

Westminster Presbyterian Church Financial Plan 2017 – 2024

Prepared For:

- **Westminster Session**
- **Westminster Congregation**
- **Presbytery of Calgary-MacLeod**

Developed By

Board of Managers

Westminster Presbyterian Church

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1.0 Introduction

Westminster Presbyterian Church celebrates its 28th anniversary with transition and uncertain local economic conditions on its agenda. For the previous five years, Westminster has exhibited a rather stable profile with respect to attendance and Givings. With the uncertain economy and Westminster is in the process of addressing the impact on its programs and resources.

Westminster's financial goal is to maintain sufficient Total Current Assets to facilitate normal annual financial operations, budgeted capital expenditures and scheduled bond redemption. At a minimum, Total Current Assets offset seasonal variations in donations, planned expenditures and unexpected expenses. The Board of Managers considers the minimum appropriate assets to be about three times average monthly expenditures. As of yearend 2016, Westminster's Total Current Assets totalled about \$68,000. Of this amount, \$22,000 is designated for purposes other than general operations. This leaves less than the desired 3 months cushion to cover average monthly operational expenses of \$27,000.

Westminster continues on "Plan" with its debt reduction program having retired two \$5,000 denomination bonds in 2016. Remaining bonds include two \$5,000 denomination bonds bearing interest at 4.5% are due in 2017 and seven \$10,000 denomination bonds bearing interest at 5% are due in 2022. Westminster budgets and pays interest annually and plans are in place to redeem bonds on maturity or earlier if deemed appropriate.

Recognizing Westminster's current financial state and planning for the future in terms of daily operations, property repairs including capital replacement items, new initiatives or programs and financial reserves is the objective of this financial plan. In general, the plan focuses on the prudent use of annual Givings, redemption of all bonds and the buildup of cash reserves over the next seven years. .

In recognition of Westminster's current financial state, the Board is asking that the congregation to provide additional support to the general operations of Westminster.

2.0 Current Trends

Average Sunday service attendance for the period 2011 to 2016 is presented in **Table 1**. This database is missing a few Sundays where counts were not recorded. Missed counts are not included in the total or averages. The results are reflected in **Figure 1** and results indicate that Westminster has been able to maintain its attendance and that is has neither declined nor increased. Compared to national trends in church attendance, Westminster seems to be going against the trend of attendance decline.

WPC Attendance	2011	2012	2013	2014	2015	2016
Total for Year	7732	7813	7393	7906	8338	8194
Average per Service	149	156	154	149	160	155
Minimum per Service	44	78	86	98	88	57
Maximum per Service	251	374	342	301	343	293
Services in Count	52	50	48	53	52	53

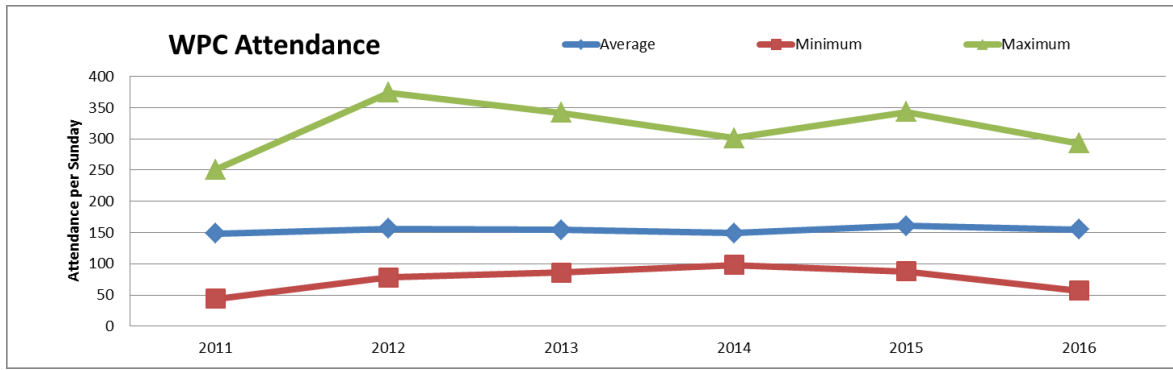


Figure 1: Westminster Sunday Service attendance trends for 2011 -2016.

Total Givings to General Operations for the same period are reflected in **Table 2** and in **Figure 2**. The most critical line is Congregational Givings Operations. These are the donations that maintain our basic local ministry programs including human resources, music ministry, Presbyterians Sharing, Presbytery and Synod dues, Sunday school, office operations and the building including debt repayment. Since our low point in 2011, Westminster has seen a significant increase in these basic Givings. However, Westminster is part of the local economy and adverse conditions, including job losses and salary rollbacks, have impacted Westminster by about 13%, resulting in a drop in Givings, of about \$45,000. It is noted that directed donation to ministries such as Care & Share became significant in 2015 and are no longer funded out of General Revenues. Space use dropped in 2015 when the Cell Tower option ended.

Year	2011	2012	2013	2014	2015	2016
Congregational Givings Operations	310,097	348,423	326,044	346,980	345,385	299,078
Directed Donations	0	0	0	0	51,077	43,831
Misc Program Revenue	732	200	21	0	0	4,674
Space Use	32,420	34,100	34,110	35,994	10,510	14,000
Fund Raising to Operations	7,333	7,470	8,060	7,259	5,152	6,001
Special Purpose Funds Recognized	42,048	19,839	76,197	454	-8,912	3,698
Total Income	392,630	410,032	444,432	390,687	403,212	371,283

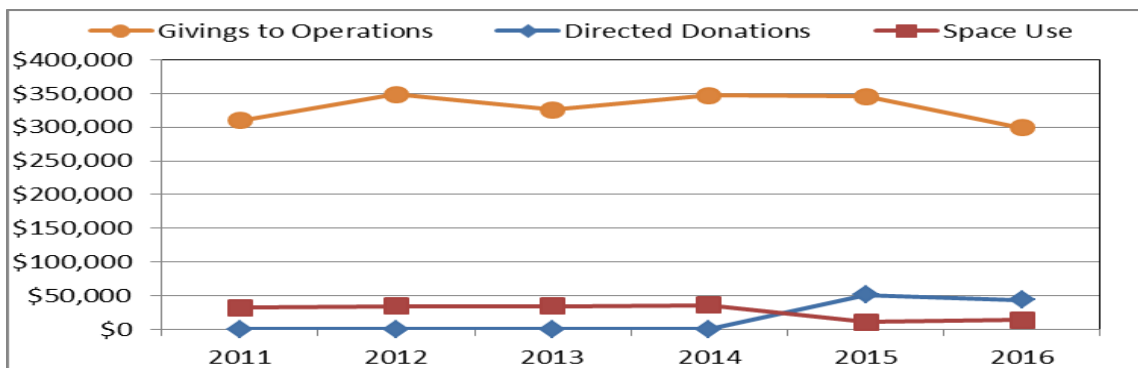


Figure 2: Congregational Givings and Space Use Trends.

In addition to the above trends, it is also noted that the number of regular donors (donating more than three times per year) supporting Westminster decreased from 157 in 2015 to 150 in 2016 and the total number of tax receipts issued dropped from 212 in 2015 to 202 in 2016.

Further monitoring and assessment of all of these trends is required.

3.0 Budget and Financial Plan

Actual 2016 results, recommended 2017 budget and forecast to 2024 are summarized in **Table 3**.

Table 3. Westminster Financials for Actual 2016, Budget 2017 and 2018-2024 Forecast (101.5% Case).									
	2,016	2,017	2,018	2,019	2,020	2,021	2,022	2,023	2,024
Income	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%
Congregational Givings Op	299,078	319,000	323,785	328,642	333,572	338,575	343,654	348,809	354,041
Directed Donations	43,831	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700
Misc Program Revenue	4,674	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Space Use	14,000	22,150	22,593	23,045	23,506	23,976	24,455	24,944	25,443
Fund Raising to Operations	6,001	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Special Purpose Funds Recognized	6,752	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300
Total Income	374,337	370,150	375,378	380,687	386,078	391,551	397,109	402,753	408,484
Expense									
Human Resources	190,298	198,000	199,980	201,980	204,000	206,040	208,100	210,181	212,283
Property (O&M)	51,581	49,550	50,541	51,552	52,583	53,635	54,707	55,801	56,917
Synod & Presbytery Dues	15,238	14,756	15,051	15,352	15,659	15,972	16,292	16,618	16,950
Office including Furnishings	12,673	12,200	12,444	12,693	12,947	13,206	13,470	13,739	14,014
Office - Planning & Communications	2,634	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Worship Support	701	2,650	2,703	2,757	2,812	2,868	2,926	2,984	3,044
Welcoming Ministry	230	480	480	480	480	480	480	480	480
Session	1,510	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Fellowship Team	2,830	2,700	2,727	2,754	2,782	2,810	2,838	2,866	2,895
Friendship Circle	0	0	0	0	0	0	0	0	0
Legal and audit	0	0	0	0	0	0	0	0	0
Financial Stewardship	0	360	360	360	360	360	360	360	360
Interest Expense	4,241	3,450	3,000	2,500	2,000	1,500	500	0	0
GST Expense	2,149	1,769	1,800	1,831	1,863	1,896	2,054	2,089	2,123
Bank Charges	630	600	606	612	618	624	631	637	643
PAR Fee	0	0	0	0	0	0	0	0	0
Music and Worship Arts	4,793	5,000	5,050	5,101	5,152	5,203	5,255	5,308	5,361
Total Primary Expenses	289,508	297,015	300,242	303,472	306,755	310,094	313,112	316,563	320,570
Property Capital Upgrade	7,175	5,000	5,000	5,000	5,000	5,000	10,000	10,000	10,000
Fundraising and space use	1,369	1,500	1,515	1,530	1,545	1,561	1,577	1,592	1,608
Total Secondary Expenses	8,544	6,500	6,515	6,530	6,545	6,561	11,577	11,592	11,608
Presbyterians Sharing	30,000	30,000	30,000	32,379	32,864	33,357	33,858	34,365	34,881
Internal Ministry: Pastoral Ministry	866	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Internal Ministry: Outreach	11,754	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Internal Ministry: Care & Share	22,549	5,000	0	0	0	0	0	0	0
External Ministry: Children's Project	574	0	0	0	0	0	0	0	0
External Ministry: PWS&D	1,394	0	0	0	0	0	0	0	0
External Ministry: WMS	1,087	0	0	0	0	0	0	0	0
Mexico Mission Ministry	19,850	0	0	0	0	0	0	0	0
Christian Education	7,925	7,700	7,777	7,855	7,933	8,013	8,093	8,174	8,255
Total Mission and Ministry	95,997	49,800	44,877	47,333	47,898	48,470	49,050	49,639	50,236
Total Expense excluding Debt Pymt	394,049	353,315	351,634	357,335	361,198	365,124	373,739	377,794	382,415
Net Income	-19,711	16,836	23,745	23,352	24,879	26,427	23,370	24,959	26,070
Bond Redemption	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net after Bond Redemption	-29,711	6,836	13,745	13,352	14,879	16,427	13,370	14,959	16,070
Debt Forecast									
Debt beginning	90,000	80,000	60,000	50,000	40,000	30,000	10,000		
Pay down	10,000	20,000	10,000	10,000	10,000	20,000	10,000		
Debt Ending	80,000	60,000	50,000	40,000	30,000	10,000	0		
Total Current Assets	68,088	74,924	88,669	102,021	116,900	133,327	146,697	161,657	177,726

The Board of Managers has estimated future revenues and expenditures to the year 2024 assuming a 1.5% annual increase in Givings over its 2016 base plus an additional \$15,000. This will require serious effort on behalf of the congregation to make up the extra \$15,000 to balance the budget in 2017.

The Board plans to continue its conservative capital expenditure program in 2017 by limiting expenditures to the following:

- As a result of the sewer backup and damage to the basement in late 2016, this area has been restored through our insurance claim. The Board opted to proceed with paint grade doors instead of stain grade and this allowed a credit to be applied to carpet upgrade. In addition, the Board negotiated the inclusion of the Narthex into the scope of work at an out of pocket cost of \$1,500, considerable less than previously estimated.
- An additional \$3500 has been included in the capital budget for as yet unspecified items.

The Board has initiated a Bond Redemption program with the intent of reducing or eliminating annual allocations to debt repayment. The Board is targeting complete bond redemption by the February 2019 annual meeting. This will require additional contributions of \$25,000 in 2017 and 2018 plus schedule bond redemptions of \$10,000 per year. The initial response to the Bond Redemption program netted \$13,000 and as a result one \$10K Bond due in 2022 was redeemed effective February 28, 2017. Should this program not achieve total bond redemption by 2019, the Board will continue to strategically schedule bond redemptions from 2017 to 2022 with due consideration for Westminster's cash position and interest savings, resulting in debt freedom in 2022. Bond donations are not anticipated in the forecast and if donated, the result would be significantly positive.

Due to the Givings shortfall in 2016, the Board, after discussions with Session, embarked on a plan to reduce music ministry, support staff, office and building operation expenditures. Combined, an annual reduction of about \$25,000 has been achieved. In addition, the Board has taken into consideration the new Space Use donations that will be realized by the use of the church by the Calgary Christian Tamil Church starting January 1, 2017. Finally, the Board is asking that the congregation provide additional support to the general operations of Westminster.

In summary, the forecast suggests that Total Current Assets will be drawn to a minimum of about \$70,000 in 2017 and Total Current Assets are projected to increase over the remainder of the forecast period.

4.0 Uncertainty Considerations

Significant uncertainty is associated with a few uncontrollable components of Westminster's operations. These include the following:

- Revenues: Yearend Current Assets vs Revenue Growth, with the revised cost structure and estimated increases over the forecast period, is shown in Figure 3. A modest increase in Givings of 1.5% per annum and a one-time step increase of \$15,000 in 2017 seems to be consistent with a reasonably cautious sustainable operations forecast for the next 3 years. After 2020, at least a 2% increase will be required to sustain basic operations. Subject to actual Annual Givings, the current cost structure and planned increases in operating costs, HR and Mission, will be reviewed annually to ensure sustainable operations for Westminster.

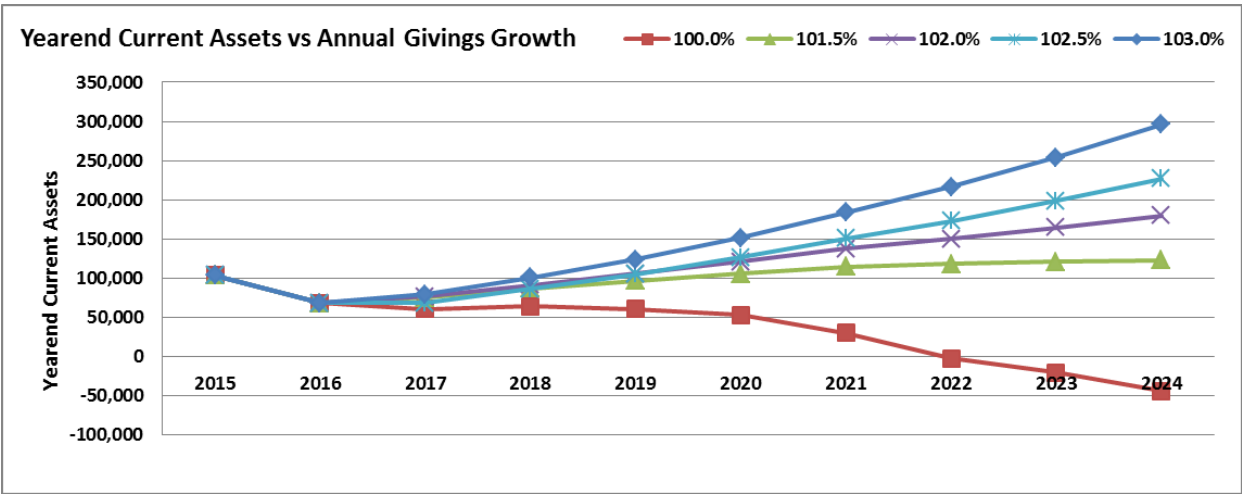


Figure 3: Yearend Total Current Assets as a function of Annual Givings Growth.

- HR Expenses: Support staff hours were addressed in the 2017 budget and reduced to reflect current Givings. In addition, the entire music program was reassessed. On average, these average monthly costs were reduced by about 30% effective March 2017. The potential impact of these changes will be closely monitored by the BOM and Session.
- Building Upgrades: Mechanical equipment at Westminster is approaching end of life and unplanned replacement of furnaces may be necessary. Such an event would entail a short term one time hardship on Westminster’s finances.
- Mission and Ministry: Starting in 2015, and subject to annual review, our Presbyterians Sharing contribution was increased to \$30,000 and will be maintained at that level until 2018. Starting in 2019, and subject to annual review, Westminster plans to allocate the formula based amount (10%) to Presbyterians Sharing. This change modestly impacts the financial plan and will be reviewed annually.

5.0 Summary

Westminster has updated the previous financial plan formulated and implemented in 2015. It addresses annual financial needs related to programs, human resources, office administration and building operations including maintenance and upgrades. In addition, the plan addresses debt retirement consistent with the terms set out in its Bond Program. Finally, the plan addresses the economic reality of 2016 and the need to prudently increase its annual cash reserve so that a larger contingency fund is available.

Financial trends focussing on Debt, Total Current Assets and Net Financial Position for the 1.5% Annual Givings Growth scenario are summarized in **Figure 4**. Westminster is currently in a net negative financial position and with the current budget will end 2017 with a slightly improved and net positive financial position.

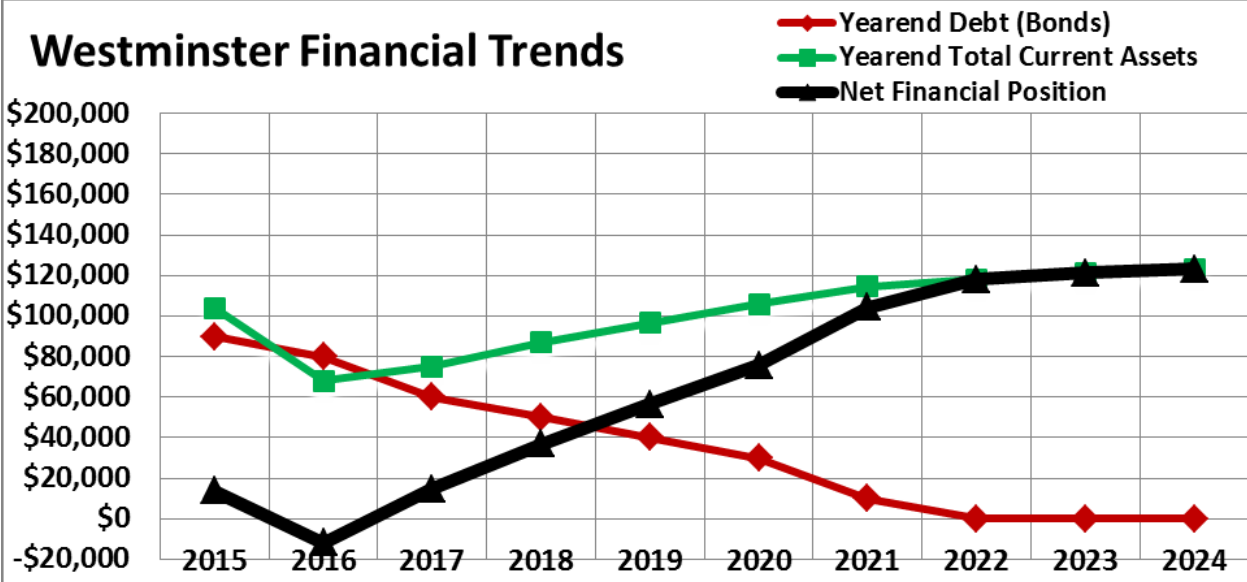


Figure 4: Financial Trends for Westminster Presbyterian Church for the period 2015 - 2024.

6.0 References

¹Westminster Presbyterian Church Bond Program, Proposal dated June 25, 2007.
²WPC Financial History, Forecast and Budget 20170226 Final.xlsm