**Comments on Financial Presentation Slides – November 2017**

**Slides 2 & 3 – First Four Months of this Fiscal Year**

* We typically have a deficit early in our fiscal year (which runs from July 1 through June 30), because a high % of our revenue comes in later in the fiscal year.
* We have a larger deficit than we anticipated so far this year, and a larger deficit than last year
* Our only spending “issue” is that maintenance spending is higher than we expected.
* Our revenue “issue” is that contributions are trending slightly down (more on this on slide 7)

**Slides 4 & 5 – Updated Estimates for the Total 2017/18 Fiscal Year**

* Last year we ran a surplus for the first time in at least 15 years – but this year is not shaping up so well.
* We don’t need to run a surplus – but we can’t have large deficits for multiple years either!
* We will almost certainly exceed the Buildings & Grounds budget due to higher than expected repair and maintenance costs. If that were our only “issue” we’d be ok, we can handle that.
* The other negative trend is that our receipts from contributions (the biggest piece of the “Unrestricted Funds” line) are not trending well. If we can’t turn this around, we’ll run a deficit of between $25,000 and $30,000.

**Slide 6 – Member Donation Overview (2016 data)**

* We are very dependent on a small number of donors for a large portion of our contributions.
* This is not abnormal, it’s our version of the “80/20” rule.
* Our challenge is that most of our large donors are “not very young”. In 2016 we had 35 donors (15% of our contributors) who averaged more than $100/week in contributions. These 35 donors provided 57% of our total contributions. Only 10 of those donors were below the age of 60, and only 4 were below 50. It will be a big challenge for us as a congregation to deal with the financial implications of these members retiring and/or passing away.
* One of our largest donors will be retiring in early 2018, and as a result they will have to scale back their contributions. If the rest of us don’t increase our giving to offset their reductions, we’ll see a real “pinch” in our financial situation.

**Slide 7 – Contributions Trends, 2014 through October 2017**

* This slide traces our average weekly receipts from donations from July 2014 through October 2017. The four bars to the left of the thick black line show the average per week for the first four months of each fiscal year, and the three bars to the right of the line show the average per week for the last eight months of the fiscal year.
* Average giving is always higher in the last eight months because of Christmas and Easter.
* Our contributions were on a very good trend from July 2015 through late 2016. Average giving in July-Oct 2015 was 3.9% higher than the prior year, and average giving in Nov 2015 through June 2016 was 2% higher than the prior year. Average giving in July-Oct 2016 was 2.1% higher than the prior year.
* This trend turned a bit in the last 12 months. Average giving in Nov 2016 through June 2017 was 1% lower than the prior year, and average giving in July-Oct 2017 was .2% lower than the prior year.
* These reductions in the last 12 months are not huge, but reductions of any size will not help us to offset the impact of the upcoming retirement.
* If we can return to the ~ 2% growth that we experienced that will largely offset the impact of the retirement on our 2017/18 fiscal year. The challenge gets bigger for 2018/19, because the retirement will impact the full 12 month period – but we can make deal with that issue when we put together our budget and plans for 2018/19.
* Please consider raising your donation level – every little bit helps! When lots of us make relatively small increases, the cumulative impact can be very big!

**Slide 8 - Strengthening our Future Update**

* A lot of very important projects – largely large repair and maintenance items which we cannot cover out of our annual operating budget – have been completed due to the generosity of those who have contributed to SOF.
* While most of the important work has been completed, we currently have three projects underway.
* We expect to be able to use the balcony space by Christmas (although the final work in that area may not be complete until 2018).
* We’ve made a down payment on the Comfort Dog that was recently approved (the dog won’t arrive until 2019, after it’s trained).
* A team is close to making a final recommendation on improvements to our sound system and adding video capability. We have approximately $28,000 already designated and set for that project, which is approximately 75% of the anticipated cost of the improvements.

**Slide 9 – Summary**

* A lot of things – both financial (the main focus of this update) and non-financial – are definitely moving in the right direction at St. Andrews.
* Our biggest financial challenge is in responding to the impact of an aging / retiring member base. That is not a new challenge by any means, nor is it one that will pass in the near future. But it is particularly important in the near term that we pull together to cover the financial impact of the retirement of a major donor, who will not be able to continue contributing at their current level after they retire in early 2018. Relatively small increases from dozens of other members can and will make up the difference!