

A Word (or many words) about Aldersgate Finances:

As many of you know, Aldersgate Church has been running a significant deficit for a number of years (ranging from \$60,000-\$90,000/year). This is due to investing into our revitalization efforts, mostly through staffing. As we've been tracking finances, we've said for years that if we don't see congregational growth and increased giving to the degree that this deficit significantly closes by 2021, we will need to make some changes. And that is where we are.

This deficit has been compensated for through a few different funding mechanisms. The first is the **Aldersgate Foundation**. In 2015 the Foundation agreed to fund our Children/Youth Ministry position for 3 years, and then continued to help finance that position beyond that since we were seeing great fruit from it. The Foundation has also allocated its annual interest earned to our operating expenses.

In 2019 we received permission to begin using money from past **parsonage sales** for operating costs. Per the UMC Book of Discipline, these funds (also often referred to as our "revolving fund") require special permission to be used in this way, but they can be used freely for capital improvements. Since we used Foundation money to pay for our Gathering Area work in 2015, when we could have used the parsonage/revolving fund, the Annual Conference allowed us to essentially reimburse ourselves with the parsonage money, and use it at our discretion. Therefore, since 2019, we have been using those funds to compensate for our deficit before using principal dollars from The Aldersgate Foundation, though The Foundation has continued to allocate its interest to our operating expenses.

Another way that we've worked to manage our deficit is **your increased giving**. We have run a few campaigns, such as asking you to "go to 11" or "step up to 11", and your efforts have helped a lot. We cannot thank you enough for your generosity and continued investment into Aldersgate's ministries.

Another significant stream of revenue has been the **DFC Preschool rent**, which is \$63,600/year, though we also pay \$~24,000/year in custodial costs exclusively for the Preschool, so our net revenue on that rent is about \$39,600/year.

All of that is to say, that in August of 2019, we commissioned some of our financial minds to look at our greatest financial asset, which is our property, to see how we could leverage it better. That work, in conjunction with conversations around our mission and vision in the Church Council are what has led us to this point.

With that, here is how the numbers look, using our 2019 information. If we continue with the status quo, once we get back to "normal", we can expect our Income/Expense to look about like this:

2019 Pledged Income:	\$189,570
2019 Foundation Contributions	\$10,432
2019 Discoveries For Children Preschool Rent	\$63,600
2019 Other Income	<u>\$4,074</u>
2019 TOTAL INCOME	\$267,676
2019 TOTAL EXPENSES	<u>\$338,291</u>
2019 Deficit Covered by Reserves	(70,615)

Current Foundation Balance (designated and undesignated):	\$466,145.68
Current "Parsonage/Revolving Fund" Balance	<u>\$112,885.66</u>
Total Between The Foundation & Revolving Fund	\$579,031.34

We anticipate, that with the status quo, we will use up just about all of the \$112,885 in the Revolving Fund by the end of 2021. We will then have no reserves outside of looking to the The Foundation, which is not the Church's money to spend. The Foundation is made up of Aldersgate members, but is a separate entity. While our motives for selling our property and relocating are not purely financial, by holding no debt, the proceeds from a sale will benefit us financially. If we well for \$2.9 million, after realtor and other such fees we will take home about \$2.7 million. If we lease a space for roughly near what our current building expenses are (roughly \$60,040¹), and we spend about \$200,000 fixing this space to our liking, that leaves us with ~\$2,500,000 in the bank. At 3% interest, that gives us \$75,000 in revenue on the remaining \$2,500,000 to use however we want/need to. With some closer attention to how that money is invested, we could earn 4% which would be \$100,000 in annual investment income. That income, combined with finding ways to decrease our operating expenses, and with hopeful renewed vision and location and the subsequent congregational growth that may come with it, puts us in a better more sustainable position and a closer to a balanced budget than where we are today.

There are of course no guarantees. But we thought a little more detail on the financials, how they have worked out and how they might work out could be helpful.

-pastor paul

¹ \$60,400 in current building expenses is figured by roughly \$100,000 in total building expenses, helped by \$63,600 in revenue from DFC rent, less the \$24,000 in DFC custodial costs.