

Financial Update: September 19, 2021

2022 Budget Proposal

The budget proposal for UALC's 2022 fiscal year (9/1/2021-8/31/2022) is presented in the table below. The presentation shows the results for the 2021 fiscal year (ended 8/31/2021), the 2021 budget, and the proposed 2022 budget. Net operating Income for fiscal year 2021 is forecasted to be \$309,000 better than the 2021 budget! However, the 2022 budget anticipates a net operating loss of \$(80,800) as discussed below.

Upper Arlington Lutheran Church 2021 Financial Report and 2022 Budget Proposal (\$, thousands)

| | <u>2021 Forecast</u> | <u>2021 Budget</u> | <u>Proposed 2022 Budget</u> |
|-----------------------------|---------------------------------|-------------------------------|--|
| Revenue | | | |
| Offering | 4,616.4 | 4,500.0 | 4,754.9 |
| Investment Income | 52.0 | 52.2 | 52.0 |
| Other Income | 431.8 | 552.0 | 591.8 |
| | | | |
| Total Revenue | 5,100.2 | 5,104.2 | 5,398.7 |
| | | | |
| Expense | | | |
| Staff Expense | 2,900.9 | 2,927.2 | 3,224.2 |
| Missions Expense | 923.3 | 900.0 | 951.0 |
| Facility Expense | 378.0 | 485.7 | 453.0 |
| General Operating Expense | 265.8 | 310.1 | 340.8 |
| All Other Expense | 262.9 | 374.6 | 359.1 |
| Ministry Expense | 55.7 | 104.5 | 120.7 |
| Worship Expense | 10.8 | 8.4 | 30.8 |
| | | | |
| Total Expense | 4,797.4 | 5,110.4 | 5,479.5 |
| | | | |
| Net Operating Income | 302.8 | (6.2) | (80.8) |

Explanation of key items and assumptions for the 2022 Budget:

- Offering Income is budgeted to increase \$138,500 from the 2021 level. This increase of 3% is predicated on increased engagement by the congregation as we move toward normal ministry operations and growth in the congregation's generosity as we respond to God's call on UALC to increasingly be an Oasis of the Gospel.

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- Other Income assumes most ministries will return in 2022 albeit at a slightly reduced level compared to pre-pandemic levels.
- Staff expense increases by \$323,300. This significant increase is driven by several factors - an overall compensation increase (no general compensation increase was granted in 2021), an increase in the cost of health insurance, and the cost of fulfilling the realignment of staff toward our vision.
- Missions expense is budgeted at 20% of offering income as is our consistent pattern.
- Facility expense increases by \$75,000 to reflect the resumption of many in-person ministry activities and the resulting increased costs for cleaning and utilities.
- General Operating expense increases by \$75,000 as overall operations return to normal.
- All Other Expense reflects the increased costs associated with a return to normal ministry operations and the continued production and electronic distribution of worship services.
- Ministry and Worship expenses reflect the return of most ministries and the return to a full worship schedule in our buildings.

This budget will be presented in much greater detail for approval at the Congregational Meeting on September 26. This meeting will be held in person at Lytham Road at 12:30 p.m. Discussion forums will be offered prior to the Congregational Meeting, at both Lytham Road and Mill Run, to allow for interactive discussion of the budget.

Please direct your questions or feedback to Dave Bowersox by e-mail to finance@ualc.org.