

Southern New England Conference, United Church of Christ

Treasurer's Report to the 2022 Annual Meeting

Background and Context

Before reporting on financial outcomes for 2021 and prospects for 2022, I want to begin with some history and context. As we give thanks for the firm foundation of Jesus' Word, seeking to build on our history of 400 years of service, it is important to note both the joys and the challenges of the current moment.

I begin with gratitude. Despite all the challenges of a second year of pandemic, the local congregations or the Southern New England Conference contributed nearly \$3.5 million in Proportional Giving to Our Church's Wider Mission in 2021. Gifts from our forebears, in the form of endowment and trust income, totaled another \$1.1 million. Adding outdoor ministries and program income, special gifts and grants, and all other sources of income yielded over \$7.5 million for our mission and ministries. God is good.

And the challenge: the UCC has not been immune to national trends of reduced giving to religious institutions over the past 20 years. Creating a new Conference did not change the underlying need to adapt to gradual reductions in our traditional sources of income.

Then, in March of 2020, three months into our existence as a new Conference, the COVID pandemic paused most face-to-face ministries. Our churches and Conference responded deftly and with grace, learning, almost overnight, new ways to worship and minister to people in grief, fear, financial crisis and isolation. At the same time, the pandemic compounded the financial challenges faced by local congregations and our Southern New England Conference, as rental, retreat and events income were hard-hit through most of 2020 and 2021.

For 2020, Conference losses in contributions, camp and retreat center income were covered by a fully-forgiven Paycheck Protection loan from the Federal government. For 2021, we have found reasonable ways to cover our losses. The 2022 budget, however, makes clear the need to develop a leaner and more focused Conference structure to carry our Vision forward – a project to which your Board is fully committed.

2021 Financial Results

For 2021, we did not qualify for Paycheck Protection Program assistance. Our budget anticipated a deficit of about \$557,000, and we planned to use \$400,000 in unrestricted assets to carry our ministries through this second year of the pandemic.

I am pleased to report that our staff found significant cost savings, which partially compensated for this second year of reduced revenue. Staffing costs were lower than expected due to personnel vacancies during the year, and travel continued to be minimal. We re-negotiated office equipment contracts and unified our phone system. In addition, net outdoor ministries costs were less than anticipated, largely due to extraordinary participation at Pilgrim Day Camp in Framingham.

Rather than the projected \$557,000 loss, we ended the year with an operating deficit of \$400,000, or about 5% of budget. We were able to cover about \$300,000 of this using accumulated surpluses brought forward from the historic conferences. The other \$100,000 will come from an extraordinary draw on unrestricted funds acting as endowment.

2022 Budget Projections

The 2022 budget adopted by the Board of Directors anticipates another difficult year, and clearly indicates a need for some difficult choices in the coming months.

Though summer camp income is rebounding strongly, we anticipate that our retreat center business will continue to be very slow throughout the spring and into the fall.

We assume that Proportional Giving from churches will be about 5% less than it was in 2021. (In a typical year, we might budget this decline at three or four percent, but our churches are still recovering from COVID as well.)

We have increased staff compensation by about 2%, after keeping salaries unchanged for the past three years. With inflation at 7%, the Board deemed this both fair and necessary for staff retention.

In 2020 and 2021 we continued to rely heavily on expendable funds carried forward from the historic conferences. The 2022 budget continues to rely on about \$260K in one-time funds of this kind, which will be largely depleted by the end of the year.

Even with the one-time use of that \$260K, the 2022 budget shows a deficit of about \$480,000, necessitating another draw on unrestricted funds acting as endowment of about \$340,000.

Where do We Go from Here?

Your Finance Committee and Board of Directors are committed to discerning a sustainable Conference structure with a sustainable budget. To that end, many efforts are underway.

- A new Stewardship and Fundraising Committee is re-thinking all Conference strategies and practices in this area. This committee will consider how to enthusiastically communicate our Vision, warmly invite support of our shared ministries, and make it as easy as possible for congregations and individuals to support the work of the wider church.
- A Property Committee is reviewing all properties owned by the three historic conferences, to determine the extent to which each is a financially viable contributor to our Vision and ministries. This committee will make recommendations to the historic Boards, which own the properties, as well as the SNEUCC Board, which manages them.

These recommendations are likely to include re-purposing and/or selling some properties. Some, such as large offices, are clearly no longer needed. For others, there are more difficult tradeoffs to consider. These must be faced, because financial support of all existing properties would require us to radically curtail other ministries.

If properties are sold, the Finance Committee's recommendation will be to add the proceeds to endowments, generating support of Conference ministries in perpetuity.

- A Mission Effectiveness Committee is developing (has developed?) a survey to gather data from our members regarding the most valued and relied-upon ministries of the Conference. If you have not yet completed the survey, you can find it here (link to be created). This committee will also develop assessment tools to help us understand which of our ministry efforts are most effective.
- Our Senior Team of management leaders is working and praying to discern an optimal staffing structure, a challenging process which has already resulted in some changes, with more to come.

In all this, your Board asks for your assistance. We need you to share with us your own vision of what God is calling us to do as a Conference. We also need you to recognize that there will be pain in releasing or re-envisioning some of the ministries that have been dear to our hearts. In a way, the most difficult part of coming together as a new Conference has yet to be faced – namely, the death of some of our historic projects and programs, in order to support the new life we are called to create together.

Gratitude

That said, we remain profoundly blessed! Our resources amount to over \$7 million dollars in 2022. Let us remain grounded in the Vision God has placed before us, in full confidence that the Holy One is still seeking to do a new thing through the Southern New England Conference.

I speak for the whole Board in thanking each of you, and your congregations, for your Proportional Giving contributions to Our Churches' Wider Mission. Your Board is profoundly grateful to be with you on this journey as we seek to live the love and justice of Jesus.

Mr. Calvin Price
Treasurer