

Southern New England Conference, United Church of Christ

Treasurer's Report to the Annual Meeting

March 11, 2021

As I write this report, we are just over two months into our second year of operations as a new Conference. Our first year included challenges none of us could have imagined. However, the Southern New England Conference has emerged from 2020 in a strong financial position, giving our new Executive Conference Minister, the Rev. Darrell Goodwin, and his staff team a solid foundation on which to begin their ministry among us. We anticipate that 2021 will be more challenging, requiring utilization of some unrestricted assets in order to sustain our ministries through a second year of the impact of COVID-19.

2020 Financial Results

The 2020 budget was initially developed in 2019, before the pandemic. 2020 income and expenses diverged from the budget in several important ways.

Loss of Income from Camps, Conferences and Retreats

Normal operations at Silver Lake, Irons Homestead, and Edwards House were not possible during most of 2020. As a result, income was about a tenth of what we initially expected, down by nearly \$1.8 million as compared with budget.

We recouped about \$1.04 million of this through cost savings. Summer staffing was eliminated, and food and program costs were much lower than usual. All in all, net losses were about \$740,000 relative to budget.

Proportional Giving Receipts from Churches

As a new Conference, we have adopted a new process for supporting the ministries we carry out together. Rather than contributing per capita dues and Basic Support, our churches are asked to give a proportion of their regular operating income to the Conference, as the Conference will give a proportion of its regular operating income to the National setting.

This change is grounded in Biblical theology and consistent with our Vision. More information, including guidance for making the transition is available at the Conference website [here](#).

Our local congregations had a difficult year in 2020, and this was reflected in their giving to the wider UCC. We had budgeted \$3,887,200 in Proportional Giving receipts to the Conference. The actual amount received was about \$3,659,600, a shortfall of about \$227,600, or 6%.

I believe this is a number we can all be proud of. Most of our churches faced significant income loss last year, whether from rentals, fundraisers, or job losses among pledging members. It is a

testament to the generosity and tenacity of our congregations that they were able to contribute 93% of budgeted Proportional Gifts amidst all these challenges.

Program Expense, Staff Travel and Meetings

Many program activities planned for 2020 were cancelled, and the events and resources that replaced them took place largely on line, with lower costs for sites, food and travel. Net savings in this area of the budget were about \$180,000. Another \$148,000 was saved in the area of staff travel, as virtually all meetings took place by phone or teleconference.

Paycheck Protection Plan loan

The Conference applied for and received a Federal Paycheck Protection loan in the amount of \$718,300, which we anticipate will be fully forgivable under the terms of the CARES Act. It was this loan that enabled us to weather the initial year of the pandemic without any reductions to year-round staffing. This was a significant blessing, as we were able to increase Conference ministries in response to increased need, particularly in the areas of racial justice, technology, and pandemic response.

What did not change: Proportional Giving to the National Setting of the UCC

Because current year Proportional Giving is based on a percentage of the prior year's income, our contribution to the National setting of the UCC was as budgeted, a total of \$1,216,100 for 2020.

2020 Summary

The 2020 budget presented to the Annual Meeting in the fall of 2020 showed a projected deficit of about \$157,000. The pre-audit actual deficit is \$798,600. Assuming the anticipated loan forgiveness, the net result will be a deficit of \$80,300. Unrestricted funds brought forward from the historic conferences are more than adequate to cover this deficit.

2021 Budget Projections

The 2021 budget adopted by the Board of Directors anticipates a more difficult year, financially speaking. We anticipate that our retreat center business will continue to be very slow throughout the spring and fall. And, due to the timing of our startup as an organization, the SNEUCC is not eligible for a 'second draw' Paycheck Protection loan.

Giving from Churches

The 2021 budget adopted by the Board of Directors assumes that Proportional Giving by the churches will be approximately level with 2020 receipts. Our analysis indicates that 2020 saw an upsurge in gifts delayed due to slow mail delivery and/or confusion about new Conference procedures. The late payments mean that 2020 income was somewhat understated, and 2021 income will be greater by these same amounts. The projection of \$3,675,000 represents our

best guess of what our churches will be able to contribute for wider UCC ministries in the current year.

Camps, Conferences and Retreats

Silver Lake and Pilgrim Day Camp have adapted their usual procedures in response to public health recommendations. We anticipate net summer camp income at or near normal levels. However, retreat center operations continue to be curtailed at Silver Lake, Edwards House and Irons Homestead. The budget assumes lower-than-usual utilization through the end of 2021. This amounts to an anticipated one-time loss of over \$400,000.

Staffing Costs

The 2021 budget keeps staffing at planned levels. Despite anticipated losses to income, the unanimous sense of our Finance Committee, Board of Directors, and new Executive leadership was that God is not calling us to cut staffing just as our new Conference ministry is beginning in earnest. COVID-related income reductions should be largely over by the time we get through 2021. We do not want to risk long-term ministries in response to a one-time budget problem, even though the projected shortfall is substantial.

Use of Assets – 2021 Budget

Rather than cutting staffing – and thus, assistance to churches and our wider communities – the Board plans to use up to \$400,000 in unrestricted funds acting as endowment, if needed, to cover 2021 deficits.

Of course we hope that this entire amount will not be needed. But, the Conference and its historic forebears are blessed with over \$13 million in unrestricted funds functioning as endowments. Income from these funds provides crucial support to our annual budgets, and will extend our Vision far into the future. Your Board does not spend endowment money often or lightly. However, it seems both prudent and responsible to use some of these resources to sustain our ministries through a once-in-a-generation crisis.

Use of Assets – Faith in our Future Together Program

A report on 2020 would not be complete without acknowledging another extraordinary use of unrestricted endowment funds, namely, the commitment of \$1 million in historic assets to help selected local churches respond effectively to the disruptions caused by the COVID-19 pandemic. More information may be found [here](#).

Gratitude

The significance of our Conference ministries has been vividly apparent in recent months, as the pandemic laid bare our interdependence. Our clergy and lay leaders have leaned heavily on the research and wisdom of the wider church, even as each has contribute to our growing body of shared knowledge and adaptive capacity. The ministry of the UCC remains a light and a lifeline in over six hundred communities in southern New England.

I speak for the whole Board in thanking each of you, and your congregations, for your Proportional Giving contributions that make our Conference ministry possible. Your Board is profoundly grateful to be with you in this new journey as we seek to live the love and justice of Jesus.