

Blog from Pastors, CLT Chair, and Chair of Finance

May 15, 2019

Your faithful giving to the church budget is gratefully appreciated and valued by the leaders and staff of the church.

As you know, we are in the final week of our Mini-Stewardship campaign, focusing on the staff this spring. The church staff dedicates themselves and their time to keeping our church moving forward in faith, hope, love, and service week in and week out. That has not changed and will not change. However, during the course of the spring campaign, additional information about the finances of the church has come to light and we wanted to share it with you in the most timely way we can. There are two issues we want to make sure you understand.

The first issue is our current operating budget. Since our current fiscal year began on July 1, 2018 our income exceeded our expenses each month through February. At the end of March, our net income was a bit negative, but at the end of April it was very negative. We had spent over \$20,000 more than we had collected. After some extensive analysis about why this occurred, we discovered that the budgeted amount of pledges for the year exceeded the amount that had actually been pledged by about \$46,000. This came about because the budgeting process had to be completed before some late pledgers had submitted their pledges. Estimates were used about what might be expected from them and other regular, non-pledging givers. In hindsight, these estimates were overly optimistic. The problem had not shown up in earlier months because some people had paid ahead on pledges, making the overall balance positive.

The second issue has to do with our overall cash situation. The church has an operating budget, which we use in a way that is similar to most families' checking account. It is where otherwise undesignated Sunday offerings and online giving goes and where regular spending comes from. The church also has several other accounts, that we use like savings accounts. Those other accounts are called Holding Accounts and they are designated funds that have been raised for a specific purpose and can only be spent for that purpose. Money in Holding Accounts may come from special contributions, targeted pledges, or special fund raising. The overall cash situation has been driven, in part, by the overly optimistic understanding of our pledge balance we had early in 2019, but also by withdrawals from our holding accounts.

In the past two years, there have been significant expenditures from our holding accounts, especially the kitchen remodel fund. To meet these financial needs, a total of \$85,000 was withdrawn from these savings in four installments over the past two years. It was the latest withdrawal, needed in order to meet payroll in April, which led us to examine more carefully what has necessitated the withdrawals and uncovered this second issue. As a result of these withdrawals, our current cash reserves have dropped to about \$73,000.

There is no evidence or reason to believe that our current or previous financial secretaries or our current or previous treasurers or any of those overseeing our finances have done anything wrong. Also, the situation is not so dire that we can not pay our bills at this time. However, we are concerned about the overall pattern we have discovered. We can not go on spending more than we take in.

In the short-term, we have instituted a spending freeze, asking the staff and all other operating budget account managers to defer spending on all but essential items through the end of this fiscal year. We want to inform the congregation about the situation so there is a general understanding about it because we need to all work together to resolve the problem. In particular, we request that, if possible, regular contributors to our church give a “13th month” by the end of June, an additional contribution equal to a usual month’s contribution. Finally, to keep our staff and programs intact, we all need to re-examine our pledges for the final six months of 2019. If possible, for those who have pledged before, we encourage you to discern whether you are feeling the Holy Spirit’s prompting to increase your pledge. If you haven’t pledged to Aldersgate before, please prayerfully consider making this be the time that you take that step and make your financial contributions part of the ongoing ministry of your church.

We will have multiple opportunities to discuss this information further. This Sunday, we will begin collecting pledge cards for the six-month period from July 1, 2019-December 31, 2019. If you are not ready to pledge on Sunday, your pledge card will be gratefully accepted when you are ready to turn it in, but the sooner we can finalize our budget for the upcoming six month period, the more likely we can avoid some of these kinds of issues in the future. In addition, we encourage you to attend the Common Table event on May 20. Potluck dinner will begin at 6:30pm and Brad and Jim will present at 7:00pm. There are many decisions that we will need to make in coming weeks and months about how to respond to the information that we now understand much more clearly about our church finances. Every effort will be made to keep the congregation informed about those decisions and to seek input from as many people as want to be involved. Please let us know as questions and ideas develop so we can work to find answers and solutions together.

Yours in service to the church,

Signed,

Pastor Brad

Pastor Laura

Jim Phillips, Chair of Finance Team

Joe Lee, Chair of CLT