

Dear Friends in Ministry,

As we close the books on the 2024–2025 fiscal year, we want to share a financial update with both gratitude and transparency. Our work as a church this year reflects deep generosity, faithful stewardship, and a continued commitment to grow into financial health.

A Major Milestone: Mortgage Reduction

Thanks to the sale of the *House of Tools*, we were able to make a one-time \$518,000 payment toward the mortgage. This is in addition to ongoing contributions from the FORWARD campaign. As a result, our mortgage is now down to \$2.4 million, and we have already met the campaign goal—nine months ahead of schedule. At the beginning of the FORWARD campaign, our mortgage was at \$5.18 million. As people fulfill their campaign pledges, we hope to bring the debt down to \$2 million or less.

Because we are currently paying interest-only through March 2026, every dollar we reduce from the principal reduces future interest payments. In fact, our debt payments from the operations budget have decreased 43% over the last two budget cycles, freeing up nearly \$75,000 to support ministry and mission.

Progress Toward a Balanced Budget

Achieving a balanced budget remains one of our key goals. This year, we had budgeted for a \$24,746 deficit and ended the year with a \$108,621 deficit. While this is not where we hoped to land, it's a manageable gap and reflects a mix of trends rather than any single issue.

It's worth noting that last year's deficit was \$97,237—a difference of \$11,384 year over year. While we hoped to see that number move in the other direction, we are building from a stronger place each year and adjusting accordingly. The 25/26 FY budget can be found online.

Revenue: Steady and Strong in Many Areas

We received 98% of our projected revenue. Pledged giving exceeded expectations by \$43,605 and even surpassed last year's total. Thank you to everyone who gave so faithfully.

Unpledged giving, however, came in below projections. We anticipated \$586,000 and received \$520,949. This category is historically the hardest to predict, and the Finance Committee has responded by budgeting it conservatively in the new cycle.

Expenses: Strategic Stewardship Amid Challenges

Our total expenses ended the year at 2.48% above budget, despite strong cost controls in staffing and programming. We met—and in some cases exceeded—our commitments to missions and paid our full apportionments.

The overage primarily came from operating expenses. While we made some progress in reducing costs (e.g., new nonprofit licensing for software), other planned savings (e.g., phone and copier contracts) couldn't be implemented until the new fiscal cycle.

A major contributing factor was utility costs, which rose from \$86,971 to \$102,752 year-over-year. The most significant reason for the increase is that the Town of Apex increased electric and water rates by 14%, with another 4% increase announced—both of which have now been factored into future budgets.

To plan better for these types of situations, a professional facilities audit is scheduled later this year. This will help the Trustees project long-term maintenance costs and prioritize upgrades.

Looking Ahead: A One-Time Boost & A Culture of Stewardship

Another positive development: AUMC is in the process of receiving funds from the Employee Retention Credit (ERC), part of the federal CARES Act. We anticipate around \$380,000 from this credit, which will be allocated with care and vision by the Finance Committee and Church Council.

In all of this, we are grateful. Our stewardship campaign, Journey of a Dollar, received \$1,328,520 in pledges from 258 households. This represents a 10% increase in giving compared to last year's campaign, and a 20% increase in the number of households participating in the campaign. Forty-nine of those households pledged for the very first time. Your faithfulness sustains the ministries of AUMC—from weekly worship to life-changing mission work.

As we look ahead, we do so with a deep sense of hope. We are reducing debt, resourcing ministry, and faithfully navigating challenges together.

Thank you for your generosity and your trust.

With gratitude,

Laura Katherine Stern, Senior Pastor

Tara Kupselaitis, Finance Committee Chairperson