

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

	ACTUAL 2020	ACTUAL 2021	ACTUAL 2022	ACTUAL 2023	ACTUAL 2024	ACTUAL 2025	BUDGET 2026	PROJECTED 2027	PROJECTED 2028	PROJECTED 2029
-----INCOME-----										
Donation Income										
Congregational Giving	\$1,683	\$1,594	\$1,548	\$1,502	\$1,467	\$1,350	\$1,413	\$1,288	\$1,229	\$1,173
Direct Gifts from Individuals	574	700	700	638	669	677	687	709	742	777
Annual Conference Offerings	-	10	11	14	17	16	12	12	12	12
Investment Income										
Service Fees and Other Income/(Expense)	145	133	297	147	172	208	160	160	160	160
Savings Transfer	469	5%	492	5%	541	5%	559	5%	587	5%
Bequest Quasi-Endowment Transfer	783	17%	781	17%	877	17%	1,042	19%	1,182	19%
Endowment Transfer	390	5%	405	5%	423	5%	417	5%	422	5%
BSC Quasi-Endowment Transfer	283	8%	286	7%	254	7%	240	7%	273	8%
Gahagen Trust	148	148	148	148	148	148	148	148	148	148
Ministry Enablement Contribution	192	254	252	222	219	288	218	322	322	322
Use of Designated Funds	-	-	-	186	200	125	150	-	-	-
TOTAL INCOME	\$4,667	\$4,803	\$5,051	\$5,115	\$5,356	\$5,389	\$5,453	\$5,167	\$5,194	\$5,078
-----EXPENSES-----										
Program and Ministry Oversight	\$4,539	\$4,591	\$4,890	\$5,165	\$5,391	5,528	5,453	\$5,453	\$5,211	\$5,322
Expense Increase/(Reduction) (Net)								(165)		
Projected Salary & Benefit Cost Increases								63	64	65
Projected Medical Insurance Cost Increases								(140)	47	51
TOTAL EXPENSES	\$4,539	\$4,591	\$4,890	\$5,165	\$5,391	\$5,528	\$5,453	\$5,211	\$5,322	\$5,438
NET INCOME/(EXPENSE)	\$128	\$212	\$161	(\$50)	(\$35)	(\$139)	(\$0)	(\$44)	(\$128)	(\$360)
NET ASSETS (NET WORTH)	\$1,825	\$2,037	\$2,198	\$2,148	\$2,113	\$1,974	\$1,974	\$1,930	\$1,802	\$1,442

Bequest Quasi-Endowment balance	\$5,013	\$7,582	\$6,239	\$7,510	\$7,868	\$7,356	\$6,318	\$5,335	\$4,240	\$3,177
Endowment Fund balance	\$8,999	\$9,408	\$7,576	\$7,895	\$7,837	\$7,909	\$8,054	\$8,220	\$8,393	\$8,573
Savings balance	\$11,653	\$13,584	\$10,848	\$11,549	\$11,286	\$12,363	\$12,361	\$12,370	\$12,370	\$12,362
BSC Quasi-Endowment balance	\$3,697	\$3,847	\$2,950	\$3,086	\$3,051	\$3,073	\$2,835	\$2,783	\$2,727	\$2,672
Bequest Quasi-Endowment 5-year average	\$4,604	\$4,597	\$5,158	\$5,487	\$6,220	\$6,842	\$7,311	\$7,058	\$7,263	\$6,719
Endowment Fund balance 5-year average	\$7,807	\$8,093	\$8,461	\$8,342	\$8,442	\$8,343	\$8,125	\$7,854	\$7,924	\$8,005
Savings 5-year average	\$9,375	\$9,853	\$10,828	\$11,175	\$11,742	\$11,784	\$11,926	\$11,681	\$11,890	\$12,095
BSC Quasi-Endowment 5-year average	\$3,535	\$3,455	\$3,687	\$3,433	\$3,419	\$3,326	\$3,201	\$2,999	\$3,011	\$2,936
COL increase	1.0%	0.0%	2.0%	3.0%	2.0%	2.5%	1.0%	2.0%	2.0%	2.0%
Projected % Increase in Insurance - active employees	4.0%	8.0%	8.0%	6.0%	5.0%	15.4%	0%	-19.3%	8.0%	8.0%

**CORE MINISTRIES BUDGET PARAMETERS
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 2020 to 2027		
BUDGET YEAR	ACTION	DATE APPROVED
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.	October 2019
2021	Budget parameter of \$4,927,000.	July 2020
2022	Budget parameter of \$4,959,000.	July 2021
2023	Budget parameter of \$5,217,000.	July 2022
2023	Revised budget parameter of \$5,336,000.	October 2022
2024	Budget parameter of \$5,442,000.	July 2023
2024	Revised income budget parameter of \$5,507,000 and expense budget of \$5,546,120 resulting in a net expense budget of \$39,210.	October 2023
2025	Income budget parameter of \$5,133,000 and expense budget of \$5,662,000 resulting in a net expense budget of \$529,000.	July 2024
2025	Revised income budget parameter of \$5,291,000 and expense budget of \$5,311,720 resulting in a net expense budget of \$20,720.	December 2024
2026	Income budget parameter of \$5,453,000 and expense budget of \$5,555,000 resulting in a net expense budget of \$102,000.	July 2025
2026	Revised expense budget of \$5,453,260 resulting in a net expense budget of \$260.	November 2025
2027	Income budget parameter of \$5,167,000 and expense budget of \$5,211,000 resulting in a net expense budget of \$44,000.	June 2026

RATIONALE:	2027 PROJECTION:
<p><u>Congregational Giving:</u> Congregational giving to Core Ministries is budgeted at \$1,288,000 for 2027. This is based on a 10-year giving trend of approximately 4.59% decline per year and represents a decrease of \$125,000 from the 2026 budgeted amount of \$1,413,000.</p>	\$1,288,000
<p><u>Direct Gifts from Individuals:</u> Direct gifts from individuals to Core Ministries is budgeted at \$709,000 for 2027. This is based on a 10-year giving trend of approximately 4.69% increase per year and represents an increase of \$22,000 from the 2026 budgeted amount of \$687,000.</p>	\$709,000
<p><u>Annual Conference Offerings:</u> Annual Conference offerings in support of Core Ministries are budgeted to be \$12,000 for 2027. This is consistent with the amount budgeted for 2026.</p>	\$12,000
<p><u>Service Fees & Other Income/(Expense):</u> The 2027 projected service fees & other income of \$160,000 is consistent with the amount budgeted for 2026. Income includes a service fee rebate from Eder Financial and other miscellaneous overhead income/(expense).</p>	\$160,000
<p><u>Savings Transfer:</u> The 5% draw on the five-year average balance of the Savings Fund is projected to be \$585,000 for 2026. For 2027, the percentage draw is projected to remain at 5% with income decreasing slightly to \$584,000. If cash flow issues require additional transfers from the Savings Fund, projections may not be realized at this level.</p>	\$584,000
<p><u>Bequest Quasi-Endowment Transfer (monies set aside whose investment and use is directed by the Board):</u> A 20% draw on the five-year average balance of the Bequest Quasi-Endowment is projected to be \$1,450,000 for 2026, with the additional 1% providing some of the income lost with the closing of Material Resources. For 2027, the percentage draw is projected to drop back down to 19% with income decreasing to \$1,341,000.</p>	\$1,341,000
<p><u>Endowment Transfer (monies permanently restricted by donors - only income from invested funds may be used):</u> The 5% draw on the five-year average balance of the Endowment Fund is projected to be \$407,000 for 2026. For 2027, the percentage draw is projected to remain at 5% with the income decreasing to \$393,000.</p>	\$393,000

RATIONALE:	2027 PROJECTION:
<p><u>Brethren Service Center Quasi-Endowment Transfer (<i>monies set aside whose investment and use is directed by the Board</i>):</u> A 7% draw on the five-year average balance of the Brethren Service Center Quasi-Endowment is projected to be \$222,000 for 2026. For 2027, the percentage draw is to remain at 7% with income decreasing to \$210,000.</p>	\$210,000
<p><u>Gahagen Trust:</u> The 2026 budgeted income of \$148,000 comes from the Zella Gahagen Trust quarterly distributions. For 2027, the annual distribution amount is projected to remain the same.</p>	\$148,000
<p><u>Ministry Enablement Contribution:</u> The budget for this income category is based on 12% of the five-year average contributions to the Emergency Disaster Fund, Global Food Initiative Fund, and other restricted funds. The 2026 budgeted total is \$218,000, based on 9% of the five-year average contributions. For 2027, the projected amount is \$322,000. If donations do not reach budgeted levels, the Ministry Enablement Contribution amount will be affected as well.</p>	\$322,000
<p><u>Total Income Projection:</u> This is the recommended budget parameter for Core Ministries for 2027.</p>	<u>\$5,167,000</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>	
<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 2026, the organizational base budget amount is \$5,453,000. The 2027 expense budget will be adjusted from this amount.</p>	\$5,453,000
<p><u>Expense Increase/(Reduction):</u> For 2027, there is a projected reduction of \$165,000 in Core Ministries' expense representing a net increase in rental income resulting from a new tenant at the Brethren Service Center, along with a decrease of rental income from Eder Financial at the Elgin offices.</p>	(\$165,000)
<p><u>Projected Salary & Benefit Cost Increases:</u> For 2027, there is an assumed 2% increase in hourly wages, salaries, and benefits (other than medical insurance), resulting in a \$30,000 increase from 2026.</p>	\$63,000

RATIONALE:	2027 PROJECTION:
<p><u>Projected Medical Insurance Cost Increases:</u> In 2027, medical insurance benefits will be provided by a new company. There will be a significant reduction in cost resulting in a decrease of approximately \$140,000 in expense.</p>	(\$140,000)
<p><u>Net Surplus or (Deficit):</u> Each year shows net income or expense. This proposal shows a (deficit) budget of (\$44,000) in 2027.</p>	(\$44,000)
<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 for 2026, the budgeted 2027 net asset balance would be \$1,930,000.</p>	\$1,930,000