

April 2, 2020

To the faithful co-workers at First Free Church,

Last year this cover letter stated that we are presenting an operating loss due to the transitional nature of the upcoming year and that this was a one-time proposal.

We are in the same place this year. Due to complications of selling the building at 5237 N Ashland, we will need to tap into our reserves again. Our cash reserves at 3/31/19 were \$144,489. Currently we have cash reserves of \$142,645 at 2/29/2020. We did not dip into our reserves as I thought might happen during the last year.

As last year, we still believe that using our cash reserves to fund operations is not sustainable in the long term. We will monitor income and expenses throughout the year and adjustments will be made to spending if needed.

This year we also present a capital expenditures budget. The facilities team will use these monies for large capital expenditures that have not been addressed in recent years. We hope the congregation will also contribute to this fund throughout the year as well as the general fund.

Thank you for your partnership!

What follows are the assumptions for both budgets as well as a one page summary of the 2020-2021 operating and capital expenditures budget.

Sylvia Lauener  
Treasurer  
On behalf of the elders

## **Assumptions for First Free Church 2020-2021 General Fund Budget**

### General assumptions

1. 5237 building will be sold on 7/31/2020; Private loan will start on 8/1/2020.

### Revenue assumptions

1. Assume giving same level as current year.
2. Receive apartment rental income for only 4 months for 2 units due to sale of building.

### Expense assumptions

1. Staffing
  - a. Stu full salary and benefits until 7/31/20.
  - b. Keep remaining staff
2. Mortgage – current loan paid by 7/31 & private loan to start 8/1
3. Internship Program
  - a. Use 2 apartments in 5239 building
  - b. One intern would have access up to \$10,000 towards tuition (\$5,000 per semester) and free housing
  - c. One intern would only have free housing
4. Reduce general repairs by \$15,000 and create a capital expenditures fund for long term projects

## **Assumptions for First Free Church 2020-2021 Capital Budget**

1. Create a Capital Expenditures Fund
2. Use reserved monies of Capital Improvement Fund (\$9,881) and Sanctuary Improvement Fund (\$4,440) to start the Capital Expenditure Fund.
3. Add \$15,000 of unrestricted cash to the Capital Expenditure Fund.
4. This would result in \$29,321 available to the Facilities team to start for the FY2020-2021.
5. Invite congregation to donate directly to the Capital Expenditures Fund

**First Free Church**  
**Proposed 2020-2021 General Fund Budget**

	2020-2021 Budget	2019-2020 Budget (last year)	\$ Change	% Change	Projected YTD Actual 2019-2020	\$ Change	% Change
<b>Operating Revenue:</b>							
Giving	430,000	413,000	17,000	4%	432,000	(2,000)	0%
Rentals	21,200	29,000	(7,800)	-27%	31,825	(10,625)	-33%
Other income	-	-	-		600	(600)	-100%
<b>Total Revenue</b>	<b>451,200</b>	<b>442,000</b>	<b>9,200</b>	<b>2%</b>	<b>464,425</b>	<b>(13,225)</b>	<b>-3%</b>
<b>Operating Expense Summary</b>							
Staff Resources	237,686	243,146	(5,460)	-2%	232,830	4,856	2%
Bldg & Grounds	90,000	105,000	(15,000)	-14%	88,798	1,202	1%
Mortgage - Princ & Int	52,907	56,215	(3,307)	-6%	84,322	(31,415)	-37%
GOT	45,120	44,200	920	2%	44,460	660	1%
Outreach - Org	2,700	2,700	-	0%	2,700	-	0%
Admin - Finance & Comm	44,910	49,100	(4,190)	-9%	61,882	(16,972)	-27%
Worship Arts	5,800	7,300	(1,500)	-21%	8,729	(2,929)	-34%
Community	2,000	2,000	-	0%	3,039	(1,039)	-34%
Adult Spiritual Formation	2,000	2,900	(900)	-31%	476	1,524	320%
Children & Youth	5,300	3,500	1,800	51%	3,826	1,474	39%
New ministries	-	5,000	(5,000)		-	-	
<b>Total Expense</b>	<b>488,424</b>	<b>521,061</b>	<b>(32,637)</b>	<b>-6%</b>	<b>531,062</b>	<b>(42,638)</b>	<b>-8%</b>
<b>Operating Net Income/(Loss)</b>	<b>(37,224)</b>	<b>(79,061)</b>	<b>41,837</b>	<b>-53%</b>	<b>(66,637)</b>	<b>29,413</b>	<b>-44%</b>
Mortgage Reduction Fund	-	56,215			84,322		
<b>Adj. Oper NI/(Loss)</b>	<b>(37,224)</b>	<b>(22,846)</b>			<b>17,685</b>		
<i>Use of elder designated reserves:</i>							
Mortgage (just 4 months @ higher rate)	28,107						
Operations	9,116	22,846					
<b>Net Income/(Loss)</b>	<b>(0)</b>	<b>-</b>					

*See assumptions page for more details*

**First Free Church**

**Proposed 2020-2021 Capital Expenditure Fund Budget**

2020-2021

Budget

**Capital Revenue:**

Transfer from Sanctuary Fund	9,881
Transfer from Capital Fund	4,440
Transfer from Unrestricted Cash	15,000
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	29,321

**Capital Expenses**

Safety expenditures	
5255 Bldg expenditures	
5243 Bldg expenditures	
5239 Bldg expenditures	
5241 Bldg expenditures	
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	29,321

Capital Expenditure Net Income/(Loss) -

**Summary of cash use in 2020-2021:**

3/31/2020 Estimated balance:	142,645
Use to cover mortgage	(28,107)
Use to cover operations	(9,116)
Use for capital expenditures	(15,000)
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3/31/2021 Projected balance:	90,422
<i>Percentage of annual giving</i>	20%