FP-3 ANNUAL FINANCIAL PLAN & CONGREGATIONAL REPORTING

3.1 Purpose

a. To require provision of a clear **summary** of budget documents for the fiscal year ahead, to be approved by the Congregation typically at the annual Fall Congregational Meeting (FCM).
b. To require provision of a **detailed** set of budget documents, to be available to interested congregants as necessary prior to the FCM. The detailed plan will be consistent with the summary provided for the FCM.
c. To include a **statement of changes in Congregational funds** (as well as the operating budget) as part of the budget documents package. The Congregational funds often include accounts that are typically excluded from the operating budget but may be of interest to the Congregation.
d. To define the **process** through which the above budget documents are developed.

3.2 Definitions and Formats

a. The Congregational Financial Plan is the annual financial plan which includes all parts of the Congregation's financial activities; that is:
    i. The operating budget;
    ii. A statement of changes in Congregational funds;
    iii. A summary of anticipated financial position based on items (i) and (ii); and
    iv. The Congregational audited financial statements from the previous year, for reference.
b. The Operating Budget is the annual financial plan for the Congregation's operations. It includes all revenue and expense items in the General Fund except those dealing with the Special Purpose Funds. The Congregation will be provided with a summary format of the Operating Budget, and congregants may request a detailed format in advance of the FCM. The Congregation shall be asked to approve the Operating Budget.
c. The Statement of Changes in Congregational Funds will detail the status of all Restricted and Unrestricted Funds (including Special Purpose Funds) and anticipated outflows and inflows in the next fiscal year.
d. The Summary of Anticipated Financial Position will provide a brief written account of the Congregation's overall financial plan for the year based on a reconciliation of the Operating Budget and the Statement of Changes in Congregational Funds.
e. The Audited Financial Statements are prepared by the Congregation's auditors and shall be in compliance with Generally Accepted Accounting Principles (GAAP). The statements shall therefore include a balance sheet, a statement of revenues and expenses, a statement of changes in fund balances, a statement of cash flows, and accompanying notes.
f. The Congregation's fiscal year uses a calendar year.

3.3 Development of the Budget: The Budget Cycle

The main stages of the annual budget cycle begin in the previous year with the election of a new Board of Directors (Board) at the Annual General Meeting (AGM) in April

a. The Board provides high level recommendations for goals and priorities via a memo to the Finance Committee. This should take place in April, at the last meeting of the old board. The incoming board will have the option to amend these priorities. Recommendations should be based on the Congregational Strategic Plan and other information as deemed appropriate.
b. Input to the financial planning process, including the Operating Budget. is requested by the Finance and HR Manager by July 1. All parties that have revenue and/or expenses will be requested to provide the Finance and HR Manager with their financial plans for the next fiscal year, taking into account the goals and priorities defined by the Board and the Strategic Plan. This is incorporated by the Finance and HR Manager, on behalf of the Lead Minister, into the Draft Congregational Financial

Plan, inclusive of the draft operating budget. A model financial plan report is included in the appendix, in summary form. In practice, a presentation with more detailed revenues and expenses would be used, but is not shown here. The Treasurer and the Lead Minister provide assistance and direction to the Finance and HR Manager in evaluating the submitted financial plans, based on the goals and priorities established by the Board.

c. The Finance Committee shall review, propose amendments to, and recommend adoption by the Board, the Preliminary Congregational Financial Plan, inclusive of the draft operating budget and the statement of changes in Congregational funds. This draft should be available to the Finance Committee for their August meeting, which should precede the Board's August meeting.

d. At their August meeting, the Board reviews the Preliminary Congregational Financial Plan and may request changes. The Finance and HR Manager will make the requested changes to produce the version that will be the Proposed Financial Plan, inclusive of the Proposed Operating Budget.

e. No later than two weeks in advance of the Fall Congregational Meeting, the Board shall make available to the Congregation the Congregational Financial Plan. Comparative information for the current year and at least one previous year will also be provided. As may be decided by the Board, acting on its own initiative or on the recommendation of the Finance and HR Manager and/or Finance Committee, other statements may also be presented in advance of or at the Meeting, solely in the interest of clarity and understandability.

f. At the Fall Congregational Meeting, the Treasurer shall explain to the Congregation the Congregational Financial Plan. The Congregation shall be asked to approve the Operating Budget. at the Fall Congregational Meeting, The Treasurer shall hold a minimum of one (1) Finance Town Hall(s) to provide further clarity to congregants on Congregational finances generally and the relationship between annual operating documents and our audited financial statements.

g. Once the Congregation approves the budget, it becomes the Approved Operating Budget. It will be in effect from the start of the next fiscal year.

3.4 Changes to the Approved Operating Budget

The Board, if faced with major unforeseen changes in financial circumstances necessitating changes in the approved Operating Budget, shall make such changes as required and inform the Congregation. In the event of such changes, the revised document would become the Amended Operating Budget.

3.5 Treasurer's Reports to the Congregation

The Finance and HR Manager shall prepare a report for the Treasurer to present to the Board and the Congregation twice yearly, at the Congregational meetings, showing a comparison of actual to budgeted operating revenue and expenses.

Appendix A: Operating Budget (example data from years 2018 to 2020)

Line	Item	Previous year budget	Previous year actual	Current year budget	Current year projection	Target year
4175	Total Contributions	444,600	412,488	448,150	411,531	421,640
4398	Total Rental	93,000	85,685	93,500	88,340	92,040
4598	Total Fundraising	67,250	78,247	74,700	89,859	97,900
4698	Total Sales	4,000	3,573	4,600	4,100	4,400
	TOTAL REVENUE	608,850	579,993	620,950	593,830	615,980
5229	Total HR Expense	421,300	366,748	394,807	380,000	410,040
5240	Total Transition Expense	10,000	1,261			
5288	Total Denomination Exp	31,695	31,260	31,750	30,450	30,750
5318	Total Financial Admin	20,100	22,734	21,200	24,000	22,310

5398	Total Office	22,750	19,653	20,600	17,150	17,800
5589	Total Property Expense	93,800	91,854	98,500	97,418	91,700
5798	Total Program Expenses	70,940	68,364	69,300	68,455	79,510
5950	Total Committees	26,050	20,644	27,950	27,490	20,260
	Contingency					7,000
	TOTAL EXPENSE	696,635	622,518	664,107	644,963	679,370
REVENUE less EXPENSES		(87,800)	(42,600)	(43,200)	(51,133)	(63,390)
Annual Transfer to Operations		32,000	0	17,000	17,000	23,000
Total Operating Budget		(55,800)	(42,600)	(26,200)	(34,133)	(40,390) (40.400)

Appendix B: Congregational Budget (Example data from 2020)

	General Fund			Maintenance	Maintenance	Capital	2020
	Operating	Sp Purp &	Legacy	Reserve	Projects	Fund	Budget
		other funds	Fund	Fund	Fund	(Property)	Total
Revenues							
Detailed entries as required							
Total Revenue	615,980	34,000	53,000	1,200	1,000	0	764,480
Expenses							
Detailed entries as required							
Total Expenses	679,366	34,000	10,000	0	2,000	0	718,366
Net Income before Amortization Items							
Amortization of lease payment for watermain and sewers						13,000	13,000
Amortization of tangible capital assets						(39,000)	(39,000)
Sub-total	-		-	-	-	(26,000)	(26,000)
Excess (deficiency) of Revenues over Expenses	(63,386)	-	43,000	1,200	(1,000)	(26,000)	20,114
	CHANGES IN FUNDS (deferred contribution funds excluded)						
	General			Maintenance	Maintenance	Capital	2020
	Fund		Legacy	Reserve	Projects	Fund	Budget
			Fund	Fund	Fund	(Property)	Total
			Note 2				
Projected beginning of 2020	(31)		699,662	38,333	26,543	789,350	1,610,857
Excess of Rev over Exp	(63,386)		43,000	1,200	(1.000)	(26,000)	(46.186)
Interfund transfers							
Reg transfer of Investm't Inc.	23,000		(23,000)				
For Re of Deficit in Gen Fd	63.386		(63,386)				
Total Transfers	86,386		(86,386)				

Net change in Funds, year	23,000	(43,386)	1,200	(1,000)	(26,000)	(46,186)
Balance, end of year	22,969	656,276	39,533	25,543	763,350	1,564.671
1	Deferred Contribution Intern Fund					
2	Legacy Fund contains $52,000 designated for FirstU Campus Future					
	No planned spending for 2020					

First Draft - Bill Van Iterson (March 5, 2020)
New Draft - Justine De Jaegher (November 12, 2020)
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REVISION HISTORY

Revision Date	Version	Comment