

TREASURER'S REPORT – 2009

This report covers 2009 financial results, which are detailed in various reports in your information packages. Those results are summarized on the document entitled “Budget Summary, and I call your attention to the two rightmost columns of numbers in the Budget Summary. The last column is the 2009 revised budget, which contemplated unrestricted mission income of \$552,277, and almost \$280,000 in restricted mission income, for a total of \$832,162. Unrestricted income comes primarily from Conference churches, while restricted income comes from the denomination, the Conference’s savings earmarked for church planting, and from some Conference churches partnered with us to support newly planted churches. The budget approved at last year’s Annual Meeting was revised part way through 2009 based on conditions at the time. The original budget contemplated total operating income of \$713,737 and total operating expenses of \$806,762, for an expected operating loss of \$93,025. As you can see from the column labeled “2009 Actual,” and on the line labeled “Total Operating Income,” our income for 2009 was \$731,395, or \$100,767 less than revised budget expectations.

Look farther down the Budget Summary and compare the expense figures in the two rightmost columns. It’s clear that, generally speaking, the actual money spent on Conference ministries during 2009 was less than called for in the revised budget. Hoped-for ministry plans, particularly in the areas of church planting and revitalization and initiatives to address compassion, mercy, and justice issues were restricted. The fact that we were without an associate superintendent for much of the year reduced expenditures, but it also affected our ability to do important ministry. You’ll note on the “Total Operating Expense” line that we ended 2009 \$173,298 under the revised budgeted expense. The Budget Summary shows that we ended the year with a small operating deficit of less than \$500, and the last line on the page shows that we needed to use a like amount from Conference equity – our savings – to cover the operating loss. This summary was prepared before our accounting review was complete. Subsequently, an accountant’s adjustment was made for the sale of some old equipment, and that changed the year end operating result to a positive number: \$1,238.79.

Now, let’s look briefly at the columns for the 2010 budget, as it was initially approved and as it’s been revised. A few weeks ago, the Conference Board revised the 2010 budget, anticipating less income than originally budgeted but raising planned expenditures because Conference ministries are too important to allow them to be held back. The result is that, if we end 2010 with income and expenses at the current levels, we may need to tap our equity again, and for an even larger amount of \$112,000. Obviously no organization or business can continue to operate at a deficit. The real key to fully funding Conference ministries is for Conference churches to step up to their commitments to the East Coast Conference. When the time comes to discuss the proposed budget for 2011 you’ll hear more about that.

On a more general note, I’d like you to know how the East Coast Conference stays on top of things financially. First, our superintendent devotes a great deal of time to financial issues, which in turn supports the work of the Board’s Finance Committee, made up of the superintendent, the board chair, the board secretary, the treasurer, and two district trustees. That Committee meets regularly to review monthly reports from the Karen Manove, our Director of Finance. We consider a variety of financial issues and make recommendations to the Conference Board for action. In addition to the overall operating finances, the Finance Committee oversees and reports to the Conference board on the status of loans made to Conference churches and agencies by National Covenant Properties (NCP). Typically the East Coast Conference co-guarantees those loans, and is therefore obligated to step in should a loan default or a church-borrower fall behind in payments. Currently the Conference is a co-guarantor on loans to five churches totaling over \$6 million. In addition, we are co-guarantors on a \$500,000 NCP loan to Pilgrim Pines and anticipate assuming further obligations with a new NCP loan to Pilgrim Pines in 2010 in connection with their Bridging Generations building projects. During 2009, a new, restricted reserve was established to responsibly support our possible loan payment obligations with NCP.

Richard Anderson
Treasurer