

## Pacific Southwest District 2023 Operating Budget and Church Planting Support Budget, and 2024 Operating Expense Maximum

In the pages that follow you will find the proposed 2023 PSWD Operating Budget, the 2023 Church Planting Support Budget, and the recommended 2024 Operating Expense Maximum from the Policy Board. The Policy Board took time at their April meeting to review the income and expenses of the last several years and they reaffirmed the decision of the 2016 Policy Board to work to keep the annual operating deficits at or below \$300,000. The expectation is that over the flow of the years the earnings on our investments will be significant enough to cover the deficit and also increase the asset base.

The District overall is in a good financial position. Investments we hold at with Eder Organizational Investing (formerly the Brethren Foundation) are still over \$4 million at the time of this report and while 2022 has been a tough year for the financial markets, over the last several years we are producing growth that exceeds the deficit reflected in the operating budget. This provides the resources needed for us to carry out the ministry and program that is the work of the Pacific Southwest District.

### 2023 PSWD Operating Budget

In the spreadsheets that follow is the proposed 2023 District Operating Budget. The Policy Board is recommending a budget expense of \$459,191. This is a decrease of \$12,000 from the 2022 District Operating Budget, and \$19,000 less than the 2023 Operating Expense Maximum set at last year's District Conference.

In this budget are salary increases for staff that follow the denominational COLA recommendations, as well as anticipated increases to health insurance. The most significant reduction in cost for the budget comes in the cost of personnel and is the result of two changes: ending the District Youth Advisor position, and the change in the Administrative Assistant position with Joe Vecchio's retirement.

### 2023 District Operating Budget Notes

#### ***Commitments***

Ministry Partnership Funds – Key in this area are funds to support vital ministry in communities whose mission is with those who are on the economic margins. This is where the highest portion of this budget is expended. \$45,000 is marked for this work in 2023.

District Empowering Ministry – We are seeing a savings in budget of \$8000 here as we continue to mix physically gathered meetings with hybrid or virtual gatherings. Commitments to building funds for the 2026 Youth Conference and money to support activities for youth, even in this time of transition, are included.

Congregational Mission and Transition Support – The work of our District staff represented in the Operating Ministry portion of the budget plays key roles in helping congregations in connecting to resources, supporting Boards and pastors, and working with congregations in pastoral transitions or evaluating future steps in ministry. Funds here also support the training of our Spanish speaking pastoral leaders.

Youth Ministry – While there is no funding for a District Youth Advisor in 2023, there is money through the Ministry & Improvement Fund to support the work of individual congregations in their work with youth. The district is bringing together a group from across the district to discuss how to best support churches and their youth at a district level. This conversation will be an active one with that group and the Policy Board in 2023 and may result in budget changes for 2024 and forward.

### 2023 Church Planting Support Budget

The Policy Board set aside the funds (approximately \$123,000) from the sale of the New Harvest Lindsay church property and the Ministry & Improvement Fund approved at District Conference 2019 included \$225,000 to be used for Church Planting Support. The funds from Lindsay were used up in early 2022, and the Ministry & Improvement Fund resources started to be used. The Policy Board is recommending a 2023 budget of \$78,180 across the four church plants that are in operation.

**Action Item:** The Policy Board recommends to the District Conference the adoption of the 2023 Operating Budget and the 2023 Church Planting Support Budget as presented.

### 2024 Operating Expense Maximum

The recommendation for 2023 of \$478,000 is a \$19,000 increase over the 2023 budget. The Board will work hard to keep focused on priorities and to bring back a strong plan that prioritizes needs and works to be fiscally responsible.

**Action Item:** The Policy Board recommends to the District Conference that the expense maximum for the 2024 Operating Budget be \$478,000.

#### Pacific Southwest District Church of the Brethren Income & Expense Summary - Proposed 2023 Budget

		2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2023 Proposed
Contributions Income	4100	29,222	37,496	29,527	26,317	34,400	34,400
Interest and Other Income	4200	107,784	81,290	89,690	91,905	153,100	118,850
Participation Income	4600	21,983	39,136	2,713	10,118	16,100	12,100
<b>Total Operating Income</b>		158,989	157,922	121,930	128,340	203,600	165,350
Congregational Development Ministry	5005	36,540	30256	49,108	32,251	46,500	46,750
Pastoral Leadership & Support	5300	31,014	32685	8,641	23,096	28,200	28,800
District Empowering Ministry	5500	63,922	68871	19,366	10,802	42,600	34,250
Partnership & Property Ministry	5700	42,708	54854	10,501	18,156	18,250	17,900
Service Ministries	6300	5,471	6434	0	5,822	6,500	6,800
District Operating Ministry	6500	296,880	296429	293,132	334,696	329,671	324,691
<b>Total Operating Expenses</b>		476,535	489530	380,748	424,823	471,721	459,191
<b>Operating Deficit</b>		-317,546	-331,608	-258,818	-296,483	-268,121	-293,841

# Budget

# Exhibit C

PACIFIC SOUTHWEST DISTRICT OF THE CHURCH OF THE BRETHREN												
2016-2022, District Budget Overview												
Power Church Report Levels					PC	2017	2018	2019	2020	2021	2022	2023
1	2	3	4		Line #	Actual	Actual	Actual	Actual	Actual	Budget	Proposed
INCOME					4000							
MINISTRY INCOME					4010							
CONTRIBUTIONS INCOME					4100							
				Individuals	4110	1,667	838	2,610	2,790	2,077	2,100	2,100
				Congregations	4120	30,520	27,714	32,471	26,637	24,240	32,000	32,000
				Church Closure Contritribution	4125	0	0	0	0	0	0	0
				Groups	4126	100	0	0	0	0	0	0
				Subtotal Temp Restricted Income	4700	2,087	0	0	0	0	0	0
				CDS Children's Disaster Rapid Response	4135	0	670	416	100	0	300	300
				Other Income	4140	475	0	2,000	0	0	0	0
Subtotal Contributions Inc.					4100	34,849	29,222	37,496	29,527	26,317	34,400	34,400
INVESTMENT INCOME					4200							
				CHECKING/MONEY MKT INCOME	4210	1	0	11,216	25,162	6,336	18,000	3,300
				NOTES REC. INTEREST/FEES	4301	72,326	107,784	66,908	34,309	31,453	74,800	55,100
				Investment Property Income	4400	0	0	0	30,000	30,000	30,000	30,000
				MISC. INCOME	4550	27,923	0	3,165	220	24,116	30,300	30,450
Subtotal Investment Income					4200	100,250	107,784	81,290	89,690	91,905	153,100	118,850
PARTICIPATION INCOME					4600							
				DIST CONF INCOME	4610	12,002	14,962	34,969	1,850	6,075	10,000	9,000
				EVENTS INCOME	4630	3,335	7,021	4,167	863	4,043	6,100	3,100
Subtotal Participation Income					4600	15,337	21,983	39,136	2,713	10,118	16,100	12,100
TOTAL INCOME						150,436	158,989	157,922	121,930	128,340	203,600	165,350
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