

# Red Deer Lake United Church

Financial Package

for the

# Finance Forum

on April 3, 2022

To: RDLUC Community of Faith  
 From: Mike Jackson, Treasurer  
 Subject: 2021 financial statements and 2022 budget  
 Date: March 27, 2022

**STATEMENT OF SURPLUS/DEFICIT**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
Donations	338,586	305,175	257,020	254,220
Planned Giving	100,000	0	0	0
Rent	17,705	9,646	16,869	35,000
Fundraising (net)	30,159	3,290	15,744	8,200
CEWS & AB grants		60,794	75,089	0
Seniors' Grant		<u>13,208</u>	<u>26,244</u>	548
Total Revenue	486,449	392,113	390,966	297,968
Property	106,786	98,169	88,443	109,605
Salaries	232,656	246,500	248,583	223,650
Programs (net)	8,023	13,972	22,940	28,275
Assessments	21,822	18,676	17,896	15,400
G&A and other	12,668	13,419	21,463	20,730
Total Disburse	381,955	390,737	399,325	397,660
<b>Surplus (Deficit)</b>	<b>104,495</b>	<b>1,376</b>	<b>-8,359</b>	<b>-99,692</b>

Mission & Service is pass-through. 2019 = \$13,246, 2020 = \$11,770, 2021 = \$10,655

**DECEMBER 31, 2021 FINANCIAL STATEMENTS**

- There is a deficit of \$8,359 for the year.
- Donations were down \$48M (M means thousand) from 2020 and down \$84M from the pre-pandemic year 2019. There were 195 donors during 2021, down from 226 the prior year. Sixty donors contributed 75% of the dollar amount. A successful ASK was made that generated \$71M during December, compared to a typical December in the vicinity of \$50M.
- Rent revenue was up because a kindergarten is renting a portion of the building July 2021-August 2022. The fee is \$2M per month. They have indicated an interest in extending the lease.
- Fundraising consisted of OTE concerts in the autumn and season tickets sales. The turkey supper and sale of poinsettias were not held.
- CEWS/AB subsidies and seniors' grants were \$75M and \$26M respectively. These enabled RDLUC to maintain staff and programs.
- For the property, good cost control throughout the year was partially offset by unexpected vandalism & theft.
- Salaries were up slightly. This involved more hours for Vi which was covered by grant money, the contracting of a bookkeeper, and the departure of the Director of Music.
- Program expenses are up because of increased congregational care activity funded by the government grant.
- General & Administration expenses are up because of purchasing a new phone system and a couple laptops. Technology obsolescence will continue to require refreshing hardware & software.



## DRAFT 2022 BUDGET

The budget was drafted with input from key team leaders and is recommended by the Finance Team.

### Major Assumptions:

1. Dollars donated are the same level as 2021. 2021 includes a successful ASK in December. Variation to this level could involve: (i) the number of people in the faith community, (ii) the level of engagement, (iii) financial capacity of people, and (iv) any Planned Gift.
2. The kindergarten, bakery and Scouts continue status quo. We have not assumed any additional renters.
3. The governing thought on budget expenses is to estimate bare-bones levels (i.e. no nice-to-have or contingencies) or where available use contracted/known numbers. The only real exception to this is we have included \$3M for increased communications & marketing.
4. Fundraising involves five concerts, no turkey supper, status quo for Fundsript & poinsettias.
5. In the absence of any new grants, congregational care is downsized to a level just a bit above its' pre-pandemic level.
6. We assume the building is open all year. This drives certain utility and maintenance expenses. Higher industry-wide insurance hits the church, increasing the annual premium from \$19M to \$30M. There are no major capital expenditures, other than \$5M to fix the elevator which is funded by donations from two families specifically for this purpose.
7. Status quo for the level of employees and contractors. We have included \$10M for guest musicians. Optically, Salaries are down and Programs (i.e. worship) are up because of guest musicians rather than salaried. Programs also includes \$2M for guest speakers and \$2M for AV.
8. General & Administration expense includes evergreen refreshment of hardware & software and a higher level of communications/advertising.

The draft budget shows a loss of \$100M.

Within normal operations, most of RDLUC's expenses are relatively fixed: property, salaries, assessments, and a base level of G&A and programs. Conversely, most of RDLUC's revenues are variable: donations, fundraising, and to a certain degree rentals. This means there is a lot of financial torque around revenue, whereby any change (e.g. donations) makes a substantial swing in the bottom-line profit/loss. For example, if donations recovered to the level of pre-pandemic 2019 it is a \$84M swing that moves the operating loss from the budgeted \$100M to around \$16M.

Aggregate cash has held up very well during the pandemic, from \$295M Dec.31/19 to \$307M Dec.31/21. Current cash covers more than two years of losses at the level of the 2022 budget.

### STATEMENT OF DEC.31st CASH BALANCES

	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Budget</b>
Unrestricted	97,652	144,538	169,458	94,020
Restricted	33,915	49,807	34,013	34,013
Planned Giving	141,014	104,166	71,970	47,716
Capital	12,509	14,387	14,315	14,315
Memorial	9,778	9,612	17,176	17,176
<b>Total Cash</b>	<b>294,868</b>	<b>322,511</b>	<b>306,931</b>	<b>207,239</b>

## **TWO-FOUR YEAR FINANCIAL OUTLOOK**

Do we recover our finances to the pre-pandemic level? This was scratching for donations and fundraising to generate manageably small losses, while also buying time with the periodic estate Planned Gift. Will people who have drifted away during the pandemic re-engage? Will the resumption of live Kidz Zone and other activities attract young families? Will the turkey supper find volunteers so it can continue?

Can we build on some of the newer activities, and some of those in the vision? Reportedly, there are people who have connected virtually with the church during COVID, will they become active participants and supporters? Can we draw in new members with the property being more accessible via Stoney Trail, and with the surrounding neighbourhoods growing? Can we generate more rental revenue (the lower level is mostly rented, so the available space is the main floor)? Will we start doing more community service (social justice) work and thereby fulfill our mission/vision and attract new members (possibly a younger crowd)?

“Shrinking to greatness” is seldom a successful strategy. It is particularly difficult for RDLUC because most of the expenses are relatively fixed, so it would mean chopping employee headcount and/or closing/selling the property (any sale is led by the Trustees, requires CW & UCC approval, and involves servicing the \$684M debt).

Mergers are a viable means to get larger to reduce overhead expenses and get more volunteers & donors. RDLUC is a successful merger of Midlands and Red Deer Lake. Recently, St Andrew’s and Deer Park merged to form Fish Creek United Church. The Board may want to be pro-active in considering a merger.

If we get to a time where we project running out of cash in less than one year, the responsible thing for the Board/community to consider is a wind down. This would enable a smoother transition for staff, vendors, and members. We are not currently facing that scenario, and probably will not until 2024 at the earliest.

*Respectfully Submitted,  
Mike Jackson*



Red Deer Lake  
United Church

2021

Financial  
Statements

RED DEER LAKE UNITED CHURCH  
Statement of Financial Position  
December 31, 2021  
(Unaudited)

	Operating Fund	Internally Restricted Funds	Externally Restricted Funds	Total 2021	Total 2020
<b>ASSETS</b>					
<b>Current</b>					
Cash and cash equivalents (Note 1)	\$ 169,457	\$ -	\$ -	\$ 169,457	\$ 144,538
Goods and service tax recoverable	1,406			1,406	2,280
Accounts receivable	5,378			5,378	3,416
	176,241	-	-	176,241	150,234
<b>Restricted Cash (Note 2)</b>	-	137,474	548	138,022	177,973
<b>Fixed Assets (Note 3)</b>	3,223,233	-	-	3,223,233	3,223,233
<b>TOTAL ASSETS</b>	<b>3,399,473</b>	<b>137,474</b>	<b>548</b>	<b>3,537,495</b>	<b>3,551,440</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	17,569			17,569	1,147
Deferred Revenue (Note 4)	7,416		548	7,964	29,972
Current portion of long-term debt (Note 5)	24,254			24,254	23,588
	49,240	-	548	49,788	54,707
<b>Long-term Liabilities (Note 5)</b>	276,376			276,376	296,429
<b>Investment in property (Note 6)</b>	2,538,995			2,538,995	2,529,120
<b>United Church of Canada Deferred Mortgage (Note 7)</b>	383,607			383,607	374,096
<b>Fund balances (See statement of Changes in Fund Balances)</b>	151,255	137,474	0.00	288,729	297,088
	<b>\$ 3,399,473</b>	<b>\$ 137,474</b>	<b>\$ 548</b>	<b>\$ 3,537,495</b>	<b>\$ 3,551,440</b>

**RED DEER LAKE UNITED CHURCH**  
**Statement of Operations**  
**Year Ended December 31, 2021**  
*(Unaudited)*

	Operations	Internally Restricted Funds	Externally Restricted Funds	Total 2021	Total 2020
<b>Receipts</b>					
Operations	\$ 344,464			\$ 344,464	\$ 382,119
Internally Restricted Funds		43,815		43,815	30,758
Externally Restricted Funds			28,919	28,919	13,258
	<u>344,464</u>	<u>43,815</u>	<u>28,919</u>	<u>417,198</u>	<u>426,135</u>
<b>Expenses</b>					
Operations	376,459			376,459	364,375
Internally Restricted Funds		20,179		20,179	47,125
Externally Restricted Funds			28,919	28,919	13,258
	<u>376,459</u>	<u>20,179</u>	<u>28,919</u>	<u>425,558</u>	<u>424,758</u>
<b>Internal Transfers (Out)/In</b>					
Operations	37,343			37,343	29,966
Internally Restricted Funds		(37,343)		(37,343)	(29,966)
	<u>413,803</u>	<u>(17,164)</u>	<u>28,919</u>	<u>425,558</u>	<u>424,758</u>
<b>Excess of receipts over expenses</b>	<u>\$ (69,339)</u>	<u>\$ 60,979</u>	<u>\$ -</u>	<u>\$ (8,359)</u>	<u>\$ 1,376</u>

*See Statement of Changes in Fund Balances for details*

RED DEER LAKE UNITED CHURCH  
Statement of Changes in Fund Balances  
Year Ended December 31, 2021  
(Unaudited)

	Opening	Receipts	Expenses	Interfund transfer in	Interfund transfer out	Closing 2021	2020	
							2020 Receipts	Disbursements
<b>Unrestricted Fund</b>								
Operating Fund	\$ 145,907			37,421	78			
<b>Operations</b>								
Administration		565	14,143				1,184	6,701
Board			1,806					1,007
Building Useage		16,869					9,646	
Communication			1,773					2,178
Congregational Giving								
Donations - Memorial Fund - General							380	
Donations - Operating Fund		250,115					305,800	
Finance			4,287					7,635
Government Grants - CEWS (Note 8)		70,350					56,464	
Government Grants - Faith Based and Cultural Facility								
Relaunch Grant		4,739					4,330	
GST Rebate Received/Claimed		0	0				853	744
Insurance			20,337					19,722
Interest		291					696	
Long-term Loan Interest			13,453					10,764
Long-term Loan Principal			23,131					16,675
Other								
Property Maintenance		597	17,453				1,301	17,171
Property Utilities			14,925					14,825
Staff Costs			241,561					238,471
United Church of Canada Denominational Assessment			17,896					16,978
United Church of Canada Regional Assessment			0					1,698
Sub-total		343,526	370,765	37,421	78		380,654	354,569
<b>Programs</b>								
Affirm			148					348
Community			0					160
Congregational Care		550	871				1,300	1,153
Faith & Spirituality		20	929					1,190
Hospitality		109	165				125	1,763
Other (Kidz Zone, Movie Night, Product commission, Property, Sister Friends, Sandwich Bee, Seniors Workshop)		259						
Worship		0	3,580				40	5,192
Sub-total		938	5,694	0	0		1,465	9,806
<b>Total Unrestricted Fund</b>	145,907	344,464	376,459	37,421	78	151,255	382,119	364,375
<b>Internally Restricted Funds</b>								
Capital Fund	14,387	360	7	78	503	14,314	1,458	20,645
Concert Series (Note 9)	5,496	22,906	8,229	0	1,550	18,622	12,581	10,918
Fund raising	1,071	1,362			2,433	0	1,324	
Healing Ministry	2,855	50	103	0	0	2,802	80	
Ladies Group	4,714	168	500	0	0	4,382		
Memorial Fund	9,612	7,572	8	0	0	17,176	321	2
Men's Breakfast	1,201	225	678	0	0	748	135	
Mission and Service Fund	-	10,655	10,655	0	0	-	11,770	11,770
Outreach Fund	6,679	779	0	0	0	7,458	917	1,290
People's Fund	1,000	-1,000		0	0	-		2,500
Planned Giving Fund (Note 10)	104,166	738	0	0	32,935	71,970	2,172	-
<b>Total Internally Restricted Fund Balances</b>	151,181	43,815	20,179	78	37,421	137,474	30,758	47,125
<b>Externally Restricted Funds</b>								
Government Grant - Senior's Support/Transportation Grant (Note 10)	-	28,919	28,919			0	13,258	13,258
<b>Total Externally Restricted Fund Balances</b>	-	28,919	28,919	0	0	0	13,258	13,258
<b>Total Fund Balances</b>	\$ 297,088	417,198	425,558	37,499	37,499	\$ 288,729	\$ 426,135	\$ 424,758



RED DEER LAKE UNITED CHURCH

Notes to the Financial Statements

December 31, 2021

(Unaudited)

Notes:

1 Cash and cash equivalents

- a) Funds are kept in chequing accounts, interest bearing savings accounts and Guaranteed Investment Certificates
- b) The line of credit available from the Canadian Western Bank for the operating bank account is \$50,000 of which \$6,500 is reserved for credit cards.

2 Restricted Cash

- a) Internally Restricted: The Red Deer Lake Board has reserved \$137,474 of it's financial resources for certain purposes as shown in the Statement of Changes in Fund Balances
- b) Externally restricted: In 2020, a Seniors Support Grant of \$25,000 and a Transportation Grant of \$15,000 was received from the Federal Government. At the beginning of 2021 \$26,792 was remaining. Private donations of \$2,675 were also received for Seniors Support in 2021. Of the total \$29,467 available, \$28,919 was used for Seniors Support/Transportation during 2021 leaving a balance of \$548.47 to be used after 2021.
- c) Capital Funds are committed to capital projects. Capital projects priorities are subject to approval by the Church Board.

3 Fixed Assets

- a) The Fixed Assets costs relate to those incurred from 2003 to date.

Land	\$ 21,079
Buildings, Fixtures and Equipment	3,202,154
Estimated Volunteer labour	368,585
Sub-total	<u>3,591,818</u>
Less notional Volunteer labour contribution	<u>(368,585)</u>
	<u>\$ 3,223,233</u>

- b) The congregation holds title to the property through the Trustees of the congregation for as long as the congregation exists as a United Church congregation.

If, at some future date, the congregation were disbanded the property would revert to The United Church of Canada (through Chinook Winds Region). The United Church of Canada has registered a mortgage against the property. (See Note 7) The United Church of Canada's reversionary interest in congregational property was granted under The United Church of Canada Act, 1925, as a matter of public law. The reversionary interest would only ever take effect if the congregation ceased to exist.

The terms upon which the trustees hold title to the property are set out in the Trusts of Model Deed, which was a schedule to The United Church of Canada Act, 1925. Those terms are elaborated upon in The Manual. There is also a Trustees' Handbook, which provides more information and guidance.

The approval of Chinook Winds Region is required for every sale, mortgage, lease, or other major dealing with congregational property.

For as long as the congregation is in existence, the usual practice is for the congregation to record property value on its financial statements.

No depreciation has been recorded in these financial statements. Accordingly, the Church no longer capitalizes costs unless they were to represent major development projects.

- c) The church buildings and contents are insured for \$8,462,500. (2020: \$7,989,000)

4 Deferred Revenue

Building usage	\$ 3,515
Donated to Property	\$ 4,250
Adjustment	(349)
	<u>\$ 7,416</u>

RED DEER LAKE UNITED CHURCH

Notes to the Financial Statements

December 31, 2021

(Unaudited)

5	Long-term liabilities		
	Canadian Western Bank	\$ 270,630	a)
	Less estimated principal portion due within the next 12 months	<u>(24,254)</u>	a)
		246,376	
	Chinook Winds Region	<u>30,000</u>	b)
		<u>\$ 276,376</u>	

a) Canadian Western Bank

Monthly payments: \$3,049 (Principal and interest)

Interest rate: 4.75% Fixed

Security: Church land and buildings

Maturity: March 18, 2030

b) Chinook Winds Region

The loan is interest free and repayable after all current long-term loans have been repaid.

6	Net investment in property has been funded by the following sources	
	Chinook Winds Region	\$ 306,800
	Midlands United Church (Amalgamated with RDLUC January 1, 2008)	499,114
	Red Deer Lake United Church	<u>1,733,081</u>
		<u>\$ 2,538,995</u>

7 United Church of Canada Deferred Mortgage

During 2014 the United Church of Canada Loan was restructured with no further cash payments.

An escalating claim has been registered on title in the form of a non performing mortgage.

The claim will increase at 3% simple interest (\$9,511) per annum, capped at a maximum of two times the 2014 loan balance.

The mortgage becomes payable if ministry stops.

Presbytery/Conference [Chinook Winds Region effective January 1, 2019] has a commitment to allocate a portion of any surplus funds arising from asset sales towards mortgage payment and resultant investment in new ministry.

At the end of each year (commencing in 2015) \$9,511 will be transferred from Unrestricted funds to the Restricted Net Assets - United Church of Canada Mortgage until the cap of \$634,060 is reached.

8 Government grants

Funds received during year from the federal government for financial aid during the COVID-19 pandemic were for the Canada Emergency Wage Subsidy ("CEWS"). The Provincial Government -Faith Based and Cultural Facility Relaunch Grant awarded us a grant for \$4,739.

9 Concert Series

The Concert Series receipts include a Alberta Foundation for the Arts grant of \$2,600 for the On The Edge Concert Series.

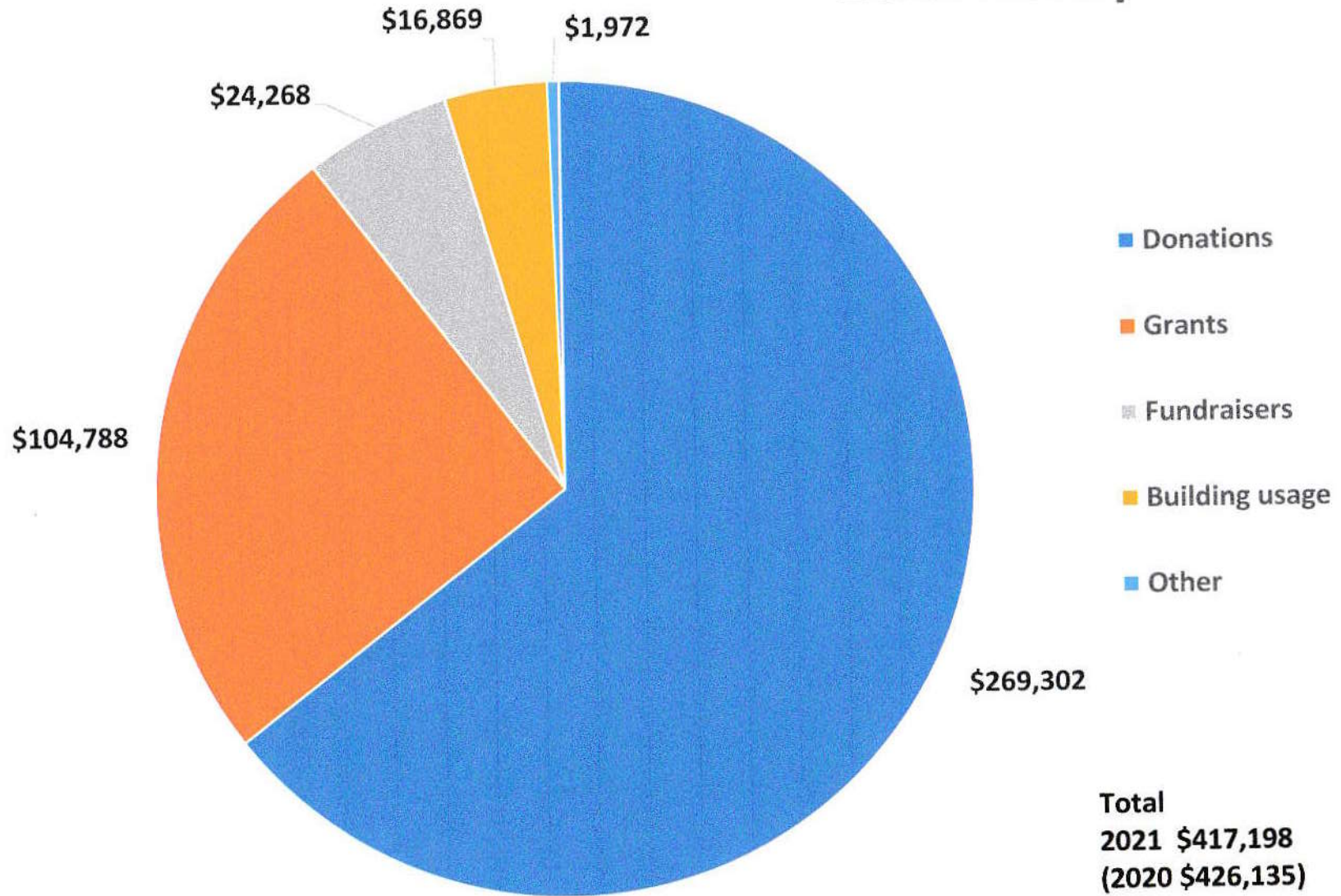
10 Planned Giving Fund

As set out in the Planned Giving Policy, only up to 50% of undesignated donations received by the Planned Giving Fund may be available for distribution during the following year and the balance in the second year.

As at December 31, 2021 there are no such restrictions on these funds which are administered by the Trustees.

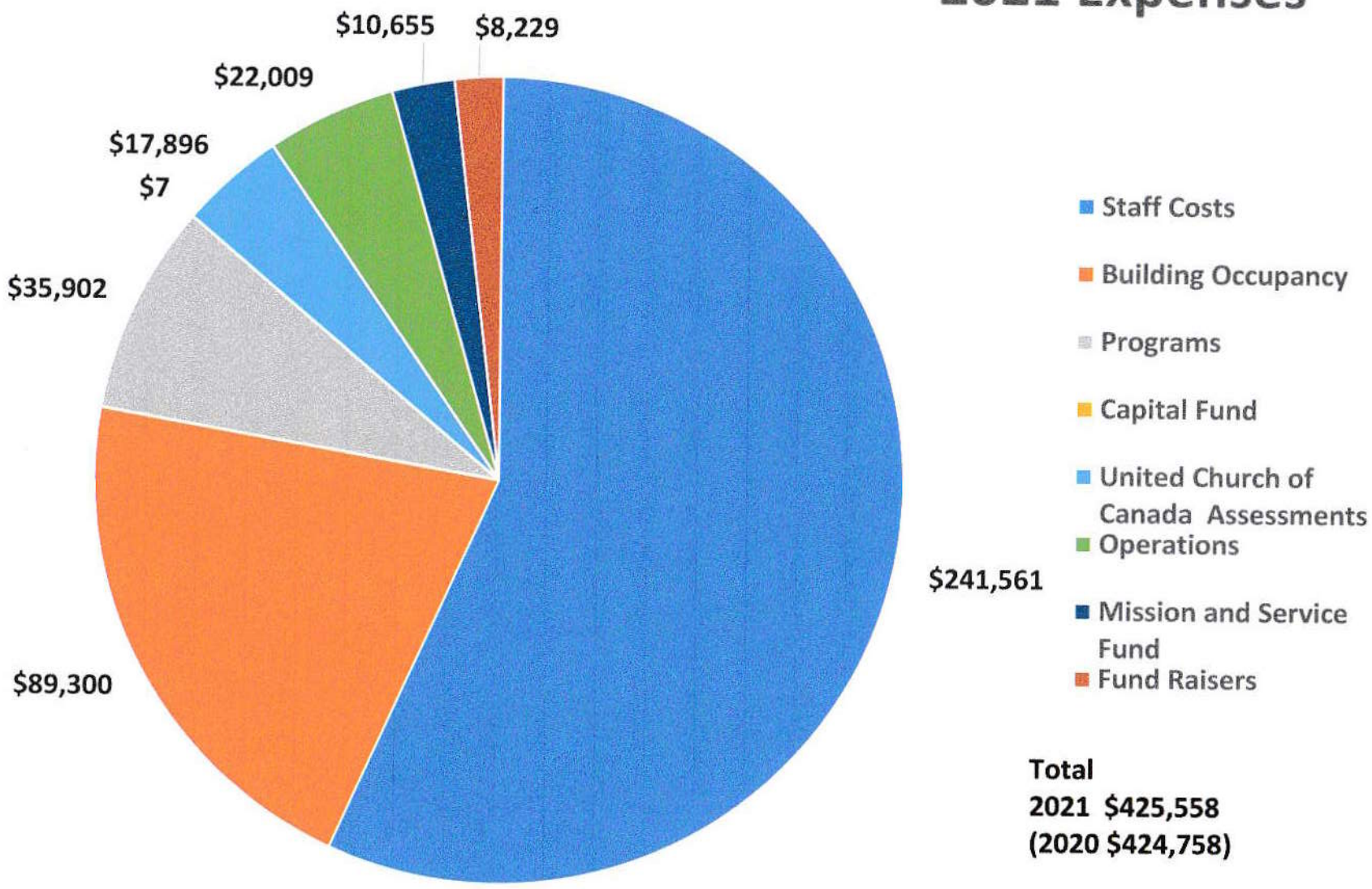


# 2021 Receipts





# 2021 Expenses



Red Deer Lake  
United Church

2022  
Budget

# Red Deer Lake United Church

## Summarized Budget

### 2022

	Actual Jan - Dec. 2021	Draft Budget 2022
<b>RECEIPTS</b>		
<b>4 RECEIPTS =</b>		
Total 411 OPERATING FUND =	250,115	246,315
Total 412 MISSION AND SERVICE FUND =	10,655	10,580
Total 413 CAPITAL FUND =	360	360
Total 414 MEMORIAL FUND =	7,545	7,545
Total 415 PLANNED GIVING FUND =	727	320
<b>Total 41 DONATIONS =</b>	<b>269,403</b>	<b>265,120</b>
<b>43 GENERAL RECEIPTS =</b>		
431 BUILDING USAGE =	0	
43112 Memorial	1,900	8,000
Total 43112 Memorial	1,900	8,000
43122 Weddings	500	2,000
43133 Memorial & Wedding Expenses	(2,325)	
43142 Rentals	16,794	25,000
Total 431 BUILDING USAGE =	16,869	35,000
<b>Total 43 GENERAL RECEIPTS =</b>	<b>16,869</b>	<b>35,000</b>
<b>44 FUND RAISING (NET) =</b>		
<b>445 OTHER CONCERTS/EVENTS =</b>		
44512 Poinsettias and Wreaths		600
Total 445 OTHER CONCERTS/EVENTS =	0	600
Total 446 FundScrip	1,362	1,500
Total 460 OTE CONCERT SERIES =	22,906	6,100
<b>Total 44 FUND RAISING (NET) =</b>	<b>24,268</b>	<b>8,200</b>
<b>45 PROGRAM RECEIPTS =</b>		
<b>452 COMMUNITY=</b>		
45211 Ladies Group	168	
45232 Men's Breakfast Group NR	225	
<b>Total 452 COMMUNITY=</b>	<b>393</b>	<b>2,000</b>
<b>453 CONGREGATIONAL CARE =</b>		
45301 Congregational Care	3,225	
45311 Healing Ministry	50	
<b>Total 453 CONGREGATIONAL CARE =</b>	<b>3,275</b>	<b>1,000</b>
<b>Total 454 FAITH &amp; SPIRITUALITY =</b>	<b>20</b>	
<b>Total 455 HOSPITALITY=</b>	<b>109</b>	<b>2,000</b>
<b>Total 457 PROPERTY =</b>	<b>856</b>	<b>5,100</b>
<b>Total 459 OUTREACH =</b>	<b>779</b>	<b>1,000</b>
<b>Total 471 AFFIRM =</b>	<b>0</b>	<b>250</b>



	Actual	
	Jan - Dec. 2021	Draft Budget 2022
Total 53 ADMINISTRATION	565	750
Total 45 PROGRAM RECEIPTS =	5,998	12,100
Total 4 RECEIPTS =	315,537	320,420
Total 51 INTEREST =	329	200
Total 52 GRANTS =	101,333	548
Total 54 GST REBATE =	0	2,500
Total 5 OTHER RECEIPTS =	101,661	3,248
Total RECEIPTS	417,198	323,668
GROSS RECEIPTS	417,198	323,668
<b>DISBURSEMENTS</b>		
61 ADMINISTRATION =		
Total 61 ADMINISTRATION =	15,202	10,000
Total 62 BOARD =	1,806	1,500
Total 63 COMMUNICATION =	1,773	5,000
Total 64 COMMUNITY =	1,178	750
Total 65 CONGREGATIONAL CARE =	21,714	7,500
Total 66 FAITH & SPIRITUALITY =	686	2,100
Total 67 FINANCE =	4,303	8,000
Total 68 HOSPITALITY =	210	5,275
Total 69 MINISTRY & PERSONNEL =	248,583	223,650
Total 70 MISSION & SERVICE =	10,655	10,580
Total 71 OUTREACH =	0	500
Total 72 UCC ASSESSMENT =	17,896	15,400
Total 73 PROPERTY =	17,453	31,120
Total 74 PROPERTY - UTILIITIES =	14,925	17,000
Total 75 Congregational Giving =		500
Total 76 TRUSTEES =	20,337	30,000
Total 77 WORSHIP =	3,580	17,700
Total 78 Affirm =	148	200
Total 80 OTE =	8,523	0
Total 6 DISBURSEMENTS =	388,973	386,775
Total DISBURSEMENTS	388,973	386,775
Net Operating Income		(63,107)
82003 Long-term loan interest	13,453	12,331
83003 Long-term loan principal	23,131	24,254
Total 84 CAPITAL PROJECTS =	0	0
Total 8 OTHER DISBURSEMENTS	36,585	36,585
Total OTHER DISBURSEMENTS	36,585	36,585
SURPLUS/(DEFICIT)	(8,359)	(99,692)