

## **PNMC 2010 Financial Results and 2011 Budget**

The PNMC fiscal year ended January 31. On January 22, the Board of Directors approved the 2011 budget. Following is a summary of the 2010 budget and actual income and expenses, and the 2011 budget:

|                             | <u>2010 Budget</u> | <u>2010 Actual</u> | <u>2011 Budget</u> |
|-----------------------------|--------------------|--------------------|--------------------|
| Member Church Contributions | \$137,741          | \$135,440          | \$135,047          |
| Other Income                | 22,020             | 13,871             | 10,600             |
| Total Income                | \$159,761          | \$149,311          | \$145,647          |
| Total Expenses              | \$166,487          | \$151,549          | \$159,778          |
| Income versus Expense       | \$ (6,726)         | \$ ( 2,238)        | \$ (14,131)        |

### **HIGHLIGHTS**

#### **2010 Results**

The fiscal year 2010 Actual results had a deficit of \$2,238. This includes the effect of a shortfall of \$8,843 for the June Annual Meeting held in Anchorage (see further information in the detailed comments to the financial statements).

Some congregations found it necessary to reduce their giving, but other congregations were able to give more than the amount shown in the budget. The closure of Peace Mennonite resulted in an approximate \$1,400 shortage in their budgeted giving.

Actual income was \$10,450 below budgeted income, and actual expenses were \$14,938 below budget. Both budgeted Other Income and budgeted expenses contained \$11,000 related to activity to initiate the Capacity Building Campaign. This did not occur until late in the year, so there was no actual income and a very small amount of actual expense related to this activity.

#### **2011 Budget**

The Member Church Contribution total is based on the commitments provided by each congregation for giving in the coming year.

Total budgeted expenses for 2011 increased \$8,229 compared to total actual expense for 2011. Contributing to that increase was an approximately \$6,600 increase in the Executive Conference Minister Support, primarily due to increases in Corinthian Plan premiums and sharing of health care deductible costs.

The board approved the 2011 budget with a deficit as shown with the understanding that the board will find ways to eliminate the deficit.

## **Comments to the detail Financial Reports**

Two detailed financial reports are provided. The Income and Expense Report contains the budget and actual results for 2010 and the budget for 2011. The Balance Sheet contains the balances as of January 31, 2011, the end of the 2010 fiscal year.

### **Income and Expense Report**

The Income and Expense Report contains several columns of information as follows:

- The 2010 Budget column contains the budget for the fiscal year of February 2010 through January 2011 as approved by the Board of Directors in January 2010.
- The next column contains the actual income and expenses for the 2010 fiscal year (February 1, 2010 through January 31, 2011).
- The next column shows the dollar amount difference of the 2010 actual income and expenses compared to the 2010 budget.
- The column titled 2011 Budget is the budget for the coming year as approved by the Board of Directors on January 22, 2011.
- The final column compares the 2011 budget amounts to the 2010 actual amounts.

Income and expense transactions related to the former Peace Mennonite properties, which were transferred to PNMC after Peace Mennonite closed, are being kept separate from the PNMC General Fund activity. The Peace properties finances will be summarized in a separate report.

### **2010 Budget and Actual amounts**

#### **Income**

Member church contributions in total were \$2,300 below the budgeted amount. Several congregations were below the budget while several were able to give more than the amount in the budget. Peace Mennonite closed in May 2010, which resulted in a shortfall of approximately \$1,400.

Income account 4206 Contributions-Individuals reflects the giving of various individuals or couples around the conference who make direct gifts to PNMC.

The \$4,200 amount given in account 4208 Affiliated Mennonite Groups results from a \$350 monthly contribution from Mennonite Village.

The actual amount in account 4302 Tuition for Courses is payment by PNMC pastors and others for courses provided by PNMC. This income is largely offset by expenses related to providing the courses, which is recorded in expense accounts 6251 and 6252. Due to the

uncertainty of future attendance at these courses, PNMC does not attempt to budget amounts for these accounts.

Account 4804 Market Value Change-Investments reflects the increase or decrease in the market value of the Mennonite Foundation Stock & Bond Fund. During 2010 we experienced an increase in book value of this fund of \$1,029. PNMC has not withdrawn this increase to use as funds for current operations.

The 2010 Budget contained \$11,000 in Income account 4851 Apply Capacity Building Funds. Likewise, expense account 591201 Capacity Campaign Implementation contained a budgeted amount of \$11,000. These amounts were included in the budget with the expectation that the Capacity Building Campaign would begin during 2010, and whatever expenditures were needed for that effort would be supported by applying to the general fund an equal amount of funds raised to offset the expenses. Initial activity on the campaign started at the end of the fiscal year, so there was very limited expense and no income to record in these accounts.

### Expenses

Expense account 5172 District Pastor Annual Gathering had a budgeted amount of \$3,200 but no actual expense. The Annual Gathering was held in late January 2011 and as a result the expenses in this account (approximately \$1,800) were not paid until February 2011, and therefore will be recorded in the 2011 fiscal year. This timing is expected to continue in the future.

Account 5535 Ministry Inquiry Program was not budgeted but incurred \$1,000 expense. The Ministry Inquiry Program involves students from one of the church affiliated colleges spending a summer serving at a conference congregation to explore possible ministry service. When this occurs, the conference is asked to contribute \$500 toward the program for each student.

Account 591201 Capacity Campaign Implementation. See the comment regarding the Capacity Campaign under Income above.

Account 595102 Communication Coordinator Expense was approximately \$1,500 over budget primarily due to translation expense resulting from implementation of the PNMC e-Bulletin.

Account 6004 Handbook had \$2,000 budgeted for producing the PNMC Handbook. There was no expense during the year due to changes in the timing and processes used to create the Handbook.

Account 6250 PNMC Course Expenses contains expenses related to conducting courses provided by PNMC. See comment under Income above.

Account 6290 Annual Meeting reflects the net deficit for the 2010 annual meeting held in Anchorage. Following is a summary of the receipts and disbursements:

Receipts

|                                    |              |
|------------------------------------|--------------|
| Registrations                      | \$ 9,018     |
| Pastor/Spouse Dinner Contributions | 120          |
| Assistance Fund Contributions      | 1,250        |
| Translation Reimbursements         | 150          |
| Bookstore                          | 70           |
| Offerings                          | <u>1,627</u> |
| Total Receipts                     | \$12,235     |

Disbursements

|                                     |            |
|-------------------------------------|------------|
| Facilities & Food Service           | \$ 9,817   |
| Interpreting Equipment/Personnel    | 800        |
| Expenses for Conference Speaker     | 1,282      |
| Assistance Fund Expenditures        | 1,077      |
| Pastor/Spouse Dinner                | 922        |
| PNMC Reimbursed Travel/Registration | 4,241      |
| Translation of Materials            | 1,436      |
| Video expenses                      | 1,245      |
| Printing, postage, other            | <u>258</u> |
| Total Disbursements                 | \$ 21,078  |

Deficit (\$ 8,843)

**2011 Budget**

The amount shown for Member Church Contribution for each congregation (with one exception) was provided by that congregation. However, in many cases the congregational fiscal year (i.e. June through May) does not match the PNMC fiscal year. The latest available information was projected through the PNMC fiscal year.

The Executive Conference Minister Support as contained in the 5100 expense accounts is determined, and approved by the Board, based upon MCUSA Guidelines for Pastor's Salary and Benefits. Account 5107 Medical HRA is a new account to record expenses resulting from the PNMC Board's agreement to share one-half of the \$6,000 deductible amount in the Executive Conference Minister's Corinthian Plan policy.

Account 581403-CIEMNM Partnership (under 5814-Mexico Work) is reduced as specified in the CIEMNM Partnership Covenant.

### **Balance Sheet-January 31, 2011**

Under Bank Accounts, Account 110201 Checking Account (US Bank) is the primary PNMC checking account. For record keeping purposes, this account has been set up with sub-accounts in the book keeping system to be able to track the Peace Mennonite properties funds separate from the PNMC general fund. As of January 31, 2011 the Peace properties funds are in an “overdrawn” balance due to the administrative and transfer expenses involved in PNMC taking over the Peace properties. Reporting of the Peace properties financial transactions will be provided in a separate report.

Asset Account 110205 – Sharing/Reserve Fund contains funds reserved for the Sharing Fund – Insurance Premium and Sharing Fund – Catastrophe to assist PNMC pastors with medical expenses.

Under Long Term Liabilities, Account 220100 Peace Properties Loan with a balance of \$30,000 reflects a loan that Peace Mennonite Church had from Pacific Mennonite Aid Society related to the Peace Mennonite parsonage property. PNMC assumed responsibility for this loan when the Peace properties were transferred to PNMC. The loan requires annual payments of \$5,000 plus interest.