

To: RDLUC Community of Faith  
 From: Mike Jackson, Treasurer  
 Subject: 2022 financial statements and 2023 budget  
 Date: February 27, 2023

**REVENUE AND EXPENSES**

Revenue	<u>2021</u>	<u>2022</u>	<u>2023 budget</u>
donations	257,020	261,878	257,360
rent	16,869	40,799	39,000
fundraising	15,744	34,649	34,600
grants	<u>101,333</u>	<u>6,423</u>	<u>36,000</u>
Total Revenue	390,966	343,748	366,960
Operating Expenses			
property	51,858	70,725	73,470
salaries	248,583	220,289	194,920
programs	22,940	11,012	61,100
assessments	17,896	15,390	15,400
Admin & Other	<u>21,463</u>	<u>16,949</u>	<u>21,500</u>
Total Oper. Expenses	362,740	334,364	366,390
Revenue less Oper. Expenses	28,225	9,385	570
Interest Expense	13,453	13,984	20,000
Surplus	14,772	-4,599	-19,430
capital expenditures	0	0	0
loan repayment	23,131	24,603	25,300
Chinook Winds inject	0	0	45,300
Cash Flow	-8,359	-29,202	570

*Excludes Mission and Service donations which are a pass-through, 2022 = \$8,215, 2021 = 10,115*

We recorded a small deficit, after interest expense, of \$4,600 during 2022. Cash flow, after principal repayments on the loan with Canadian Western Bank, is a deficit of \$29,202. This is significantly better than budget because of the December fundraiser, more renters, a Province of Alberta grant, and good cost control for general administration & programs. Comparison to 2021 has a lot of noise because 2021 was impacted by the COVID pandemic.

Donations are relatively flat year-over-year. A few ways to slice & dice the donation data:

#### Method of Donation

	Recurring & on-line	Cash & cheque	Marketable Securities	Old Vehicles
2022	70%	27%	3%	<1%
2021	75%	23%	2%	<1%

#### By Calendar Quarter

	Q1	Q2	Q3	Q4
2022	18%	20%	21%	41%
2021	19%	19%	18%	44%

#### Number of Donors 2022

% of aggregate \$	0-25%	26-50%	51-75%	76-100%	Total
dollar range	\$6,100-\$15,000	\$3,400-\$6,100	\$1,400-\$3,400	\$0-\$1,400	
# of donors	7	16	31	163	<b>217</b>

Rent is up substantially because the kindergarten operated the full year and there are several returning & new renters with the building re-opening (e.g. bakery, music, Scouts).

Fundraising is up substantially over 2021 and the budget because of the December fundraising event (aggregate \$19,256). The major contributors are: OTE concerts \$13,427, turkey supper \$7803, silent auction \$7407, handcraft market \$4046, Fundscrip \$1406, and poinsettias & wreaths \$560.

The federal wage subsidy program ceased in 2021. We did get one grant from the Province, that was not expected.

Salaries are down from 2021 because there were some vacancies during the year and fewer hours spent on seniors support programs (these programs were greatly upscaled during the pandemic and were funded by government grants).

Property expenses are up. Insurance is up \$9753, with higher premiums being a broad market condition. All utilities are up, because of higher prices and the building being open the full year. With the building getting a bit older and us having deferred some maintenance during the pandemic shutdown, we caught up on some items such as the septic and fire systems.

Program expenses are down because the grant-funded seniors support programs were greatly enhanced during the pandemic and are now back to a self-sustainable level.

In 2021 we invested in a new phone system and laptops, which we did not do during 2022 so Administration & Other expense is lower.

At December 31, 2022 total cash holdings were \$261,292. This is comprised of: \$127,428 in the unrestricted operating account, \$48,492 in the Planned Giving account, \$14,675 capital account, \$13,337 memorial fund, \$40,559 in restricted accounts for various groups within the church, and \$16,801 pledged to Canadian Western Bank as security for the loan.

## **2023 Budget**

We assume donations, rent and fundraising are fairly flat with 2022.

We got a \$6,000 grant in Dec'22, a \$5,000 grant in Jan'23 and in Feb'23 we were informed we are receiving a \$25,000 grant (a portion of which may carry over into 2024). These grants fund activities, primarily seniors support, so are terrific enabling the work of the church and are financially cash neutral.

In addition to congregational care re seniors support, other programs will be more active, such as hospitality, outreach and guest musicians.

Salaries are lower because there will be periods when we do not have a fulltime senior minister and a congregational care counsellor. The budget includes salary for a part time minister. The budget assumes we fill the current vacancy for children's' ministry.

Property maintenance and utilities expenses are higher because of the aging building and inflation. Starlink is our new internet provider, and there is a cost to this. Partially offsetting these items is lower insurance premiums because UCC has moved to a self-insurance program.

Admin & Other includes a higher budget for communications/advertising and evergreen replacement of equipment such as laptops.

We have a demand first-lien loan with Canadian Western Bank (the "Bank"). The balance at Dec.31/22 was \$246,028. Last year's annual review was challenging because the Bank was concerned about the small deficit in 2021 and the 2022 budgeted deficit. We requested a reset of the amortization term, from the remaining seven years back to the original fifteen years, so to reduce the payments, but this was declined. The Bank approved continuation of the loan conditional upon RDLUC placing twelve months payments (\$40,000 initially, reducing with each payment, \$16,801 at Dec.31/22), in a segregated bank account with a Hold (i.e. security). Over recent months there has been discussion between us and Chinook Winds Region (the "Region") about refinancing the loan to eliminate the risk of the Bank demanding full repayment and to ease the cash drain on the church's finances. A temporary measure will be for the RDL Trustees (if they approve such action) to make a formal request to the Region to provide funds to RDLUC (probably via subordinated loan not requiring immediate interest or principal payments) equal to the 2023 principal & interest payments to the Bank. While this funding is not a certainty, it is felt that the probability is such that it should be included in the budget. This creates a breakeven cash flow budget for RDLUC during 2023. The goal is that a permanent solution (e.g. refinancing) for the bank loan will be executed over the next year.

*MJ*