

Your Finance Committee kept you updated throughout 2017 as to the church's financial health. I wanted to give you a final update now that our Business Office has closed out everything for December. 2017 was a year that we struggled financially, particularly in the first half of the year. Although our giving increased through the second half of the year and we had a very strong December, we struggled to dig out of the financial hole created in the first two quarters.

- For the year, our actual income fell short of budgeted income by around \$110,000. This represents a 10 percent shortfall of actual income to budget.
- Much of the shortfall can be attributed to lower-than-expected unpledged giving. This is revenue that is not pledged, but that we budget based on historical models. Last year, that unpledged giving – which represents more than a quarter of our annual budget – fell short of expectations by 18 percent.
- Pledged giving was relatively strong, with the Aledo UMC family fulfilling 93 percent of the pledges made.
- While our giving was down, your church staff did an outstanding job of controlling costs. Actual expenses for 2017 were around \$83,000 under budget, which fleshes out to about 8 percent.
- While we ended the year funding all of our ministries and programs, we were not able to fully meet our denominational Connectional Mission responsibilities to The United Methodist Church. Often called Apportionments, these funds represent our commitment to the larger administration and mission of The United Methodist Church. Each church in the connection is in covenant to be a part of supporting those missions. The amount each church pays is based on a formula that is figured annually. In 2017, our Connectional Mission commitment was around \$111,000. Of that, we were able to pay \$73,000. Failing to meet that connectional responsibility is, I believe, a serious breach of covenant with our brothers and sisters in Christ in United Methodist Churches throughout the world, and I am deeply grieved by it. However, your Finance Committee was firm that paying the full amount at the end of the year would send us into 2018 with no choice but to cut vital ministries at Aledo UMC, something they were not willing to do. Of that decision, I am in full support.
- On the positive side, we did finish the year with a strong fourth quarter, and I am hopeful that financial strength will continue to drive us in the new year.
- We had a very strong pledge campaign from which to build the 2018 budget, and that is also very promising. For the 2018 budget year (which began Jan. 1), we saw a 7 percent increase in the number of families who pledged their financial commitment to the life and ministries of Aledo UMC. That increased participation translated into an 11 percent increase in the actual amount pledged. In real numbers, it means we begin 2018 with \$72,000 more in committed funds than we did in 2017. That is amazing, and I thank you for your faithfulness.

Your Finance Committee and church staff are committed to keeping Aledo UMC financially strong, funding the vital work that we do and fulfilling all of our commitments that go beyond these walls for the Kingdom of God. Together, with generous and committed hearts, we can make 2018 a great year.

Pastor Lee