

Proposed Budget for 2012

The budget for 2012 proposed for your consideration is included at the end of this report. This is the result of vestry deliberations after input from the budget and finance committees.

Two very significant events occurred late in the budget process:

After reviewing pledges received through early January as well as other available funds, it was determined that Christ Church will be unable to continue to maintain a separate Young Adult Missioner position and the vestry set June 30th as Mo. Mary's last day. This budget reflects the expenses associated with her position through that date, to be paid from the Young Adult Ministry designated fund. Some designated funds should remain to continue the program portion of the Young Adult Ministry, and possibly to offset assessment costs related to the position which will continue until 2014.

Fr. Steve announced his resignation at the January vestry meeting, which was also when the final budget was presented for vestry approval. This event introduces a great deal of uncertainty into the budget. We can expect unusual expenses in the transition process from Fr. Steve to an interim minister, and in the search process for a new rector, but there was no time to research and determine these costs. Many will not be known until later in the year. In order to have a budget that could be affirmed at the annual meeting, the vestry, on recommendation of the treasurer, opted to leave all expenses related to the rector's position as they were budgeted before we learned of Fr. Steve's leaving. The congregation will be kept up to date with expenses at variance with this budget through the monthly treasurer's reports.

The following 2012 budget items bear discussion in greater detail, and the numbered notes in bold are listed in the budget next to the line item name for easier reference.

Income:

- This year's pledge goal was set at \$299,000. There was no separate pledge campaign for the Young Adult Ministry; rather, the pledge goal reflected income needed to incorporate that position into the normal operating budget as well as to perhaps restore some cuts made in the 2011 budget. In order to meet this, a second goal was set to increase the number of pledges received to 100 (there were 83 pledges made in 2011). As of January 8, 2012, the actual amount received in pledges was \$266,584 from 72 pledges (64 returning, 8 new). Returning pledgers increased their pledges almost 12% over 2011; however, the lower-than-hoped-for response reflects some membership loss, as well as the current difficult economic situation. Given this information, the pledge income category in the proposed budget has been set at \$271,584 to reflect current pledges and some forecast of pledges to be received later in the year. **[Note 1]**
- Facilities Use: A new outside group providing bridge instruction and tournament play has been added and increases our expected income in this category. This group is also establishing connections with University of Washington students. **[Note 2]**
- Transfers from Designated Funds: This includes \$2025 set aside in a designated fund from 2011 income to complete the Undercroft west wall waterproofing project and \$2250 from dedicated Outreach funds which fund the Orion dinner teams and a new \$1500 donation to be made to the University Churches Emergency Fund. **[Note 3]**
- Transfers from Young Adult Ministry Fund: The amount shown is the total expected to be transferred to cover: 1) salary, benefits, and taxes for Mo. Mary's position through June 30th, 2) \$6,785 to cover that portion of this year's assessment that arises from previous year's Young Adult

Ministry income, and 3) the budget for the Young Adult Ministry program expenses for the full year. **[Note 4]**

- Other: the amount shown includes our estimated Small Business Health Care Tax Credit (\$5,175) and reimbursement for Street Fair water usage (\$100). The remaining \$4,385 is the amount needed to avoid a budget deficit. This may be raised through additional fundraising, drawing down the existing balance sheet surplus, and/or using currently available Bequests funds as the vestry chooses. **[Note 5]**

Expenses:

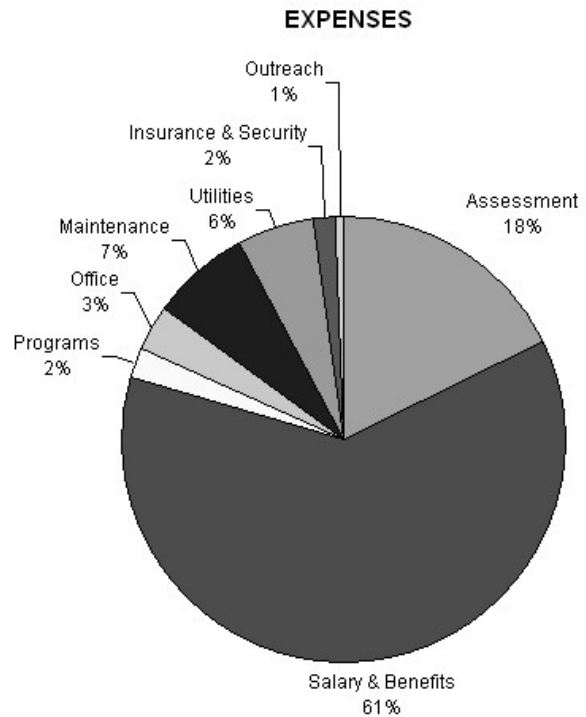
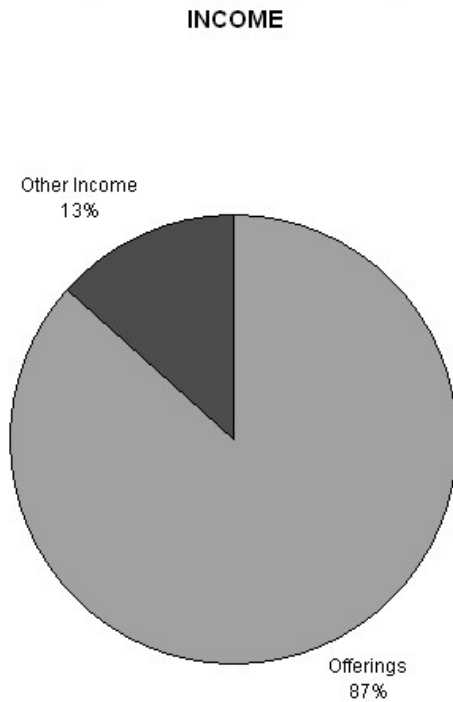
In light of expected income and significant increases in a large portion of the budget, this budget maintains most of the cuts enacted in 2011. Some areas of the budget show decreases based on successful efforts to reduce costs by working with existing vendors and/or finding alternative sources.

- Assessment: The 2012 assessment paid to the Diocese is based on 2010 income. The rate used in calculating this year's assessment was reduced from 18% to 17.5%. This year's increase is due in large part to the Young Adult Ministry. **[Note 6]**
- Salaries and Benefits: The Diocesan Convention set a 3.5% Cost of Living Adjustment for Clergy for 2012. Christ Church's practice is to use the same COLA in determining staff salary increases. Taxes and pensions increase as salaries increase. The budget includes the final make-up payments for the required but deferred 2009 salary increase. The Associate (Young Adult Missioner) salary and related benefits are calculated based on terminating the position on June 30th. **[Note 7]**

Medical premiums for 2012 increased 8%. In addition, the budget includes paying 100% of Nancy Kern's medical premium, where we have previously only paid 50%. This increase continues the change made in 2011 and allows Christ Church to claim the Small Business Health Care Tax Credit. This additional cost of \$3,126 is paid for by the tax credit, expected to be approximately \$5,175. **[Note 8]**

- Discretionary Fund: This token amount maintains the parish's obligation to contribute to this fund whose use is controlled by the current rector. The fund also receives direct individual donations. As with 2011, if specific needs arise that cannot be met with available funds, the vestry will look for alternative funding sources. **[Note 9]**
- Music budget: The operating budget portion of the Music budget remains at \$1000, the amount it was cut to in 2011. The increase shown here is a procedural change which shows the additional \$1800 of directed donations promised specifically for the music program. Similar donations have been received in past years but not shown in the budget (either as budgeted income or expense). As these extra donations are paying for normal expenses of the music program, the amount is now shown. **[Note 10]**
- Christian Formation: Following the directive given at last year's annual meeting, Christian Formation has been given its own budget line item. This year that amount will come from the operating budget rather than from directed donations. Approximately half of this amount is anticipated for Adult Education, with the remainder available to the Nursery, Sunday School and High School Youth programs. **[Note 11]**
- Maintenance – Contract Cleaning: The vestry approved a \$50/month increase in the amount paid to Shine Janitorial. **[Note 12]**

- **Major Maintenance:** Major maintenance projects are not included in the operating budget. As required or desired projects are identified, a designated funding source must be secured before work is undertaken. However, this year's budget includes budgeted income and expenses to complete the waterproofing of the Undercroft west wall begun this fall. \$2025 was designated from 2011 operating income to complete the work which currently is expected to cost approximately \$1600. Any excess funds will be included in general 2012 operating income. **[Note 13]**
- **Utilities:** Budgeted amounts are based on known and estimated rate increases with usage expected to be similar for 2012 as it was in 2011. Rate increases should be as follows: Electricity – 3.2% as of 1/1/12, Natural Gas – estimated at 2% sometime this spring, Trash and Recycling – no increase expected but adjustment was made for underbudgeting in 2011, Water/Sewer – approximately 6%, on or around 1/1/12. We will participate in the City of Seattle's Energy Benchmarking program which may help find other means to cut costs. **[Note 14]**
- **Outreach:** In addition to "flow through" outreach donations collected primarily through designated Sunday offerings, Christ Church maintains an outreach fund used primarily to cover the cost of dinners prepared for the Orion program. This year the Outreach Committee requested that a donation be included in the budget to help fund the University Churches Emergency Fund (UCEF) , which is undergoing a financial crisis. The budget includes \$1500 for a UCEF donation. We anticipate that pledges directed specifically to outreach will cover this expense. **[Note 15]**



2012 Budget – income and expenses, major budget categories

<u>Category Description</u>	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2011 Budget</u>	<u>2011 Ratio</u>	<u>2012 Proposed</u>
INCOME					
A-Offerings:					
15-110 Pledges [1]	256,885	265,253	255,000	1.04	271,584
15-120 Special Gifts	4,140	3,870	4,660	0.83	2,500
15-130 Loose Offering	27,859	27,117	27,000	1.00	27,000
TOTAL A-Offerings	288,883	296,241	286,660	1.03	301,084
B-Endowment Draw	0	0	0	N/A	0
C-Other Income:					
15-510 Interest	496	428	300	1.43	300
15-530 Facilities Use [2]	1,329	1,405	1,500	0.94	2,940
15-540 Weddings & Funerals	145	70	300	0.23	300
15-610 TRF Designated Funds [3]	23,894	36,753	11,000	3.34	5,588
15-620 TRF YA Ministry Funds [4]	38,779	37,810	38,461	0.98	27,202
15-900 Other [5]	3,647	16,221	9,859	1.65	9,660
TOTAL C-Other Income	68,291	92,688	61,420	1.51	45,990
TOTAL INCOME	357,174	388,929	348,080	1.12	347,074

<u>Category Description</u>	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2011 Budget</u>	<u>2011 Ratio</u>	<u>2012 Proposed</u>
EXPENSES					
E-Assessment [6]	51,305	60,938	60,938	1.00	62,128
F-Salaries: [7]					
16-1510 Rector - regular	71,346	71,346	71,346	1.00	73,843
1/3 2009 make up	871	871	871	1.00	871
16-1520 Associate	25,922	25,922	25,922	1.00	13,415
16-1530 Supply Clergy	735	456	250	1.82	300
16-1540 Secretary - regular	37,311	37,311	37,311	1.00	38,617
1/3 2009 make up	455	495	455	1.09	416
16-1550 Organist - regular	20,764	20,764	20,764	1.00	21,491
1/3 2009 make up	253	253	253	1.00	253
TOTAL F-Salaries	157,657	157,417	157,172	1.00	149,206
G-Benefits: [7]					
16-2010 SS & Med	4,497	4,500	4,497	1.00	4,649
16-2020 L & I	1,326	1,555	1,555	1.00	1,351
16-2030 Pension - Rector	12,843	13,155	12,999	1.01	13,448
16-2032 Pension - Associate	4,666	4,666	4,666	1.00	2,415
16-2034 Pension - Secretary	1,888	1,909	1,888	1.01	1,952
16-2036 Pension - Organist	1,051	1,061	1,051	1.01	1,087
16-2040 Medical Insurance [8]	34,620	39,162	36,180	1.08	38,802
16-2060 Transport, Rector	365	248	750	0.33	350
TOTAL G-Benefits	61,256	66,256	63,586	1.04	64,054
H-Discretionary [9]	600	60	60	1.00	60
I-Programs:					
16-4410 Music [10]	5,094	2,937	1,000	2.94	2,800
16-4520 Christian Formation [11]	-	2,193	2,000	1.10	2,000
16-4550 Young Adult Fellowship	1,074	1,000	1,650	0.61	1,250
All other programs	5,492	7,112	2,000	3.56	1,425
TOTAL I-Programs	11,660	13,241	6,650	1.99	7,475
I-Programs - Stewardship					
16-5450 Stewardship Campaign	293	303	300	1.01	300
16-5460 Planned Giving	809	-	-	N/A	0
TOTAL I-Programs - Stewardship	1,102	303	300	1.01	300

<u>Category Description</u>	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2011 Budget</u>	<u>2011 Ratio</u>	<u>2012 Proposed</u>
16-5510 Office Supplies	2,496	1,630	2,065	0.79	1,650
16-5515 Internet Connection	277	4	40	0.10	0
16-5517 Electronic Fund Transfer	196	217	200	1.08	225
16-5520 Telephone	2,303	2,000	1,980	1.01	2,016
16-5530 Postage	508	543	785	0.69	380
16-5540 Printing	0	-	-	N/A	0
16-5550 Publicity	528	548	400	1.37	500
16-5570 Licenses and Fees	953	1,255	1,150	1.09	1,255
16-5580 Copier Rental\Service	5,733	5,823	5,600	1.04	5,871
16-5590 Bank Charges	25	17	-	N/A	75
TOTAL J-Office	13,019	12,036	12,220	0.98	11,972
K-Maintenance:					
16-6010 Contract Cleaning [12]	14,400	14,400	14,400	1.00	15,000
16-6030 Minor Repairs\Maint	6,911	5,064	5,800	0.87	5,800
16-6040 Custodial Supplies	2,388	2,103	1,700	1.24	2,000
16-6050 Special Event Cleaning	140	70	-	N/A	0
16-6060 Yard Maintenance	0	-	250	0.00	100
16-6100 Major Bldg Maint. Major Maintenance--Designated to complete waterproofing [13]	5,315	24,369	-	N/A	0
		2,025		N/A	1,600
TOTAL K-Maintenance	29,154	48,031	22,150	2.17	24,500
L-Utilities: [14]					
16-6510 Electricity	3,200	3,284	3,340	0.98	3,390
16-6520 Natural Gas	9,066	9,934	9,260	1.07	10,100
16-6530 Trash and Recycling	3,274	3,639	3,050	1.19	3,350
16-6540 Water and Sewer	3,126	2,868	3,440	0.83	3,040
TOTAL L-Utilities	18,666	19,726	19,090	1.03	19,880
M-Insurance:					
16-6110 Security Service	504	443	360	1.23	445
16-7010 Building Insurance	4,804	4,804	4,804	1.00	4,804
TOTAL M-Insurance	5,308	5,247	5,164	1.02	5,249
N-Outreach:					
16-7310 Outreach [15]	1,106	4,776	750	6.37	2,250
O-Sabbatical:					
16-7510 Sab. Substitute Salary	6,730			N/A	0
16-7520 Sab. Other Expenses	6,242	637		N/A	0
TOTAL M-Sabbatical	12,972	637		N/A	0
TOTAL EXPENSES	363,804	388,667	348,080	1.12	347,074
NET CHURCH POSITION	(6,630)	261	0		0