

2022 Financial Overview

AUC Finance Committee

March 2023 AGM



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Stephen Crawley

Overview

- 2022 saw increased expenses versus 2021 due to 'back to church' costs such as rent and staffing
- Insurance interest remained a crucial revenue source in 2022
- Total Offerings and other 2022 revenue held up well, and because of that we balanced our budget with less insurance interest required than budgeted
- 5 year cash flow projections done in 2022/23 have identified possible funding gaps in future years
- Looking forward into 2023, we anticipate modest increases in both spending and revenue requirements



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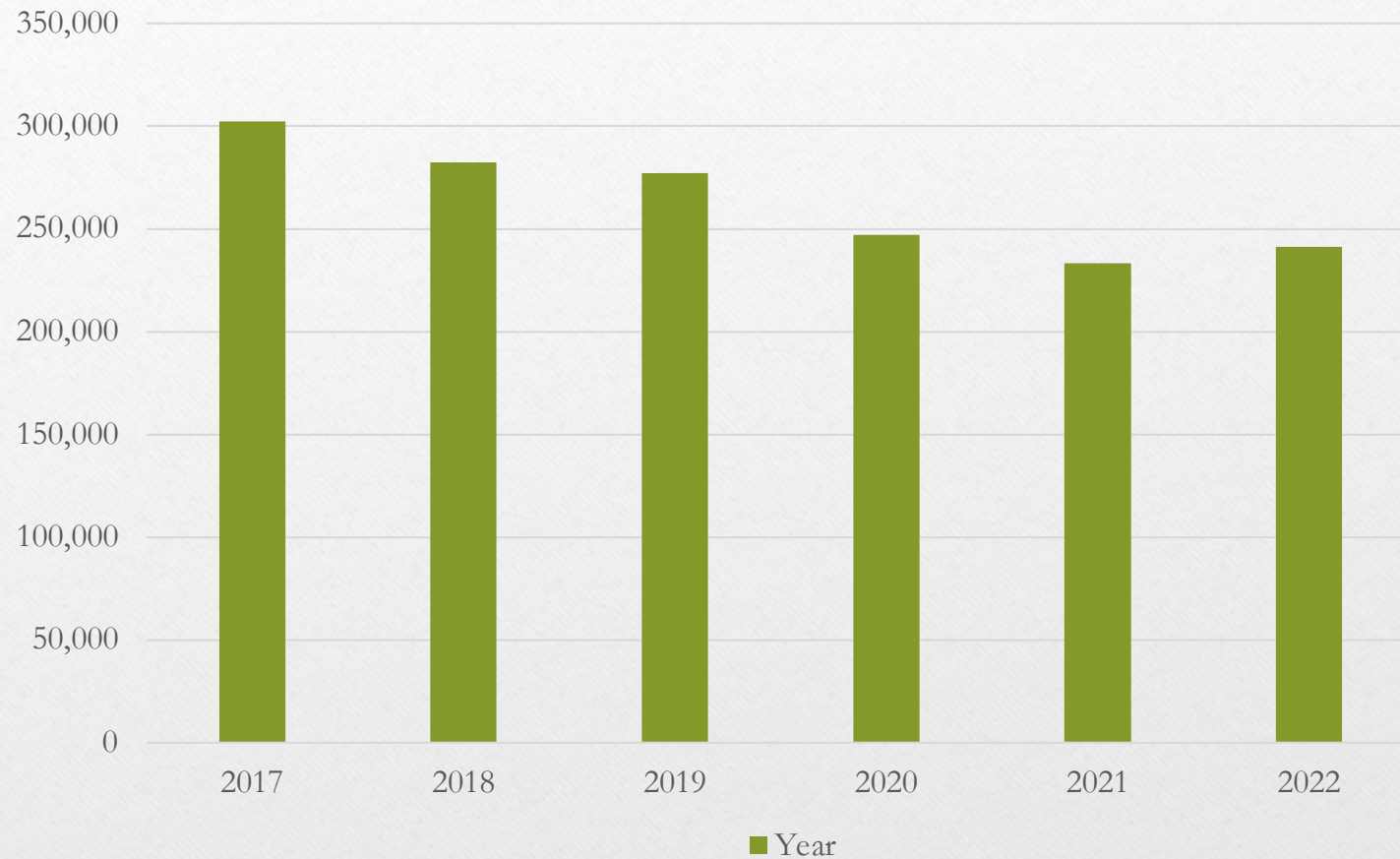
2022 Review - Revenue

- Total revenue all sources in 2022 was \$476.4K, -7.4% vs 2021, reflecting an intentionally reduced draw on the insurance interest vs budget (we only required \$175K versus budget of \$283K)
- Total Offerings of \$241.1K were \$8K (3.4%) above 2021 and \$8.8K (3.8%) above our 2022 budget
- The interest we received from Trustees on the Endowment was \$49.1K, more than double the budget and +~\$3.5K 2021
- CERS/CEWS revenue of \$56K in 2021 was not repeated in 2022
- In total, AUC ran an operating deficit of approx. \$172K in 2022, \$110K less than budget forecast. All of this operating deficit was covered by the interest on the insurance payout



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2017-2021 Total Offerings



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2022 Review - Expenses

- Total Operating Expenses in 2022 were \$473.7K, \$47.2K (11.1%) more than 2021 and \$72.3K (13.2%) below budget due savings in M& P, lower than expected taxes and other savings
- The majority of Committee expenses were also below budget in 2022, contributing to the reduced overall spend in 2022:
Thanks to all Committees and their Chairs!
- Our saving in 2022 versus budget for our property taxes was \$10,953 for taxes expected but not invoiced to us by MPAC. It is not clear when or if we will receive this assessment in the future.
- All programs such as M & S, Welcoming Arms, Rise & Shine, etc continued to be fully funded to budgeted levels



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2022 Year End Balances

- AUC Future Fund \$8.6K (invested) (previous balance now included in building fund)
- Earmarked donations \$27.5K (invested)
- Insurance claim account \$28.1K (invested)
- Bank Balance Dec 31, 2022 \$65.8K



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2023 Budget - Revenue

- We are budgeting a decline in (non-insurance) revenue in 2023 of ~\$54K or -18%, driven by an anticipated decline in Endowment interest (-\$44K) and a small decline in Total Offerings in 2023 (-\$8K)
- This, plus increased Expense spending, will result in our Operating Deficit in 2023 being \$262K versus \$172K in 2022
- This deficit is budgeted to be fully funded by the interest from the insurance payout. As building expenses will continue to be incurred in 2023, this may be the last year that the rebuild will not impact insurance interest availability
- Insurance interest expected to comprise about half our total revenue in 2023, versus actual of 37% in 2022 and budget in 2022 of 52%



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2023 Budget - Expenses

- Total Operating Expenses projected to increase +7.4% in 2023 to \$509.0 from \$473.7K in 2022
- With the physical return to worship and offices, main spending increases are on rent and M&P in 2023
- Rental at Trinity (plus storage) is our largest non-staff cost at \$84.8K in 2023(up from \$77.3K in 2022)
- Now that we are back in person and more programs are running in 2023 than in 2022, many Committees have small increases in their 2023 budgets
- All 2022 AUC programs continue to be fully supported in 2023: M&S, Welcoming Arms, Music, Worship, Rise & Shine, UCC Assessment, and Youth events are among the many programs our AUC congregation continues to generously support



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2023 BUDGET snapshot

| | <u>Full Year</u> <u>2022</u> | <u>Budget</u> <u>2023</u> | <u>%</u> <u>change</u> |
|------------|---------------------------------|------------------------------|---------------------------|
| REVENUE | \$ 476,640 | \$ 509,450 | +6.9% |
| EXPENSES | \$ 473,743 | \$ 508,994 | +7.4% |
| NET INCOME | \$ 2,896 | \$ 456 | |

- Arguably, revenue and expense levels are returning to pre-pandemic norms

- Insurance interest continues to fill our deficit 'hole', with a larger requirement in 2023 vs 2022 due to higher spending. About 50% of revenue in 2023.

- Total Offerings expected to be slightly lower in 2023 vs 2022, but are stabilizing vs historical trend

- Cost increases due to 'return to church' are biggest revenue and expense changes in 2023



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Summary

- 2022 was a relatively stable year for AUC, we came through it in good financial shape
- Thanks to our amazing congregation, our revenue from Offerings has held up remarkably well
- We will balance our budget again in 2023, and work to reduce our overall reliance on the insurance interest to fill our Operating Deficit
- As capital spending on the new building increases, this reduces the amount of insurance interest available. We will continue to update our 5-year financial forecast and work with Council to ensure AUC's ongoing operational needs are met.



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Questions or Comments?



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