

Treasurer's Report

First Covenant Church of Oakland
Annual Meeting - June 14th, 2026

FCC's current fiscal year (FY2026) runs from 9/1/2025-8/31/2026.

Executive Summary

- FCC is projected to end FY2026 with approximately **\$600,000 in undesignated reserves**.
- The FY2027 budget anticipates drawing down reserves by approximately **\$195,000**, a significant reduction from the roughly **\$640,000** reserve draw in the current year budget.
- FY2026 congregational giving is currently trending slightly above budget, which would be the first time since 2019 that FCC has met its giving target. Following an early spring giving campaign, we have seen an encouraging increase in recurring giving.

Financial Overview

The proposed FY2027 budget significantly reduces the amount of savings needed to support operations, extending the time available to continue balancing income and expenses.

Several initiatives are helping reduce the amount of savings needed each year. For example, the Rockstar Volleyball Ministry is projected to contribute approximately \$40,000 of net income in FY2027.

FCC expects to receive approximately \$100,000 in one-time funds related to tax credits from the completed solar project. While helpful for cash flow, these funds are non-recurring and do not reduce the ongoing gap between recurring income and expenses.

While giving has improved, total operating expenses still exceed recurring income by a significant amount. The proposed FY2027 budget continues efforts to close that gap through expense reductions, ministry income, and ongoing stewardship initiatives.

Looking Ahead to FY2027

The proposed FY2027 budget anticipates drawing approximately \$195,000 from our undesignated reserve balance:

- **\$10,000** allocated toward capital projects, which is a significant decrease from the prior years. The Budget Committee and Facilities Board worked together to assess whether there were any urgent capital needs anticipated in the coming year. With the major projects of HVAC and Solar being completed in the past year, it was determined there is no pressing need for capital expenditures in the budget proposal.
- **\$185,000** to cover expected shortfall for operating expenses in the upcoming year. While this represents substantial improvement from prior years, the Church Board will need to continue monitoring income and expenses closely.
- Based on current projections, FCC has sufficient savings balance to support operations for approximately three years if income, expenses, and savings usage remain similar to current projections. The Church Board will continue to work toward reducing the reliance on savings and improving long-term sustainability.

Included reports:

1. Reserve Summary Projection for August 2026
2. Undesignated Reserve Projection for August 2026

Respectfully Submitted,
Zoë Barfield, Treasurer