

St. Mark's Lutheran Church

2024 Financial Update and 2025 Proposed Budget

Greetings to members and friends of St. Mark's. We thank you in advance for taking time to wade through the following document. Indeed, there is much information to be absorbed and processed.

2024 Finances in a Nutshell

- Based on giving to the end of November and historical giving patterns for December, we estimate general offerings of \$269,142 for 2024. This total is about \$9,300 less than we received last year.
- Facility rental income and interest income will be around \$10,000 this year.
- Collectively, program committees will likely underspend what was committed in this year's budget. Spending in the latter half of the year, though, has increased in some program areas, notably Children's Ministry -- a sign of post-covid recovery.
- Administration expenses look to be on budget.
- Building-related expenses will be higher than anticipated. Contributing factors include: (a) \$7,500 payment for repairs to parish hall related to the ice dam/condensation damage; (b) unbudgeted expense of \$12,300 to replace the kitchen dishwasher and, (c) transfer of the cost of cleaning from the Salaries budget to Property budget with the hiring of an outside contractor for custodial service. Some but not all these expenses will be offset by lower than anticipated general maintenance costs and a smaller increase in our insurance premium than we expected.
- Personnel costs will be under budget. Factors include: (a) contracting out of custodian service; (b) short vacancy in the office admin position.
- We anticipate finishing 2024 with an operating deficit of about \$9,000. The deficit will be covered by drawing down unencumbered cash reserves.

2025 Budget

The proposed 2025 budget is appended to this this document. The following numbered notes correspond to the numbers in the far-right hand column of the budget. They provide a narrative explanation of various segments of the budget.

1. We are budgeting for a 3% increase in general giving in 2025. Nevertheless, we anticipate general offering income will be less in 2025 due to the reduction, and some cases, cancellation of PAD commitments.
2. A decrease in interest income will result from a decline in interest rates and a declining balance in our cash reserves.

3. No increase in facility rental revenue. Assuming our two recurring use renters (Village Green Dancers and Archimedes Math will continue).
4. We anticipate expenditures by program committees will more closely approach budgeted allocations as programming trends back to pre-covid levels.
5. Synodical / National Events. A significant change is the allocation of funds to CLAY – the national youth gathering that will be held in Saskatoon in 2025. Historically, St. Mark's has budgeted \$5,000 every other year to support youth attending the Canadian Lutheran Anglican Youth gathering (CLAY).

The Synod Convention fee is based on the baptized membership of the congregation. The fee covers the cost of St. Mark's delegates attending biennial synod conventions and the cost of sending MNO delegates to the triennial National Church.

Other Events covers the registration fee for our Pastor to attend the MNO Professional Leadership event.

- 6/7. The lease contract for our telephone hardware ended in October. We now own the equipment outright. We will be cancelling the maintenance contract on the phone hardware.
8. We have accounted for the recent announcement of a freeze in electricity rates for 2025. Pricing for natural gas fluctuates making it difficult to predict costs. Another thing we can't control is the weather. We have taken a conservative approach and budgeted for some increases in heating and cooling costs.
9. A 10% increase in our insurance premium is anticipated. Insurance companies are under pressure from claims related to extreme weather events. All policy holders, regardless of location, are shouldering these costs through increased premiums.
- 10/11. Contracts for clearing the parking lot and sidewalks of snow and doing a spring and fall cleanup of the church grounds have been / will be extended through 2025.
12. Salaries / wage rates will be increased 2% across the board as per guidelines of the MNO Synod.
13. Benefits including pension, health and dental, and life and disability insurance are arranged with Group Services Inc (GSI), an affiliated agency of the ELCIC. Rate increases announced for 2025 include a rise in the family health and dental premium from \$400/month to \$438 per month. The premium for life/disability coverage is going up to 4.9% of salary from 4.5%.

A second factor is the discovery that our Office Administrator is eligible for enrolment in the benefit plans because GSI views us as being in a shared relationship with

Messiah Lutheran Church to employ Ms Norberg. This will add about \$4,200 to the benefits budget in 2025.

14. The overall budget for Personnel Expenses is less in 2025 than it was in 2024. This is mostly the result of deleting the salary of the custodian and transferring that cost to the Property budget.
15. The budget for Mission Partner Support is being held constant. We note that support offered to the MNO Synod and Lutheran Urban Ministry is down substantially from the pre-covid era. For example, in 2018, our gift to the MNO Synod was \$49,000 while LUM received \$1,800.
11. **The budget being presented shows income falling short of planned expenditures by \$11, 865**

Rationale for a Deficit Budget

Budget planning and construction can be more art than science as we rely heavily on assumptions about what income will be received and how expenses might change in the coming year. There is little doubt though that finances in 2025 will be a challenge.

Council considered several options for moving towards a more balanced budget while keeping in mind the core values of the congregation's ministry. The reality is that the reductions needed to balance the budget would either require cutting almost the entire programming budget or to begin looking at resources allocated to staffing.

The decision reached was to proceed with an operating deficit and to fund that deficit by drawing down our reserve fund. In doing so, the council recognizes that:

- (a) this is a short-term fix, one that is not sustainable in the long run. Ongoing deficits of this magnitude would deplete our cash reserves within six to seven years. They would also lessen our capacity to pay for large capital projects such as replacing the carpet in the sanctuary, re-shingling the roof, or a major repair to our HVAC system.
- (b) there is a need for a renewed stewardship emphasis to challenge all members to prayerfully consider what gifts they can devote to the ministry and mission of the congregation. In other words, the draw on reserves can be seen as a bridge to what will hopefully be, a vibrant and sustainable ministry.
- (c) council has responsibility for the ongoing monitoring of the congregation's finances and to adjust spending if deemed necessary. Such adjustments would most certainly touch upon the staffing budget.

St. Marks Lutheran Church Inc

Proposed 2025 Budget

	2024 Budget	2024 Projected	2025 Proposed Budget	Notes
Income				
4000 General Offerings				
4000.1 Envelope Offerings		39,855	41,051	
4000.2 PAD Offerings		177,330	173,823	
4000.3 Electronic Transfers		37,122	38,236	
4000.4 Loose Offerings		950	979	
4000.5 Gifts of Securities		13,585	13,993	
4000.6 Fr. Other Charities		300	310	
Total 4000 General Offerings	285,290	269,142	268,390	1
4560 Gain/Loss - Investments		74		
4602 Interest Income	2,100	3,756	3,000	2
4603.1 Facility Rentals	5,500	7,175	7,000	3
Total Income	292,890	280,147	278,390	

Expenses

5000 Programming				
5002 Worship Committee				
5002.1 Resource Materials and Music	800	800	800	
5002.2 Communion Supplies	520	400	520	
5002.3 Flowers and Decorations	500	500	500	
5002.4 Licences and Subscriptions	2,400	2,300	2,400	
5002.5 Equipment Maintenance	390	366	390	
5002.6 Equipment Purchase	700	40	700	
Total 5002 Worship Committee	5,310	4,406	5,310	
5010 Confirmation Ministry				
5010.1 Confirmation Resources	100	100	100	
5010.2 Confirmation Hospitality	200	200	200	
5010.3 Confirmation Sunday Expenses	325	100	325	
5010.4 Thanksgiving Retreat	800	100	800	
Total 5010 Confirmation Ministry	1,425	1,425	1,425	
5014 Children's Ministry				
5014.1 Curriculum Supplies	500	1,100	1,200	
5014.2 Splash Program	450		450	
5014.3 Grade 5 Bibles	200	-	322	
5014.4 Special Events	400	250	250	
Total 5014 Children's Ministry	1,550	1,350	2,222	
5022 Adult Education				

5022.1 Curriculum Material	200	-	200	
5022.2 Hospitality	100	-	-	
Total 5022 Adult Education	300	-	200	
5026 Com Care / Outreach				
5026.1 Can Luth Subscription	25	41	45	
5026.2 Supplies	600		300	
5026.3 Postage	150	-	150	
5040.1 Congregational Events	300	150	300	
5040.2 Coffee Hour Kitchen Supplies	800	634	800	
Total 5026 Com Care / Outreach	1,875	825	1,595	
5030 Stewardship				
5030.1 Supplies	500	-	500	
5030.2 Postage	100	-	200	
Total 5030 Stewardship	600	-	700	
5036 Youth & Young Adult Committee				
5036.1 Assist Youth Leader Honorium	600	400	500	
5036.2 Local Programming	1,200	1,000	1,200	
5036.3 Event Expenses - leaders	500	550	500	
Total 5036 Youth Committee	2,300	1,950	2,200	
5045 Social Ministry				
5045.1 Programming	1,000	700	1,000	
5045.2 Local Emergency Relief	150	-	100	
Total 5045 Social Ministry	1,150	700	1,100	
Total 5000 Programming	14,510	10,655	14,752	4
5038 Synodical/National Events				
5038.1 Synod Convention Fee	850	850	900	
5038.2 CLAY Gathering	-	-	5,000	
5038.3 Other events	1,000	760	1,000	
Total 5038 Synodical/National Events	1,850	1,610	6,900	5
5046 Council/Governance				
5046.1 Council Meeting Expenses	100	-	100	
5046.2 Staff / Volunteer recognition	300	300	300	
Total 5046 Council/Governance	400	300	400	
5070 Administration Expenses				
5074 Office Expenses				
5074.1 Stationery and Misc. Supplies	1,000	600	1,000	
5074.2 Postage	500	306	500	
5074.3 Photocopier lease	1,476	1,400	1,476	
5074.4 Photocopier Operating Exp	600	600	600	
5074.5 Software Expenses	1,380	1,454	1,565	
5074.5 Office Equip Maintenance	-			

5074.7 Office Equipment Purchases	200	183	200	
5074.8 Other Admin Expenses	50	40	50	
Total 5074 Office Expenses	5,206	4,583	5,391	
5079 Technology				
5079.1 Internet Service	1,200	1,013	1,050	
Total 5079 Technology	1,200	1,013	1,050	
5080 Bank charges				
5080.1 Monthly Plan Fee	864	864	864	
5080.2 EFT Billing	750	585	600	
5080.3 Other bank fees	150	175	200	
Total 5080 Bank charges	1,764	1,624	1,664	
5088 Telephone Expenses				
5088.1 Telephone Lease	1,236	1,154	-	6
5088.2 Telephone Monthly Bill	900	822	900	
5088.3 Telephone Service Plan	350	300	-	7
Total 5088 Telephone Expenses	2,486	2,275	900	
Total 5070 Administration Expenses	10,656	9,496	9,005	
5090 Property Expenses				
5091 Utilities				
5091.1 Gas	10,391	4,660	6,010	
5091.2 Electricity	8,589	6,824	7,324	
5091.3 Water	1,236	530	775	
5091.4 Alarm	468	498	523	
Total 5091 Utilities	20,684	12,512	14,632	8
5092 Furnishings and Equipment				
5092.1 Computer Hardware & Access	250	1,200	250	
5092.2 Furniture	300	300	300	
5092.3 Other Equipment & Access	500	12,294	500	
5092.4 Maintenance Office/Electronics				
Total 5092 Furnishings and Equipment	1,050	13,794	1,050	
5098 Insurance and Taxes				
5098.1 Insurance	15,120	11,618	13,000	9
5098.2 Property Taxes	1,591	1,548	1,594	
Total 5098 Insurance and Taxes	16,711	13,166	14,594	
5100 Property Committee				
5100.1 Int Maintenance and Repair	6,000	3,000	6,000	
5100.2 Custodial Supplies & Services	800	9,166	9,480	
5100.3 Misc Interior Property Exp	-	7,431	-	
5100.4 Snow Clearance	3,750	3,343	3,750	10
5100.5 Lawn Care	800	875	875	11
5100.6 Misc Outdoor Property Exp	1,000	600	700	
Total 5100 Property Committee	12,350	24,415	20,805	
Total 5090 Property Expenses	50,795.54	63,887.16	51,081.34	

5115 Personnel Expenses				
5116 Staff Expenses				
5116.1 Mileage	1,500	1,000	1,500	
5116.2 Parking Expenses	100	50	100	
5116.3 Pastor's Miscellaneous	250	250	250	
5116.4 Pastors Book Allowance	500	500	500	
5116.5 Director of Music Cont Ed	550	550	550	
Total 5116 Staff Expenses	2,900	2,350	2,900	
5145 Payroll Expenses				
5145.1 Wages	152,393	140,935	139,689	12
5145.2 Benefits	22,842	22,932	30,002	13
5145.3 CPP Employer Paid	7,848	7,696	7,314	
5145.4 EI Employer Paid	3,129	3,093	2,822	
5145.5 Payworks Fees	1,000	927	960	
Total 5145 Payroll Expenses	187,212	175,582	180,787	
Total 5115 Personnel Expenses	190,112.20	177,931.95	183,687.33	14
5150 Other HR Costs				
5150.1 Supply Pastor	775	670	940	
5150.2 Supply Musicians	750	500	750	
5150.4 VPP Record Checks	750	480	600	
5150.6 Miscellaneous HR Costs	-	1,795	-	
Total 5150 Other HR Costs	2,275.00	3,444.59	2,290.00	
5301 Mission Partner Support				
5301.1 MNO Synod	21,000	21,000	21,000	
5301.2 Lutheran Urban Mission	1,000	1,000	1,000	
5301.3 Other partners	140	104	140	
Total 5301 Mission Partner Support	22,140.00	22,103.55	22,140.00	15
Total Expenses	292,739	289,428	290,256	
Net Operating Income	151 -	9,281 -	11,865	16

Again, thank you for taking time to read and study this document. We look forward to seeing you at the congregational meeting following the worship service on Sunday, December 8.

Submitted on behalf of the Finance Committee and the Congregational Council