

I am sure you know that there are fixed costs that must be budgeted, over which administrative control is minimal. They are things like heat, electricity, equipment maintenance, service contracts, and building and van insurance. Using a zero-based budgeting approach, we believe cost estimates of these items have been pared as close as we dare.

As a result, this only leaves the “Eight Hundred Pound Gorilla in the Room” to be considered, directors, pastoral staff and the lay staff. Their combined proposed budget totals \$607,925. *(Most of our staff has not received a salary increase since 2008).*

Lay staff is down to bare-bones and we now spend about half of what we spent on lay personnel in 2005. I see no potential for cuts or savings here! This leaves the area of our clergy staff and directors, all of whom fill specific tasks and ministries in our church and bring their personal enthusiasm and personality which makes First Church what it is. I for one cannot imagine making cuts in this area. To do so would be like cutting off a limb. We would never be the same again!

*(Did you know that employees laid off by a church can not collect unemployment)?*

#### **My Recommendation:**

Our Fall Stewardship Campaign is just about finished, and we have a very good understanding of where we stand. We had 332 families or individuals who responded to the campaign with a pledge for 2010. We are less than \$50,000 away from being able to approve a balanced budget. My recommendation and really my prayer is that each of us re-examine our planned support for FUMC for 2010. Then fill out the attached form and let us know that you do not want any of our wonderful programs eliminated or any of our dedicated staff laid off. If you think about it, an increase of only \$5.00 per week (the cost of a Big Mac value meal) from each of our 332 pledging members would more than get us there.

We know that some have already pledged all they can. To those people, I thank you from the bottom of my heart. However, to those people who have been truly blessed this year; to those who find themselves in a position to help us in this way and maybe even help another, please prayerfully consider increasing your pledge.

I believe that pledging a little more to the ministries of First United Methodist Church for 2010 is our best course of action. It is a Win-Win for all of us! Won't you join me? Please fill out the attached form and send it to the church office.

If you have any further questions, call Joe Konrad in the church office, 381-6340. He will be very happy to help you.

---

## **Increase My 2010 Pledge**

As a member of First United Methodist Church of Kalamazoo it is my commitment to see that all church ministries and expenses are fully funded in 2010 to the best of my ability.

**Increase my pledge for 2010 by \$\_\_\_\_\_.**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Phone

**Please return this form to the church office at:**

If possible, please return this by Feb 1st.

**First United Methodist church  
212 S. Park St.  
Kalamazoo, MI 49007**

## **First United Methodist Church of Kalamazoo Financial Perspective 2010**

### **Where Do We Stand? What Is Our Situation? How Do We Move Forward?**

Here are articles by three members of First United Methodist Church of Kalamazoo, written to explain and encourage our members regarding our present financial position. Please be assured that at this exact moment we are far better off than many other churches. Our Finance Committee planned wisely and it looks like we will conclude 2009 in the black, which includes **paying all of our ministry shares**. We know of churches that have run deficits close to \$100,000 in 2009. We look forward to 2010 from a very good position!

It is the goal of the Finance Committee to proceed into 2010 using the same wisdom and prudence used in 2009. We cannot risk a deficit. Therefore anticipated expenses are being weighed very carefully against pledges and other projected income and the Finance Committee will not move forward until they are sure our budget is in balance and the future of FUMC is secure.

Please read these articles which are intended to explain where we are, how we came to our conclusions, and how you can help make 2010 a healthy and fruitful year for the ministries and mission of First United Methodist Church.

## **Why Give?**

**Jonathan Richardson**

When I hear folks talk about stewardship at work, on the radio or TV, or at church, I often wonder what goes through the minds of those near me hearing the same message. Do you feel the same things I do? Are there feelings of angst? How about disinterest? Perhaps questions of “why should I care?” or “how does this impact me?” or “what impact can I have?” I'll admit that at times I've had each of these reactions. If we're honest with ourselves, acts of stewardship come with conflicting feelings and questions. If I'm going to be a faithful steward of the earth, what is my obligation when I see my neighbor doing something less than caring of the environment? If I'm going to be a faithful caretaker of my physical body, what is my obligation when I see a family member struggling with overeating or smoking? If I'm going to be a faithful steward of my financial blessings, how do I speak to others about what that means to them and to me?

These are honest questions without clear answers. I think we'd like to believe that if we were trying to be good and faithful stewards of all of our gifts, we would try to encourage others to do the same. Some would simply try to lead by example. Others would witness of how their journey had led them to quit smoking or join a gym. I would guess that others would do what was spirit led but would never talk about it with others. I would also guess that most of us would have a much easier time talking about our stewardship of the earth and our bodies than we would our stewardship of our financial treasures. Why is this? Is the earth not a creation of God? Likewise, are not our bodies His good and perfect gift? Perhaps we view our finances differently because our cash resources results from our work and toil. Sure it does, but none of us works in a vacuum. We use our God-given bodies and brains to create personal wealth. We also use the resources of God's earthly creation to create personal wealth. So, logically and biblically, it's not much of a stretch to see that even our personal wealth is God's.

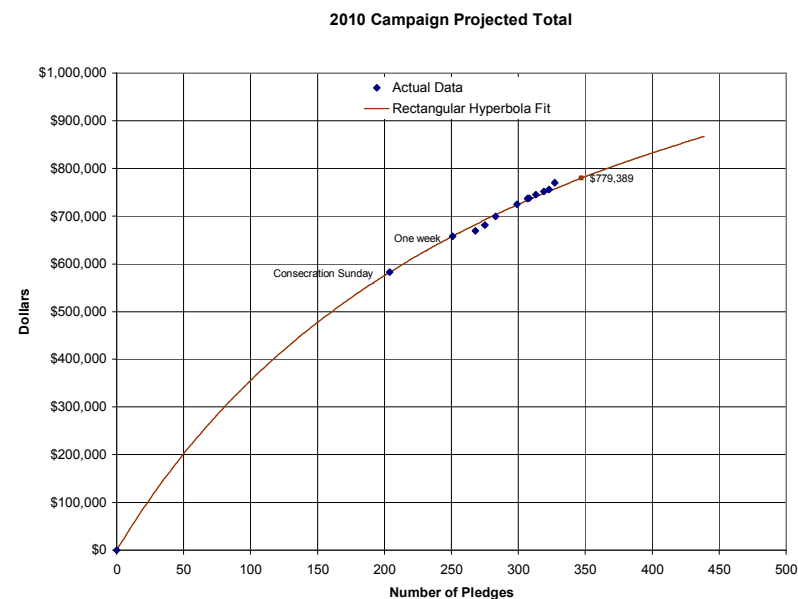
I'm still working to faithfully and fully grasp this concept and I'm growing each year in coming closer and closer to returning to God the first fruits of his abundance. I once heard a guest preacher talk about stewardship and knowing when we're giving according to God's call. He said, “Some would tell you to give until it hurts. If you stop there, you're missing an opportunity to be truly blessed. Give until it feels good! We all can think of a time when we thought we didn't have enough to matter to God, or thought we didn't have anything more to give to God, yet we did it anyway. Have you ever volunteered at Martha's Table and for no reason a little girl comes up to you and hugs your neck with all her might and says “Merry Christmas?” What about the time you took an extra shift at the Food Pantry and heard the grateful thanks of a Mom hurting and wondering where she could turn? And then there was the group of neighbors that decided to not exchange gifts but rather fill up a love truck with food and gifts for a family in need this season. Was there anyone left unbled by these acts of stewardship? While not all of our gifts are so immediately returned by the receiver, we give because we're called to, spiritually and each gift is returned immediately by God in filling our spirits with Hope, Peace, and Love.

# Forecasting Income

Joe Konrad

One of the good things about living in a college town is that our membership is full of academics. We have scientists, engineers, mathematicians, and accountants who love sifting through decades of history, extrapolating years of data, plotting rectangular hyperbola graphs and projecting far, far into the future. Over the last few years, they have proven to be such good prognosticators that they would make N.A.S.A. jealous. This year they will end up being within a fractional error of 0.025.

That's so incredible that they should hire themselves out to other churches. They could call themselves **The C.H.I.P.S Team** (the Church Hypothetical Income Projection Strategy Team). Here's an example of their work:



The simplest formula for the dependence of a y-variable (total dollars in this case) on an x-variable (number of pledges) is a straight line. The equation has the simple form  $y = mx$ , where  $m$  is the slope (dollars/pledge). The straight line is pretty worthless, since the slope is always highest for the first batch of responses, and it decreases with larger numbers of pledges. The equation for the rectangular hyperbola is  $y = mx / (x + a)$ . Since this formula has two constants ( $m$  and  $a$ ), two points are required to define it (in addition to the 0,0 point). The key thing about the formula is that when  $x$  is small compared with  $a$ , the value of  $x + a$  is approximately the same as  $a$ , and the formula reduces to the straight line  $y = m/a x$ , a straight line with slope  $m/a$ . When  $x$  becomes large relative to  $a$ ,  $x+a$  is about the same as  $x$ , and the formula becomes  $y = m$ , meaning that it reaches a constant value and doesn't increase with further increase in  $x$ . In between, we have a function that starts as an approximately linear response which then decreases steadily as more data are obtained.

**2010 Expected Income:** I wrote the above a little tongue-in-cheek, but I want you to know that FUMC is very good at projecting future annual income. For 2010 we are projecting an income of up to \$901,000 based on what we know right now. This number is based on the following:

- The total of all pledge cards on day 1. (Consecration Sunday), day 5, day 10, day 15, etc. through day 60.
- The total number of pledges.
- The total number of new pledges.
- The total number of increased pledges.
- The total number of decreased pledges.
- The total number of lost pledges.
- The total number of members who have died or moved away.

After all the computation is done, the only way we can project a higher annual income for 2010 at this date is to receive unexpected new pledges, receive pledges from people who have pledged in the past who we haven't heard from yet, or to have people increase their pledge.

## Expected Expenses:

One thing is also very true. First Church knows how to stretch a dollar! A case in point is our expense spending. At the beginning of 2009, we had projected that we would spend \$937,000. In fact we actually spent \$930,859.

In 2009 we received \$960,871 in income. In 2010, we predict that our income will be closer to \$901,000. As you can see, if we have the same expenses as last year, we will end up approximately \$30,000 short. However, it doesn't end there. We know that next year's expenses are going up!

For 2010, our employee health insurance has gone up by 20%. Building insurance, utility costs, snow plowing and almost every other area of operations has gone up, and this doesn't even consider that most of our employees are still receiving the same pay rate they received in 2008. When we add it all up, we project the cost of operating First Church in 2010 will be \$945,521 give or take a dollar or two.

## How to make it balance:

So here is the problem. Almost everything left in the budget is a fixed expense. Examples of fixed expenses are things like heat (utilities), insurance, ministry shares, and payroll. *One thing I can assure you is that we have been very diligent to keep these expenses to a minimum, putting every possible line item out to bid and keeping the lights and thermostats to a minimum. In other words, without taking more drastic measures, we have squeezed the expenses as tight as possible.*

# The Choice is Ours!

John Ross

Life is full of hard choices. As a church family, we need to know what those choices are and how they impact our worship and ministries. I feel compelled to write this article because of the unique position in which I find myself. You are all aware of my participation in the oversight of our just completed building addition and renovation. Those duties brought me to this church nearly every day from about 7AM until the workers went home. During that time I quickly picked up on the values and mission of our church, it's ministries and it's staff. These things became clear to me as we searched to find ways of continuing every ministry during the construction including assigning space, arranging for setup of furniture and equipment and even providing for special services like when the elevator was disabled. Each day marked a continuance of our work for each other and the community.

I also found myself able to get to know a very high percent of our church family on a first name basis. I have observed the love and grace with which all of you participate in one ministry or another. Many of you are active in several! It does not take a trained observer to immediately see your dedication to this place of worship. This church is a member of your family, too. You look after it, and it looks after each one of us.

This church is at a crossroads, or a least a fork in the road. To date, your church has, *as indicated by your pledge cards*, raised slightly over 94% of the money needed to fund the suggested programs for 2010. We have requests and anticipated expenses for 2010 adding up to about \$46,500 more than our anticipated income. We are still hoping to receive pledges from members who have pledged in the past, but from whom we haven't heard from yet. However, if we don't, we are looking at having to cut another \$46,500 from our anticipated expense budget.

Through very tight fiscal controls by our business administrator, we will finish 2009 in the black, including our Ministry Shares being paid in full for the year. If you recall, there was approximately \$11,000 held back at the beginning of the year. Being able to pay this is great news!

The preliminary budget for 2010 is the problem as described above. The 2010 preliminary budget is for \$945,521 in estimated expenses. When one looks closely at the proposed budget versus last year's budget, it is clear that cuts of \$46,500 truly cannot be found in our programming accounts, with the exception of **Ministry Shares**. *We should not make it a habit to short this account. It is what makes us a "connectional" church and expands our dollars with all of the other United Methodist Churches to facilitate more good than we could possibly do alone.*

You should also be aware that we haven't spent anything from our General Fund Budget for **World Missions** since 2008; nothing for **Social Justice** in 2009; nothing in **Special All Church Projects** since 2008; and nothing for the **Music and Fine Arts** Committee since 2008. Most of the remaining programs have also experienced cuts in each of these years. The total amount requested and proposed for all ministries and missions in 2010 (excluding Ministry Shares) now totals \$41,200. Obviously, you can't get \$46,500 from here.