

HISTORY AND PROJECTION OF INCOME AND EXPENSE
CORE MINISTRIES
(\$000'S) Omitted

	ACTUAL 2015	ACTUAL 2016	ACTUAL 2017	ACTUAL 2018	ACTUAL 2019	ACTUAL 2020	BUDGET 2021	PROJECTED 2022	PROJECTED 2023	PROJECTED 2024
-----INCOME-----										
Donation Income										
Congregational Giving	\$2,056	\$2,064	\$2,026	\$1,892	\$1,764	\$1,683	\$ 1,764	\$1,611	\$1,541	\$1,475
Direct Gifts from Individuals	557	465	522	477	533	574	533	582	591	599
Annual Conference Offerings	12	27	26	16	12	-	12	12	12	12
Investment Income										
Service Fees and Other Income/(Expense)	222	174	144	146	100	145	100	150	150	150
Savings Transfer		263	294	323	341	469	487	493	549	580
Bequest Quasi-Endowment Transfer	1,123	1,135	1,148	1,060	912	783	749	782	754	736
Endowment Transfer	293	302	311	320	314	390	400	405	434	456
BSC Quasi-Endowment Transfer				512	319	283	281	286	245	250
Gahagen Trust	148	148	148	148	148	148	148	148	148	148
Ministry Enablement Contrib/BP Gross Sales Contrib			261	267	311	192	313	281	281	281
Use of Designated Funds	-	-	366	-	35	-	140	233	-	-
TOTAL INCOME	\$4,411	\$4,578	\$5,246	\$5,161	\$4,789	\$4,667	\$4,927	\$4,983	\$4,705	\$4,687
-----EXPENSES-----										
Program and Ministry Oversight	\$4,949	\$4,718	\$5,037	\$5,052	\$4,775	\$4,539	\$4,969	\$4,927	\$4,983	\$5,057
Expense Reduction (Net)							(81)	(42)		
Projected Salary & Benefit Cost Increases							-	54	27	28
Projected Medical Insurance Cost Increases							39	44	47	51
TOTAL EXPENSES	\$4,949	\$4,718	\$5,037	\$5,052	\$4,775	\$4,539	\$4,927	\$4,983	\$5,057	\$5,136
NET INCOME/(EXPENSE)	(\$538)	(\$140)	\$209	\$109	\$14	\$128	\$0	(\$0)	(\$352)	(\$449)
NET ASSETS (NET WORTH)	\$1,505	\$1,365	\$1,574	\$1,683	\$1,697	\$1,825	\$1,825	\$1,825	\$1,473	\$1,025

Bequest Quasi-Endowment balance	\$5,047	\$4,780	\$4,590	\$3,848	\$4,755	\$5,013	\$4,536	\$4,025	\$3,306	\$2,609
Endowment Fund balance	\$7,567	\$7,571	\$8,168	\$7,397	\$8,332	\$8,999	\$9,213	\$9,441	\$9,657	\$9,868
Savings balance	\$9,265	\$8,710	\$9,113	\$8,713	\$11,076	\$11,653	\$11,709	\$11,768	\$11,782	\$11,770
BSC Quasi-Endowment balance	-	-	\$3,937	\$3,153	\$3,516	\$3,697	\$3,616	\$3,529	\$3,481	\$3,425
Bequest Quasi-Endowment 5-year average	\$7,489	\$7,094	\$6,755	\$6,239	\$5,366	\$4,604	\$4,597	\$4,597	\$4,435	\$4,327
Endowment Fund balance 5-year average	\$7,328	\$7,562	\$7,790	\$8,008	\$7,860	\$7,807	\$8,093	\$8,093	\$8,676	\$9,128
Savings 5-year average	\$5,628	\$6,537	\$7,338	\$8,076	\$8,528	\$9,375	\$9,853	\$9,853	\$10,984	\$11,597
BSC Quasi-Endowment 5-year average	-	-	\$3,937	\$3,937	\$3,545	\$3,535	\$3,576	\$3,576	\$3,502	\$3,568
COL increase	1.5%	1.5%	1.5%	1.5%	1.0%	1.0%	0.0%	2.0%	1.0%	1.0%
Projected % Increase in Insurance - active employees	12.0%	12.0%	12.0%	12.0%	0.0%	4.0%	3.9%	8.0%	8.0%	8.0%

**CORE MINISTRIES 2022 PROJECTIONS
 CHURCH OF THE BRETHREN**

Use this exhibit for assistance in understanding the exhibit titled “History and Projection of Income and Expense: Core Ministries”.

Budget Parameters 2015 to 2022		
BUDGET YEAR	ACTION	DATE APPROVED
2015	Budget Parameter of \$4,893,000.	July 2014
2016	Budget Parameter of \$4,814,000.	July 2015
2017	Budget Parameter of \$5,352,000.	June 2016
2017	Revised budget parameter of \$5,192,000. In reviewing the parameter approved in June, it was determined that \$5,352,000 was not needed.	October 2016
2018	Budget Parameter of \$5,192,000.	June 2017
2019	Budget Parameter of \$5,171,000.	July 2018
2019	Revised income budget parameter of \$5,167,000 and expense budget of \$5,148,690 resulting in a net income budget of \$18,310.	October 2018
2020	Budget parameter of \$4,969,000.	July 2019
2020	Revised income budget parameter of \$4,522,040 and expense budget of \$4,629,150 resulting in a net expense budget of \$107,110.	July 2020
2021	Budget parameter of \$4,927,000.	July 2020
2022	Budget parameter of \$4,983,000.	TBD

RATIONALE:	2022 PROJECTION:
<p><u>Congregational Giving:</u> Congregational giving to Core Ministries is budgeted at \$1,611,000 for 2022. This is based on a 10-year giving trend of approximately 4% decline per year and represents a decrease of \$153,000 from the 2021 budgeted amount of \$1,764,000.</p>	\$1,611,000
<p><u>Direct Gifts from Individuals:</u> Direct gifts from individuals to Core Ministries is budgeted at \$582,000 for 2022. This is based on a 10-year giving trend of approximately 1.45% increase per year and represents an increase of \$49,000 from the 2021 budgeted amount of \$533,000.</p>	\$582,000
<p><u>Annual Conference Offerings:</u> Annual Conference offerings in support of Core Ministries are budgeted to be \$12,000 for 2022. This is consistent with the amount budgeted for 2021.</p>	\$12,000
<p><u>Service Fees & Other Income/(Expense):</u> The 2022 projected service fees & other income of \$150,000 is based on actual results in recent years. Income includes a service fee rebate from the Brethren Foundation, which has increased as our investment balances continue to grow, and other miscellaneous overhead income/(expense).</p>	\$150,000
<p><u>Savings Transfer:</u> The 5% draw on the five-year average balance of the Savings Fund is projected to be \$487,000 for 2021. For 2022, the percentage draw is projected to remain at 5% with income increasing to \$493,000. If cash flow issues require additional transfers from the Savings Fund, projections may not be realized at this level.</p>	\$493,000
<p><u>Bequest Quasi-Endowment Transfer (<i>monies set aside whose investment and use is directed by the Board</i>):</u> The 17% draw on the five-year average balance of the Bequest Quasi-Endowment is projected to be \$749,000 for 2021. For 2022, the percentage draw is projected to remain at 17% with income increasing to \$782,000.</p>	\$782,000
<p><u>Endowment Transfer (<i>monies permanently restricted by donors - only income from invested funds may be used</i>):</u> The 5% draw on the five-year average balance of the Endowment Fund is projected to be \$400,000 for 2021. For 2022, the percentage draw is projected to remain at 5% with the income increasing to \$405,000.</p>	\$405,000

RATIONALE:	2022 PROJECTION:
<p><u>Brethren Service Center Quasi-Endowment Transfer (<i>monies set aside whose investment and use is directed by the Board</i>):</u> The 8% draw on the five-year average balance of the Brethren Service Center Quasi-Endowment is projected to be \$281,000 for 2021. For 2022, the percentage draw is projected to remain at 8% with income increasing to \$286,000.</p>	\$286,000
<p><u>Gahagen Trust:</u> The 2021 budgeted income of \$148,000 comes from the Zella Gahagen Trust quarterly distributions. For 2022, the annual distribution amount is projected to remain the same.</p>	\$148,000
<p><u>Ministry Enablement Contribution and Brethren Press Gross Sales Contribution:</u> The 2021 budget for this income category is based on 9% of the five-year average of contributions to the Emergency Disaster Fund, Global Food Initiative Fund, and other restricted funds, along with 9% of the gross sales from Brethren Press. The 2021 budgeted total is \$313,000. For 2022, the projected amount is reduced to \$281,000. If donations and other contributions do not reach budgeted levels, the Ministry Enablement Contribution amount will be affected as well.</p>	\$281,000
<p><u>Use of Designated Funds:</u> For 2021, we are planning to draw \$140,000 from Designated Funds. For 2022, \$233,000 is budgeted. This increase was needed to balance the 2022 budget and will be at least partially covered by funds set aside from the 2020 Core Ministries surplus.</p>	\$ 233,000
<p><u>Total Income Projection:</u> This is the recommended budget parameter for Core Ministries for 2022.</p>	<u>\$4,983,000</u>
<p><u>NOTE:</u> The Expense section is provided for illustrative purposes. Specific budgetary decisions will be made by staff to meet the income parameter approved by the Board. Brief descriptions of these items follow.</p>	

RATIONALE:	2022 PROJECTION:
<p><u>Program and Ministry Oversight (organizational base):</u> The organizational base expands from projected cost increases each year and is reduced by making on-going budget reductions. For 2021, the organizational base budget amount is \$4,927,000. The 2022 expense budget will be adjusted from this amount.</p>	\$4,927,000
<p><u>Reduction in Expenses (Net):</u> This projected reduction is a combination of moving Brethren Press staff salary out of Core Ministries and a decrease in rental income due to Brethren Benefit Trust's planned occupancy reduction.</p>	(\$42,000)
<p><u>Projected Salary & Benefit Cost Increases:</u> For 2022, there is an assumed 2% increase in hourly wages, salaries, and benefits (other than medical insurance), resulting in a \$54,000 increase over 2021.</p>	\$54,000
<p><u>Projected Medical Insurance Cost Increases:</u> Medical insurance cost increases for 2022 are projected to be \$44,000. This represents a projected increase of 8%.</p>	\$44,000
<p><u>Net Surplus or (Deficit):</u> Each year shows net income or expense. This proposal shows a balanced budget in 2022.</p>	\$0
<p><u>Net Assets (Net Worth) - (The value of what we own less what we owe to others):</u> If actual results are as budgeted in 2021, the budgeted 2022 net asset balance would remain the same.</p>	\$1,825,000