

**COVID** certainly makes budgeting a wild ride! Our world is clearly in a state of rapid change. As always, the underlying assumptions used in any budget preparation have the potential to break or make that budget. As I wrote this time last year: “Everyone will have their own assumptions. Everyone will be right! And everyone will be wrong! Obviously, however, whatever assumptions we use must be fair and reasonable based on the best information we have to hand right now.” With this in mind, I’ve applied the following assumptions to prepare the Church’s Budget for the year ending 31<sup>st</sup> December 2022.

- (1) **COVID, COVID, COVID!**: 2022 will be **COVID-NORMAL**. No more ‘long’ Statewide lockdowns next year. 80% double vaccination targets will be achieved. State (and international) borders will re-open. People will be able to move around more freely. Business – especially retail – will bounce back strongly. Education will return to face-to-face learning. Most importantly, I’ve assumed Church worship will return to normal – perhaps with some density limit restrictions to start with!
- (2) **WARREN CLARK BEQUEST**: The brutal reality is the Church’s operational income is basically stagnant and this trend is unlikely to reverse in the foreseeable future. This means, the Church is highly dependant on the Warren Clark Bequest to provide it with the cash flow necessary to support the model we currently enjoy. As we all know, COVID smashed world stock markets back in March 2021 but these markets have since bounced back incredibly strongly and currently many stock indexes are close to all-time highs. Warren Clark provided distributions totalling \$265,786 for the 2020 calendar year. This year, distributions are tracking towards a similar amount. Over recent weeks ASX company dividend payouts have been very favourable and we should expect this situation will flow through to improved Warren Clark distributions next year. As always, our quarterly Warren Clark distributions are eagerly anticipated and if improved distributions aren’t forthcoming early next year this will put the Church’s cash flow under considerable strain.
- (3) **OFFERING INCOME**: TUC is blessed by a faithful and generous congregation. Offering income has held up remarkably well over the 2021 calendar year despite the Church having another hugely disrupted year. Hopefully, with the return to face-to-face worship next year, we’ll see offering income holding-up again next year. The Retiring Offering continues to track favourably versus recent years as this type of giving clearly resonates with many. As previously reported, however, offering income will continue to trend downward in the years ahead given the size and nature of our congregation.
- (4) **UAT/KINROSS**: The appointment of a new UAT/Kinross Manager early next year will be critical as UAT/Kinross emerges from another hugely disruptive COVID year. Fortunately, occupancy of the various Kinross studios remains relatively stable and vacancies, as they arise, are promptly filled. The Church’s 2022 Budget has been prepared with a \$12,000 deficit for UAT/Kinross next year. This figure has been reached with help from Chris Begg (Treasurer - UAT/Kinross) who has done separate budgeting for UAT/Kinross for the 2022 calendar year.

- (5) **DANCE CLASSES:** Lin Cooper, our Dance Class Co-ordinator, has worked tirelessly to make Dance Classes happen this year. 1<sup>st</sup> Semester happened with only the last week of classes cancelled due to Lockdown v5. 2<sup>nd</sup> Semester, unfortunately, was cancelled completely due to Lockdown v6. We tried our best but COVID had other plans! The 2022 Budget has been prepared based on Dance Classes resuming next year. Demand is strong and we expect the students will come – 320 x students @ \$210 each (incl. GST) + formal @ \$50 each (incl. GST). Note, pre-COVID we've had close to 400 x students enrolled in Dance Classes so 320 x students is very achievable.
- (6) **WEDDINGS & FUNERALS:** 12 weddings and 6 funerals next year. Weddings \$2,500 each. Funerals \$1,500 each.
- (7) **WAGES & SALARIES:** With Rev. Chris Page retiring, effective 31<sup>st</sup> August 2021, the 2021 Forecast for the Operational Expenditure line 'Ministerial and Pastoral Care' is calculated based on 8-months ministerial stipend. And the 2022 Budget for this line has been prepared based on our new Minister joining us effective 1<sup>st</sup> April 2022. Of course, time will tell what happens here! Otherwise, all Wages & Salaries include a 2% CPI buffer for the 2022 year.
- (8) **JOBKEEPER:** JobKeeper rescued the Church's bottom line during the worst of the COVID crisis. Last year, JobKeeper subsidised the Church's payroll by \$118,063. The 2021 Forecast is estimated to be \$58,000. JobKeeper finished effective 28<sup>th</sup> March 2022. Going forward, the Church must fund payroll from current cashflows.
- (9) **MISSION & SERVICE:** Port Phillip East Presbytery is seeking \$93,252 for Mission & Service for the 2022 year and this figure is included in the 2022 Budget (2021, \$92,328).
- (10) **REPAIRS & MAINTENANCE (R&M):** COVID forced a pause on all non-essential R&M projects across 603 Toorak Road since March 2021. Expect a back-log of R&M projects will require attention during the 2022 year as we emerge from COVID and the Church campus resumes normal activity.
- (11) **CONTINGENCY:** The 2022 Budget contains a \$20,000 Contingency consistent with the 2020 and 2021 years. It is important to mention, this treatment is for budgetary purposes only and does not impact the year-end financial statements in any way.
- (12) **ROUNDING:** All figures are rounded to the nearest \$1,000.

The **BOTTOM LINE** of the attached **2022 BUDGET** shows a **\$12,000 SURPLUS**. Please understand this outcome will be highly dependent on actual Warren Clark distributions and the timing of our new Minister's appointment.

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Treasurer – Toorak Uniting Church