

Rationale for, and Features of, the Board-Recommended Budget for 2020-21

The uncertainties in the wider world leads the Board to present a budget based on the tentative assumption that AUU will continue to do what we are doing now and that our building will not open before January. We do not consider this a "worst case" budget, rather a conservative "best guess" of what coming months will bring. If, as the year progresses, it turns out we have been either overly optimistic or pessimistic in our estimate of anticipated income, the Finance Committee will be asked to develop another budget to present to the Board consistent with unanticipated circumstances. If these changes alter the budget by more than 5% of the total budget, Board-approved changes will be submitted to the Congregation for ratification.

The attached budget table compares amounts in the proposed budget with the original budget for 2019-20. We have included the original budget requests for 20-21 which, even with an early estimate of greater income, resulted in a deficit of almost \$25,000. The differences between the *Request* and *Board Recommendation* columns represent the effort of the Finance Committee, the Ministry and Operations Team and the Board to minimize the impact of reduced expense allocations, in order to balance the budget given our likely circumstances.

We anticipate circumstances will **decrease** income in the following ways:

- *Other Income* from loss of a half year of building rentals and declining interest rates.
- *Program Income* due to loss of several fund-raisers and reduced RE enrollment;
- *Contribution Income* due to possible job losses, diminished salaries, decreased value of securities and absence of a tangible collection plate.

We estimate that these factors will result in FY 20-21 income being about 11% less than the current FY. To mitigate the effects of this possibility, AUU applied and has been approved for a forgivable loan of \$52,000 under the Federal Payroll Protection Program (PPP). In order to qualify for loan forgiveness the loan must be used for salaries and other qualified expenses in the eight weeks following receipt of this money.

Due to loss of income this year from no rentals after March 15 and no Goods and Services Auction, we have trimmed the unexpended portion of this year's budget (covering the period through June 30). You have continued to fulfill your pledges, so it looks like we will have enough to meet our obligations until June. We are fortunate to have the PPP loan because it will allow us to mitigate any unanticipated decreases in income in FY 20-21.

Given these circumstances, we make the following recommendations:

- A year-over-year reduction of about 6% in *Non-Ministerial Salary and Benefits* which includes:

Retention of all currently employed regular staff at the salary recommended by the Personnel Committee.

The absence of a Music Director until at least January and a music program continuing under the paid leadership of Randy Rosette and Chris Jensen.

Elimination of Sunday Nursery Care while the building is closed.

Eliminating or substantially reducing professional development lines for all staff.

- Reducing all *Administration* lines except for postage, resulting in an overall decrease of about 16%.
- Reducing all *Building Maintenance* lines except for janitorial services, supplies and insurance. The biggest reduction in this category results from the decision to limit our debt service line to the minimum amount required to pay our Note holders. This results in a year-over-year reduction of about 31%.
- Eliminating or reducing most *Church and Community* allocations. Attempting to respond to anticipated circumstances, Caring Network and Publicity lines are increased and the new Community Breakfast line is partially funded. This results in a 15% year-over-year reduction in this category.
- In *Denominational Affairs*, our UUA and Unirondack contributions are maintained, but funding for the Denominational Affairs Committee and Partner Church are reduced, resulting in a category decrease of almost 4%.
- In *Ministerial Expenses*, the major reduction is in Professional Expenses, resulting in a category decrease of about 3%.
- The *Other Expenses* category has an added Contingency line equal to the amount we expect to receive if the PPP loan is forgiven. The Board chose to use this line to hold money that might be necessary in the FY 2020-21 to continue paying staff salaries or other expenses should income projections fail to be realized. As we progress through the coming FY, it may become possible to reconsider the need for this reserve. If we are fortunate enough not to need the funds for salaries and other currently budgeted expenses, the Board will hold a congregational conversation to gather input as to how these funds should be used. The only other change in this category is that Fund Raiser expenses have been cut roughly in half from last year.
- The almost 37% decrease in *Religious Education* reflects the absence of on-site Sunday School and trips during the year.
- In *Social Responsibilities*, the only decrease from last year is the elimination of our contribution to Interfaith Impact because the organization is disbanding. This produced a 12% decrease in this category.
- Finally, all *Planned Transfers* were reduced or eliminated except for maintaining the Sabbatical Fund and returning the Capital Reserve allocation to its traditional level.

The reduced amount allocated for an Intern is based on a decision to have an intern once every three (rather than two) years. Aside from PPP funds, *Planned Transfers* is the only category which increased (about 5%) compared to last year.

In conclusion, this year's budget construction has been a particularly difficult task given all the uncertainties in our environment. We realize there is no "right" answer. This is the most appropriate and flexible plan we could develop, given our current knowledge.

Thankfully, we have experienced continued support of our members and friends following building closure. We are hopeful that this will continue and make future positive revisions of this budget possible.

Reese Satin, Treasurer
May 1, 2020