Operating Expense	324.1	290.5	320.5
All Other Expense	287.7	208.6	367.7
Ministry Expense	140.6	83.1	108.1
Worship Expense	45.4	36.6	7.6
<b>Total Expense</b>	<b>5,246.6</b>	<b>4,901.7</b>	<b>5,114.2</b>
<b>Net Operating Income</b>	<b>(6.1)</b>	<b>173.2</b>	<b>(7.7)</b>

Explanation of key items and assumptions for the 2021 Budget:

- Due to the great uncertainty about the timing of a return to normal ministry operations, we will need to carefully manage and revise the 2021 budget as we move through the fiscal year. Our cash reserve gives us some flexibility, but we will need to maintain the balance between resources and expenses within the fiscal year.
- Offering Income - At February 29, 2020, the halfway point of our 2020 fiscal year, offering income was \$246,000 better than budget. However, since the start of the COVID-19 pandemic, offering income has consistently been worse than budget. The 2021 Offering budget reflects uncertainty regarding the continuing effects of the facility closures and the general economic downturn.
- Other Income assumes many ministries will return in 2021 albeit at an overall reduced level.
- Staff expense decreases by \$65,000 to reflect some partial/temporary staff furloughs. No compensation increase for 2021 is included in the budget.
- Missions expense is budgeted at 20% of offering income as is our consistent pattern.
- Worship expense declines as a result of the greater use of volunteer musicians and Facility expense assumes the resumption of many ministry activities and the increased costs for cleaning and protective equipment.
- All Other Expense reflects increased costs associated with continued production and electronic distribution of worship services.
- Our net available cash reserve is forecasted to be approximately \$1 million (19% of annual expenses) as of August 31, 2020. We will need to fund necessary capital expenditures during our 2021 fiscal year from the cash reserve.

This budget will be presented in much greater detail for approval at the Congregational Meeting on September 27. This meeting will be held via Zoom and connection instructions will be provided in advance of the meeting. Rules adopted by Council for the meeting are published on the UALC web site. In addition, an online discussion forum will be scheduled prior to the Congregational Meeting to allow for an interactive discussion of the budget.

Please direct your questions or feedback to Dave Bowersox by email to [finance@ualc.org](mailto:finance@ualc.org).