

FINANCE

The Finance Committee is currently reviewing our internally generated financial statements for 2022 (see below). Externally reviewed statements will be available for Part 2 of our Annual Meeting later this year.

Year-end Financial Results 2022

We are reporting an operating deficit of \$49,422 deficit for 2022. This is a stronger financial performance than expected, when compared to a budgeted deficit of \$150,130 before Proudfoot Fund support. Fortunately, our operations continue to benefit from income earned by the Board of Trustees (primarily The Proudfoot Fund), allowing us to comfortably balance this deficit.

Although 2022 has been full of challenges, including months of restrictions to in person worship, we are often reminded of how special our church is. We are so grateful for the continued generosity from our FSA members that allows us to do God's work, spread the good news, and serve our community and beyond. We have been fortunate to largely sustain our operations through consistent givings year over year. These donations continue to be the single biggest and consistent financial contribution at 75% of our total revenue. The generosity of our members resulted in envelope and par donations that exceeded amounts reported in 2019. Behind the good work we do is a community of hearts to be celebrated!

Our gift card sales are the single largest fundraiser for the church and profits increased by 25% over 2021 and by 47% over 2019.

Our rental income from both one-time events and on-going lease agreements have been vital to our sustainability. There is no doubt COVID has been very hard on us from this perspective. We have lost a number of tenants and event bookings have been slow to return to pre-COVID levels. We are most thankful that Meals on Wheels has continued and in fact has increased their use of FSA space.

Although modest compared to 2021, government COVID grants contributed \$9,500 to our total revenue in 2022.

Expenses were able to be curtailed in 2022 as we delayed hiring staff. This has certainly helped in balancing the books. However, property expenses continue to be a challenge to manage. Utility rates in particular increased approximately 80% in 2022.

On a positive note, The Finance Committee has spent a significant amount of time this year reviewing both revenue and expenses in detail in order to understand trends, challenges and opportunities so that we can continue to live as stewards of God's abundant gifts through Faith, Service and the Arts.

Budget 2023

Our 2023 budget is projecting an overall deficit of \$198,083. Previous year surpluses and Trustee support will again reduce this financial burden in order to sustain operations.

Given the generosity of our members, we are optimistic that givings will remain relatively stable in 2023. Rental income will continue to be an important source of revenue to support operating costs. After the loss of some key tenants in recent years, we are very pleased that additional income will be realized by a long-term lease with El Sistema Aeolian. There will be some initial expenses to offset this income in 2023 in order to relocate offices and other spaces within the building.

As we bring new staff on board who are vital to our life as a church, we will incur additional costs. Our 2023 forecast does include a Musical Director starting early this year and the hiring of a Pastoral Care Minister mid-year.

There is no doubt that we are paying a financial price for operating an old building. Our building costs make up 25% of our total operating budget. Maintenance and repairs are budgeted to continue rise but utility rates are also expected to continue to increase significantly.

Deficits can cause anxiety but we are in a new chapter for society and our churches. Certainly, some important financial management discussions relating to operations going forward have been active across various committees and need to be ongoing throughout the year. Assistance from Trust Funds has bridged a gap for us but the availability of those funds for operations is limited.

FSA has some realities that need to be faced and addressed and opportunities to pursue. For example:

- Increasing membership levels will be important in mitigating the risk of declining donation revenue. It is also possible to engage and leverage other groups who use our space during stewardship campaigns.
- We need to find ways to reduce building operating costs as our current and projected expenses are not sustainable. This is not an overnight fix but it is one that needs to be a high priority and requires immediate attention.
- We need to prioritize future rental income in order to restore this valuable source of revenue. There is an opportunity to increase event-based revenue and to make more consistent use of the spaces we can make available to others – for example, the sanctuary, the chapel and Proudfoot Hall
- We can continue to look for opportunities to share costs in collaboration with other churches in order to reduce expenses. We have already done this with staffing with our Minister of Youth and Young Adults position. However, we could also benefit from the procurement of other supplies and services using this strategy.

- We can look at ways to increase unrestricted funds for investment in order to decrease the burden on our operations annually.

There are new opportunities to envision our financial future but this is the work of the entire congregation. We have a bright future. Through our partnerships and initiatives, we are demonstrating our relevance to the community. However, fundamental to that future is having a sustainable operating budget. We have not achieved that yet but it is not an insurmountable challenge. Stay tuned.... and please do your part to make our financial future as exciting as our services and programs.

Committee Members

Laura Wood (Chair), Jeanette Eberhard, Tristin Hill, Ivana Klouda, Doug McGregor, Barb Ridgewell

Respectfully submitted
Laura Wood, Chair