2020-21 Draft Budget 08262020 Notes

The following notes are based on questions raised by the Financial Oversight Committee when they evaluated the draft budget on behalf of the Board of Trustees prior to its acceptance by the Board on August 20th.

Some may wonder why we’re not saving more money with the building all but shut down. I would remind you that the original goal for the Stewardship campaign asked for $610,000 in pledge revenue for this year and we’ve built a budget on only $544,439. We also don’t have any provision for our usual Food Fair revenue. Together that’s $80,000 less in revenue than originally anticipated for this year. We’ve cut the budget quite a lot. In addition to not funding the various activities and supplies only needed with the building in full use (like coffee for Sunday mornings), we are also furloughing, as of October 1st, all staff who have no function with the building closed – this would be Julie Morocho, our Child Care Coordinator, all child care staff and our paid RE Teachers. Jane White, our Administrative Assistant, has been on a half schedule since July 1, and will continue doing so as long as our building is idle. But there isn’t much more that we can cut without neglecting our building and creating problems for ourselves down the road and/or cutting staff even further which would seriously impact our ability to provide you with the programming and activities that you enjoy and cherish so much.

When we begin ramping up activities in the building, our expenses will rise, as well. My current estimate is that our costs would go up approximately $300 to $500 per month to cover the increased utility bills and additional cleaning supplies and possibly cleaning contractor time to safely maintain the building with additional traffic.

1. Can you explain the Anticipated 1st Quarter Surplus of $25,000? If that is income above expenses for the quarter, then why are we using $9,000 of WNYV money that I thought was supposed to be money for the Endowment Fund? - That is surplus income for the quarter; it is not surplus income for the year. Also, the Wake Now Your Vision money is not money for the Endowment Fund. Those funds were an Unrestricted Gift to the church from the Foundation that originated the WNYV program and was determined by the amount of legacy gifts planned by our members that was reported to them. What arrangements individuals have in their estate planning is up to them, but the program generated an unrestricted gift to participating congregations as an incentive. There was an announcement from the Endowment Committee recently in the Intercom explaining this.

2. As was mentioned this spring, we are in the process of refinancing our mortgage. We have not closed on that process yet, and the costs reflected in the budget are our current mortgage costs. Once the refinance has been completed, those costs will be going down.
3. Why are we paying $3,000 for an outside payroll business to do payroll for us? It seems a full time director of financial administration could handle that for the few employees we have. Are we also budgeting for a bookkeeper? - We pay an outside contractor to process payroll for us so that if any errors are made, either in the processing or in the reporting to the government, the liability is theirs, not ours. This is considered best practice, and pretty much every UU church our size or larger outsources their payroll. We are not budgeting for a bookkeeper, but I am getting a stipend for doing the bookkeeping as publicly directed by Rev. Amy.

4. I’m also wondering about lawn care and snow removal. If the church isn’t going to be used, does snow need to be removed? Are we required by the city to have cleared sidewalks and parking lot? What percentage of that $10,000 cost is allocated to lawn care? - About $2,400 of that total is for lawn care. The rest is for snow removal and is always a guess since I haven’t figured out how often we’re going to need to have snow removed. As a property owner in Des Moines, we are required to maintain cleared public sidewalks, and our building insurance also requires that we do that and clear our parking lots.

5. Can you explain the $5500 annual bank fees? - The $5,500 annual bank fees expense is $2,500 in normal fees (monthly bank fees and online payment processing fees) and the $3,000 annual PushPay fee that covers the services we get from them, including the maintenance on the app we recently deployed.

6. Is the telephone cost $4000 for a year? It seems we should not need internet at the building if nobody is there. - We pay $200/month (CenturyLink) for phone and $300/month (Mediacom) for internet. The phone bill is pretty standard for a basic 3 line business account, and Mediacom charges a much higher rate for commercial customers than they do for residential. We do still have staff accessing the building to do their work, which would be hard to do without the internet, and the emergency phone in the chair lift and the alarm system both depend on a working phone system to function. The building is idle, not abandoned, and we will be maintaining all utility services.

7. Music Department - is that all for Karen Kraemer or is there special music or equipment in there also? - The Music Department is for whatever is needed; it is not salary. The normal breakdowns for Music aren’t included as it’s not clear yet what they may need in the coming year given the unique circumstances Karen is working with.

8. Denominational Support - is that all UUA or is some for MidAmerica Region? - We no longer support the region separately from the UUA itself. Instead, the UUA takes our support and uses that for itself and our corresponding region. Our full “Fair Share” is over $44,000. We can’t afford that right now, but we have increased our support from $7,000 last year.

9. Pledge income projection: next 3 qtrs seem down an extreme amount - wonder what’s the basis for this? - The two budgets add up the amount of the canvass minus a 5% reduction in anticipated pledge shortfalls. Our historical average is 3%, but as I explained around the 1st Quarter budget, I’m anticipating that many households are going to experience greater than usual disruption in income, and I’m building in some security accordingly. Our pledge total is actually up from May, when the 1st Quarter budget was prepared, and I went back and tweaked the 1st Q pledge income to reflect that.
10. **Cleaning Services** - why $3,000 for 1st Quarter, then an average of over $7,000 per quarter after that? - I am restoring our contract custodian to weekly service. As of July 1, we’d cut her back to every other week. Why are we paying to clean the building when it’s empty? Because it’s not empty. The one board-approved exception to the exclusion utilizes a portion of the building on a regular basis and staff still utilize the building. Also, we’ve had occasional mouse incursions, and regular cleaning is our best defense.

11. **Waste Connections** - why would that be dropping? - It’s not dropping. The anticipated charge for the balance of the year is three times the charge for the 1st Quarter. It is lower than last year because we had some one-time expenses associated with cleaning out storage rooms that was quite pricey because of the hazardous material surcharge for removing the mold-damaged items.

12. **Building Maintenance** - why so much less in the last 3 qtrs than the 1st qtr? - As was explained in the various discussions around the 1st Quarter budget a lot preventive maintenance and cleaning happens over the summer.

13. **Equipment Maintenance** - what is not going to be maintained given that drop? - That category is Equipment/Maintenance and that covers both the acquisition of new office equipment and the maintenance of existing office equipment. We’re not planning to acquire much in the way of new office equipment this year.

14. Why is the balance of the year for Electricity/Gas not 3 times the 1st Quarter? – That’s a hedge against possible rising rates. Our electricity/gas bill is the only utility bill that is volatile and difficult to predict.

15. Why is the balance of the year for Insurance not 3 times the 1st Quarter? – That’s a hedge against the charge that usually follows the annual work comp audit.