

FINANCIAL NARRATIVE

Items of note related to the 2023 results:

- **OVERALL GIVING:** Individual giving to Asbury First in the last year remained very strong, particularly giving to the Community Outreach Center. While the end-of-year numbers reflect a slight decrease in giving from plan, this is more reflective of the loss of a couple of major donors before their pledges were fulfilled. Thank you!
- **2023 OPERATING FUND (RESERVES) SPENDING:** As a result of several factors, including unanticipated major maintenance (the lower level restroom in 1040) and smaller than expected foundation grant income for general Community Outreach Center operations (we received several grants for designated or new initiatives), we spent more of our operating fund balance in 2023 than expected. We began 2023 with an operating fund balance of \$487,862 (designated and undesignated) and are ending the year with a balance of \$193,540. To be clear, the 2023 AOP anticipated spending much of this amount (some of which was designated for particular ministries or programs). However, the overall difference was roughly \$200,000 off of the plan. Clearly, this is not a sustainable differential and we have crafted the 2024 Budget to balance without use of reserves.

Items of note related to the 2024 budget:

- **CLOSED THE GAP:** We recently advised you that we were facing a budget shortfall in 2024. Although the shortfall was only about 5% of our total budget, we knew we could not sustain it. We are very blessed that many of you came forward with special gifts aggregating more than \$80,000 to help close the gap. We also have taken other actions as well, and are presenting a balanced, and what we believe is a realistic 2024 budget. Although the budget contains some cuts, we are confident that we will be able to continue unabated our momentum in *Doing More Good*.
- **HEADWINDS FOR 2024:** We faced several major headwinds going into 2024, including among others:
 - deaths of some of our largest donors
 - flat rather than increased contributions to operations from the endowment due to down markets in recent years
 - continuing impact of inflation
 - a large increase in the apportionment of our share of support for the Upper NY Conference. This increase was not due to any changes at the Conference level. Instead, we discovered that we had incorrectly calculated our share for several prior years and needed to correct the error moving forward. Since the time of our recent budget message, calculation of our increase has been clarified and reduced from \$80,000 to \$65,000.
- **STAFFING ADJUSTMENTS:** Among other reductions, we have determined we can sustainably support no more than four pastoral positions at this time. Unfortunately, this means the elimination of the position of our Minister for Christian Formation after July 1. We have been

blessed to have the Rev. Rachel Dupont with us during these last couple of years and will find opportunities to thank her for her ministry in the months ahead. Our Preaching Associate, the Rev. Jackie Nelson, is not a salaried staff member and is paid per diem when she preaches. Other staffing adjustments include the elimination of our choral scholars program, the generous transition of our Director of the Asbury Ringers to a volunteer role (with the possibility of a return to a paid position when a specified request for instrumental music is received), the freezing of a position in the Community Outreach Center that was expected to increase, and several adjustments to our property care team. While none of these adjustments are easy, we believe this will help ensure a sustainable path forward for doing more good in the days ahead.

- **OTHER ADJUSTMENTS:** In addition to the staffing adjustments, we have made several other shifts that have enabled us to balance the budget. Instead of giving an additional \$22,000 to the Outreach Funding Team this year, we will have them continue to use the balance they currently hold (\$23,000) for outside funding opportunities. We have also reduced the contribution from the AOP to the Capital Improvement Fund back to 2022 levels. In addition to these, we made several other minor adjustments after a careful, line-by-line review of expenses.
- **COMMUNITY OUTREACH CENTER:** We are so pleased with the work being done at the Community Outreach Center and are thrilled for the lives that it has already impacted. After a full year in operation, we now better understand the full cost of Community Outreach Center (COC) operations, including data driven allocations of shared operating costs. For example, a portion of the Property Care Director's time is spent on the COC, and for that reason a portion of her salary is now allocated to the COC. The budget team is internally tracking all those shared costs and has included fully allocated costs in the 2024 budget. The net effect of these allocations shows the COC running a deficit for 2024 while combined operations break even. We are one church and stand behind the funding of the COC. That said, being able to show the COC operating deficits to foundations and other funders helps demonstrate that need for their funding.

As noted in the cover email, questions you would like to have answered in the budget presentation at the Annual Conference can be emailed to governance@asburyfirst.org.

Notwithstanding some of the difficult decisions we are making, we believe the robust activities of Asbury First will continue to be vibrant over the coming months. We are fortunate that our Dream Team continues to actively work toward defining our priorities as we move into the future. Their work will help us better define how we use our resources as we go forward to continue our growth in *Doing More Good*.

Asbury First United Methodist Church
Consolidated Income & Expense Statement for the Year Ended 12/31/2023

	AOP	Budget	Variance	Notes
Beginning Fund Balance	\$ 487,862			(1)
<u>Revenue</u>				
Individual Contributions	1,547,397	1,559,475	(12,078)	(2)
Foundations/Grants	78,118	181,500	(103,382)	(3)
Endowment Draws	382,416	382,416	0	
Property Usage	107,916	120,000	(12,084)	
Other Income	108,485	92,450	16,035	
Total Revenue	2,224,332	2,335,841	(111,509)	
<u>Expenses</u>				
Personnel				
Clergy	560,348	578,758	18,410	
Non-clergy	967,168	965,071	(2,097)	
Total Personnel	1,527,516	1,543,829	16,312	
Non-Personnel				
Worship & Arts	24,604	20,010	(4,594)	
Youth & Discipleship	27,328	34,330	7,002	
Congregational Care	2,843	3,720	877	
Outreach (Direct Program Expenses)	128,035	91,999	(36,036)	(4)
Finance & Admin	233,313	223,864	(9,449)	
Property Expenses	333,803	272,177	(61,626)	bud
Conference Connectional	241,214	239,226	(1,988)	(6)
Total Non-personnel	991,138	885,326	(105,812)	
Total Expenses	2,518,655	2,429,155	(89,499)	
Net Income/(Expense)	(294,322)	(93,315)	(201,008)	
Ending Fund Balance (12/31/2023)	\$ 193,540			

Notes

1. We began 2023 with a total Operating Fund Balance of \$487,862. This included approximately \$300,000 from the Employee Retention Tax Credit that was earned in late 2022.

2. Overall donations were within 1% of budget. Giving to general operation was down due to the deaths of several members who had not yet completed their pledges but giving that was directed specifically to our Community Outreach Center operations was higher than anticipated.

3. Support from foundations for general operations proved to be much less than anticipated. For 2024 we are revising down our expectation of support from this source. We did, however, receive additional foundation support not shown here because it was restricted for specific uses.

4. Direct expenses for both the Dining & Caring Center and the Storehouse were higher than budget due to expenses related to the opening of the Community Outreach Center. There were moving expenses for the Storehouse and both operations needed to purchase additional equipment and appliances. For 2024 we expect these expenses to revert toward their historical averages.

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5. Property expenses were significantly above budget in 2023 for several reasons:

- a. \$11,000 in unbudgeted expenses that were separately funded from special, donor-restricted gifts.
- b. Roughly \$17,000 in excess cleaning and maintenance supplies expenses that were incurred when we stopped using a third-party contractor for our janitorial needs. It was necessary to purchase some machinery to replace what the contractor had been providing, plus we had to stock up on certain consumables.
- c. We had about \$21,000 in unexpected maintenance/repair to our heating and plumbing systems. We don't expect this level of expense going forward.
- d. Utilities came in about \$6,500 over budget this year.
- e. We incurred roughly \$4,000 in expenses related to the installation/upgrade of our campus security systems.

6. This is our full share of support for the Upper NY Conference as calculated prior to 2024. However, by agreement with the Conference we withhold \$70,000 and transfer it to the Better Together campaign as payment of the Conference's pledge in support of that campaign.

Asbury First United Methodist Church
Annual Operating Plan for 2024

	2023 Actual	2024 - Aggregate Budget	2024 - General Operations Allocation	2024 - Outreach Allocation
Beginning Fund Balance	\$ 487,862	\$ 193,540	\$ 9,312	\$ 184,228
<u>Revenue</u>				
Individual Contributions	1,547,397	1,694,946	1,574,096	120,850
Foundations/Grants	78,118	104,300	6,350	97,950
Endowment Draws	382,416	383,014	348,814	34,200
Property Usage	107,916	121,335	121,335	-
Other Income	108,485	128,940	65,940	63,000
Total Revenue	2,224,332	2,432,535	2,116,535	316,000
<u>Expenses</u>				
Personnel				
Clergy	560,348	523,840	410,821	113,019
Non-clergy	967,168	969,377	779,663	189,714
Total Personnel	1,527,516	1,493,217	1,190,484	302,733
Non-Personnel				
Worship & Arts	24,604	13,150	13,150	-
Youth & Discipleship	27,328	34,300	34,300	-
Congregational Care	2,843	5,960	5,960	-
Outreach (Direct Program Expenses)	128,035	75,750	-	75,750
Finance & Admin	233,313	215,630	164,247	51,383
Property Expenses	333,803	284,885	227,138	57,748
Conference Connectional	241,214	307,610	307,610	-
Total Non-personnel	991,138	937,285	752,404	184,881
Total Expenses	2,518,655	2,430,502	1,942,888	487,614
Net Income/(Expense)	(294,322)	2,033	173,647	(171,614)
Ending Fund Balance	\$ 193,540	\$ 195,573	\$ 182,959	\$ 12,614