



# 2019 ANNUAL REPORT

## Trinity United Methodist Church: Business Administration Office

1/25/2020

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## 1. LETTER FROM TRINITY LEADERSHIP

January 30, 2020

Dear Friends,

We faced a difficult challenge in 2019 with an operational budget shortfall. We were honest about where we were and came to you with a request to help *fill the gap* in August 2019. And you responded! We ended 2019 in the black, after adjustments. We are very grateful for each of you and for the trust that you have placed in us and in God's provision.

In the following pages, you will find our first **Trinity Annual Report**. Producing this report was a key goal for us and is aligned with our desire to be more transparent in our stewardship of your gifts. We certainly do not have everything done that we would like, but we are making progress. Additionally, within the report you will learn how we are working not only to ensure we have a strong and steady top-line, but how we are closely managing our expenses and working to capture long-term savings for Trinity as well.

We realize that 2020 will be challenging given uncertainty about the future of the United Methodist church and our country. Yet, we are hopeful and excited for 2020 as well. With your continued partnership, we are leaning into this year with positivity and are keeping our eyes focused on fulfilling our mission to do God's work.

The journey forward will, no doubt, hold surprises for us. At the same time, we are absolutely certain that there is no surprise that can undo how God is working within our church, our community, our relationships and our ministries. A wonderful evangelist and author, Christine Caine, puts it this way:

*"We can be certain of this: God can multiply what you may think is  
"not enough" to be MORE than enough."*

Indeed! All things are possible. So, please join us in listening for God's voice as we are guided forward together. God will certainly see us through and in ways that we cannot possibly fathom today.

In Service,



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## 2. EXECUTIVE SUMMARY

There were several key personnel changes in 2019. Trinity United Methodist Church hired a new Director of Business Administration, Sheila Alishouse, in July 2019. In August, the incumbent Director of Finance resigned. We continue to be grateful for the service of the Director of Finance for so many years at Trinity. We were also fortunate to find a new Manager of Accounting, Carol Neustadter, who took up the responsibilities in the Finance Department. Carol has been a joy to work with and has brought her expertise in to help us elevate the function.

Additionally, with these changes in personnel, a new approach and key goals were put into place that will take the Business Administration function into 2020 and beyond. The approach includes:

- Lead with Transparency
- Simplify processes and practices
- Take advantage of cost-savings opportunities
- Adhere to good stewardship principles
- Serve first

Through 2019, we spent a lot of time learning. With the governance and assistance of a strong Finance Committee and its chair, David Singer, we have uncovered several opportunities to save money, some of which have already been put into place.

We also discovered new ways to increase transparency in our finances while simplifying our processes and practices. Although we have more to do, we are pleased with the progress thus far and are looking forward to continuing this progress in 2020.

Perhaps the greatest difference is a renewed focus on service. We believe we are to be in service to our congregation, to be good stewards with their gifts and to never forget that we are charged with enabling our joint mission of bringing the light of Christ to the world through our missions and programming.

For the first time in recent memory, our staff completed a bottoms-up budget for their respective areas for 2020, giving us more visibility into what is truly required and providing us the detail needed for more accurate actual vs. plan reporting.

In the following pages, you will find our first Annual Report. It includes details on our financial position at the end of 2019. Additionally, we have included our goals for 2020. We are pleased to report that through strict expense management, a Matching Gift Campaign in the fall to close a budget gap, and strong, faithful giving – we ended the year \$40,485.36 in the black, after adjusting for non-utilization of 'Rainy Day funds' and Christmas Giving distribution.

### 3. ACCOMPLISHMENTS

We have accomplished several key initiatives in the past 6 months in part because we were set up to succeed with the prior Finance Chair through strong expense management. We also worked hard to quickly assess and prioritize where we could have the most impact for the remainder of 2019.

One key area for improvement was in vendor management. Trinity is a large historic, regional church in the heart of Denver, Colorado. We have dozens of vendors providing services to us such as Information Technology, Printers/Copiers, Maintenance, Staff benefits packages, postage/maillings, website management, etc. The need for these services is clear, however, many contracts were outdated and negotiations for better rates and service was needed.

We began upgrading our service contracts and will continue this process in 2020 until all vendors are on current contracts with best negotiated rates that are providing the level of service we require. The following table outlines key upgrades made in 2019.

SERVICE CONTRACT	Upgraded Contract?	New Service Levels	Est. % savings in year 1	Est. Annualized 2020 Savings
<b>INFORMATION TECHNOLOGY/NETWORKING</b>	Yes	Yes.  Now includes backup/disaster recovery services, 24x7 firewall and network monitoring, antivirus, email security, web defense	-2%	(\$2,594)
<b>PRINTERS/COPIERS</b>	Yes	Yes.  Ability to upgrade two desktop printers as well as large copiers.	48%	\$15,204
<b>BENEFITS PKG (LONG-TERM DISABILITY)</b>	Yes	Yes.  Able to keep LTD and add Short-Term-Disability and Life Insurance for less money	77%	\$8,208

Table 1: Vendor Contract Upgrades in 2019

In addition to the above vendor changes, we are also evaluating other opportunities for savings as illustrated in the accompanying chart.

We anticipate making a phone vendor change in the fall 2020, which will yield significant savings (almost 50%) in 2021.

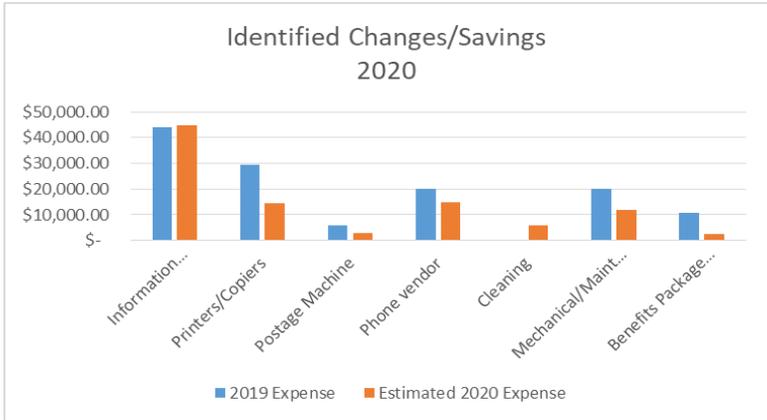


Figure 1: Identified Changes/Savings in 2020

## 4. IMPACT STORIES

Given the uncertainty in 2019 that all United Methodist Churches faced, including Trinity, with the National debate on LBGTOIA, Trinity was unsure if there would be significant negative budget impacts. Additionally, the conference required a 13%, rather than the regular 10%, Wider Mission tithe. These factors, along with economic realities and new staff increased the risk that we would not meet our budget expectations.

Given this, the Finance Committee approved a \$1,728,221.85 budget, which included a major assumption that rainy-day emergency funds and other additional funds would be required to meet the year's expenses. The combination of emergency and additional funds were budgeted at the income line level and totaled \$221,402.34. It was originally estimated that Trinity would have a gap in operational funding of more than \$240,000.00, therefore, this assumption made sense.

We are pleased to report that not only did God show up, but so did our congregation and staff. Through strong expense-management and steady giving, we closed the original anticipated gap to \$64,000.00 by the fall of 2019. We initiated a Matching Gift Campaign to close the remaining gap – and indeed – it did close. The Matching Gift Campaign exceeded our expectations by bringing in \$85,885.00 overall. This made a significant difference for us and prevented us from needing to dip into Emergency Funds in 2019.

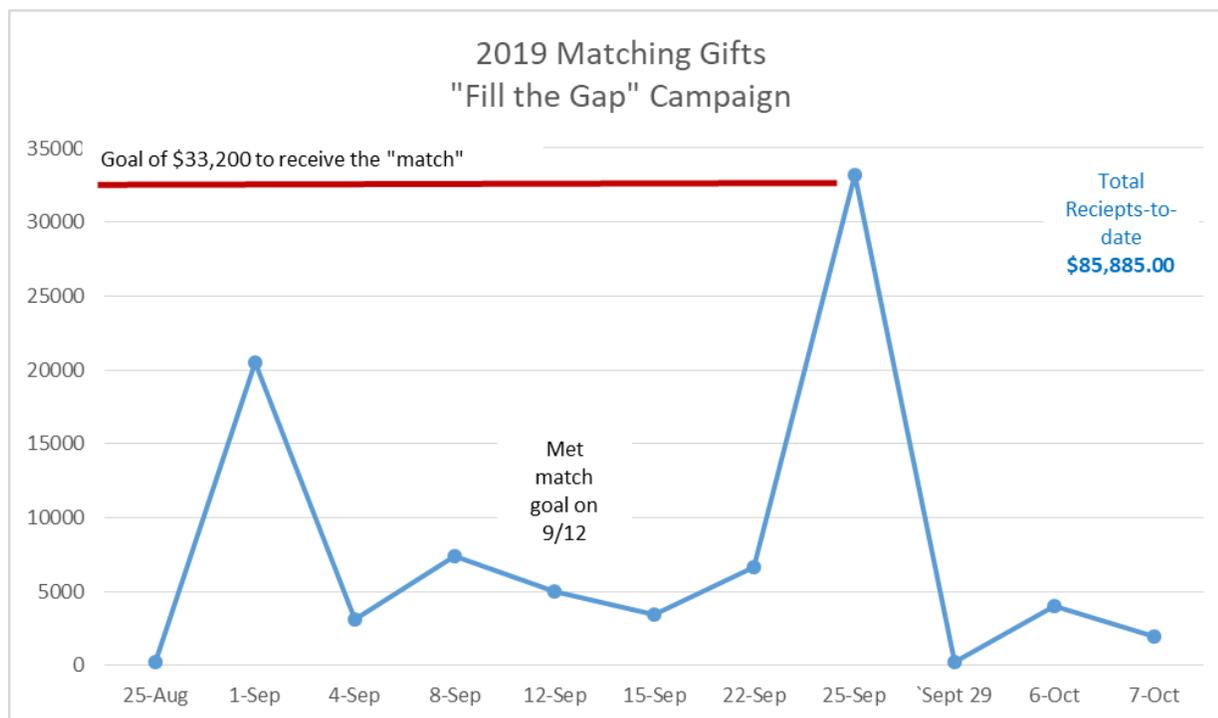


Figure 2: Matching Gift Campaign Results

While the response to the matching gift campaign was fantastic, we knew that budget expectations for year-end ramped up. We are happy to report that even with operational giving in December coming in below budget, we were able to keep our Emergency funds untouched.

## 5. FINANCIAL DATA

The overview of our ending Financial Statement for 2019 is below. Please note the following:

- The Emergency Funds (Rainy-day) and other funds were built into the income budget line. That accounts for \$221,402.34 of missed expectations for our income.
- The total budget including Emergency (Rainy-day) funds was \$2,012,560.01.
- We received less than expected revenue in Facility Use and in Weddings/Funerals primarily because of the carpet install over the summer months in 2019.
- Our Thanksgiving/Christmas Offerings were below budget expectations by \$67,685.13.
- Expenses overall were below expectation in every category with the exception of Building Operations and Maintenance. A contract with a new maintenance vendor in June 2019 was a primary factor in increased spending in this category and exceeded original budget estimates by \$21,036.73. This has been noted and a mitigation plan for 2020 is in place.

Category	Actuals 2018	Actuals 2019	% OF CHANGE
TOTAL TRINITY UMC INCOME	\$ 1,891,308.50	\$ 1,728,442.34	▼ -9%
EXPENSE - PROGRAM NURTURE	\$ 101,094.82	\$ 74,495.55	▼ -26%
EXPENSE - PROGRAM OUTREACH	\$ 43,329.22	\$ 33,640.03	▼ -22%
EXPENSE - WITNESS MINISTRIES	\$ 89,692.63	\$ 87,092.78	▼ -3%
EXPENSE - OTHER	\$ 4,358.62	\$ 309.20	▼ -93%
TOTAL OPERATING EXPENSE	\$ 1,870,771.64	\$ 1,866,051.38	▼ 0%
TOTAL OVER/(UNDER) INCOME/EXP	\$ 20,537.86	\$ (137,609.04)	▼ -770%
BACKOUT ER FUND INCOME BUDGET	N/A	\$ 221,402.34	
CHRISTMAS MISSION GIVING		\$ (43,307.94)	
REVISED TOTAL OVER/UNDER INCOME/EXP	\$ 20,537.86	\$ 40,485.36	▲ 97%

Note: 1) Christmas giving to missions has not yet been paid. That will reduce the \$83,793.30 ending balance by \$(43,307.94) 2) To protect payroll in January and February, and as we begin to understand giving trends for 2020, we will transfer \$50,000.00 from Emergency funds into Operational Funds to maintain a two-cycle payroll balance in our checking account in January 2020.

Overall, we are pleased with being able to keep expenses relatively flat with 2018, even though we exceeded on the maintenance line item. We also believe that including emergency funds in the income line for the budget was confusing to manage and to explain for 2019 results. Therefore, the 2020 budget will not include emergency funds. This means that our income needs to increase through giving/facility fees and our expenses must remain at least flat. However, we do believe this aligns with our philosophy to be transparent and to only use emergency funds if/when absolutely needed.

## 6. LOOKING AHEAD INTO 2020

The Business Administration/Finance Team is excited about 2020. Some of our goals are listed below, and although we know that we need to remain flexible as changes always occur, we believe that we are taking the most feasible and practical steps to remain true to our guiding principles and remain strong stewards of the gifts that we receive.

### 2020 GOALS

- Complete RFP for Operations Maintenance vendors
- Upgrade phone vendor contracts
- Review vendor performance and cost for Payroll Services
- Review vendor performance and cost for Financial Reporting Services
- Find Cleaning Services vendor and sign contract
- Continue to simplify financial processes including month-end close, payroll, and actual vs. plan reporting to all ministry areas
- Move to accrual-based accounting from cash-basis
- Move toward more on-line invoicing/payments
- Document processes, practices and procedures
- Continue to work our newly published safety plan to help ensure security and safety for our congregation and church
- Upgrade and update office procedures and policies

We remain cautious in our 2020 budget planning because of the continued uncertainty within the United Methodist Church. Although a reconciliation plan has been proposed, there are many unknowns regarding what it could mean for our church budget.

Therefore, we are planning an expense budget that stays flat with expenses from 2019 and will modestly increase our income budget. We are also removing the emergency fund line items from our income budget primarily because we do not want to make an assumption that we will use them. We will retain the emergency funds and continue to modestly contribute to our emergency funds to ensure we truly have coverage, should we need it.

We will also make small investments on long-term safety and security. We have already invested in specialized water-based fire extinguishers and safety equipment to evacuate our children's areas, should we need to do that. There will also be additional small investments to increase awareness, training and readiness for church safety. Some of those investments include motion detector lighting and safety team training.

We will also continue to partner closely with the Finance Committee and with our congregation. We wish to be of service to you. If there are ways for us to increase our service level, we will take every opportunity to listen and put plans in place to meet or exceed your expectations.