

# Church Finance Memo 2025-2026 (October 2025)

This is a revision to the Church Finances memo that I shared at the annual meeting in June 2025.

## Final accounting Church year 2024-2025

First of all, I would like to thank everyone who helps to keep our church financially organized and track. Without the work of Aidan Cunningham (church administrator), Tom Humphrey (assistant treasurer), the Finance Committee and the Stewardship Committee.

Over the last few years, we have seen a decline in the number of pledging units. Triggered by the pandemic and the departure of our Senior Pastor, Stacy Swain, in 2021, this was an understandable but worrisome trend. The good news is that this year has seen a reversal in that. Both the number of pledging-units for 2024-2025 (33 to 38) and amount of giving (\$ 141K to \$ 177K) from the congregation has gone up, although the funds are not always in the form of official Pledges. This is obviously good news, and we hope this trend will continue.

On top of this increase in congregational giving, we received almost \$4,500 in donations in memory of Anya Bassett. While we miss her presence among us, her memory continues to be a blessing for us.

We also received a large contribution through the Eagle Scouts to pay for making one of our pews accessible for wheelchairs.

But this year also saw some challenges on the revenue side. The rental agreement with Riverside, which expired September 1, 2025, had them compensating our gas bill to help pay for the heat in the building. With our change to heat-pumps, which are electric, this dropped away. The good news is that the transition to splitting utilities more broadly is reframed in the new lease agreement which should take effect in the fall.

Another factor impacting our Operating account this year, is that we paid out the Jenny Fund. These were donations people made to support the Jenny Fund in honor of Jenny Weisz, who passed away in January 2024. These donations were recorded in the previous fiscal year in our Operating account even though they were dedicated to the Jenny Fund. Therefore we recorded them as negative revenue in our current fiscal-year when we paid out this balance to its destination.

On the expense side, we have been able to manage most of them pretty tightly. Our biggest expenses are the salary for all our staff which we are clearly budgeted for. Council also approved the purchase of a new printer.

The building is another big expense. One change to prior years is that the establishment of annual distributions of funds dedicated to the building enables us to fund capital improvements and related costs from those funds. So expenses that occurred tied to the heat pump installation and repairs were funded by those funds and are not operating expenses.

But the biggest shift, and unpleasant surprise we saw in our spending, is the electricity cost. With the heat pump installation we had anticipated that the cost for gas usage would go down and the cost for electricity usage would go up. However, we had no good way of knowing up front. After not having received bills from Eversource for a few months, we received three large bills for the winter months that show a significantly higher usage than anticipated. In the end, we spent \$ 53,159.53 on electricity for the year.

Overall, the budget we approved last year, showed a deficit of \$ 27,681. As you can see, we ended the year with a deficit of \$ 40,342.56. But that includes us paying out the \$ 15,394 that we collected for Jenny Fund and the \$ 53,159.53 for electricity.

# Amended Budget Proposal 2025-2026

This brings us to the revised budget proposal for the current church year.

At the annual meeting in June 2025, we did not have a clear picture of the level of expenses the church would face. So we approved a preliminary budget with the understanding this was an interim budget to allow the church to operate for the summer. But we made the commitment to present a revised budget in the fall.

As with the preliminary budget, this amended budget is meant to focus on the Operating of our church. And that means that in this proposal we are no longer showing restricted income or expenses (like around the building), except for the original receipt of a gift. Those funds, and the uses of those funds, will be tracked but shown on the balance sheet, not our profit and loss statement.

For example, we do expect to receive another \$ 30,000 from the Janet Holly Estate as they are completing their final accounting. You will see this as restricted income. Of this gift, Council has passed a motion last year to reserve up to \$ 10,000 to fund the visioning process. However, we for the moment are only budgeting to spend \$ 6,000. The remainder of this gift will be transferred to the Janet Holly Bequest Fund.

Our income can be broken down in three categories: rental income, contributions from the congregation (pledges), and withdrawals from our investments.

- In 2025, we received \$ 177,468.91 from the congregation in the form of pledges and non-pledged donations from 38 pledging units. That was an increase both in count and total amount. We had originally hoped the trend of increase in pledges would continue, and we had budgeted for a scenario where the same number of units would increase their pledge by 10% . While most units who have made a pledge for the coming year, have indeed pledged at a higher level, we have not received as many pledges yet as in prior years. The Stewardship committee will follow-up with those for whom we don't have a pledge on record because we do believe we can reach 41 units this year. But we are scaling this budget line back a bit from the interim budget to be between the actual received from last year, and the preliminary budget.
- With the agreement on a Memorandum of understanding for a 10-year lease with Riverside, and continued rental income from the Winchester School and the Taiwanese Church, we are budgeting rental income to increase from \$ 158,000 in FY25, to \$ 189,618 (was \$ 175,000 in interim budget). The reason for this large increase is that Riverside has agreed to cover 50% of our utility costs (Electricity, gas, and water), starting September 1st.
- This all means that we can reduce our draw from our investments. We have been drawing 5% or more from our general investments in recent years to compensate for our deficit budgets. Stewardship is recommending that we target a withdrawal of 4%. This year, we intend to make a first step in that direction by reducing our withdrawal to 4.5 % (\$ 20,857).

On the expense side, there have been a lot of changes since the last meeting. First of all, the resignation of rev. Amy Clark-Feldman. She worked for us  $\frac{3}{4}$  time as an ordained minister. We now have in place a Kate Brown-Bright as the Bridge Associate committed to  $\frac{1}{2}$  time. That leads this year to some significant salary savings.

We have confirmed our electricity usage, and we expect this to remain high. While we will work to reduce our usage, we should expect this to be a much higher expense than in previous years. The good news is that Riverside now will cover 50% of this.

Riverside and The Building Committee have been pursuing a new cleaner for our building over the summer, and found a good new contractor. Riverside has already signed on with them. But because the cost of this contract is higher than we had budgeted and we were unsure about our financial situation this year, we have not signed on yet. We wanted to get support from the Congregation for this increase first. But the proposal does make the assumption that we will sign on this fall.

## Conclusion

Because of the salary savings related to the Associate position, and new lease with Riverside, we are able to still present a budget that reverses some of the proposed cuts we had in the interim budget related to Music and Mission. The budget shows a surplus because we will need to recover from the big deficit in the previous year(s). And also, it should inspire us that we can build our congregation back up!

Again, if anyone would like more detail on any part of the finances, please let me know.

Jaap van Reijendam, Treasurer