

## **A Report to the St. Francis Community About Our 2023 Budget**

The Church Council, which is our governing body between Charge Conferences, has approved a budget for 2023. We want to share an overview of the decisions made and what those decisions will mean to our church community.

First a word about 2022. As you may know, if you've been present at a celebration or watched one online when we made a strong request for financial pledges for the coming year, 2022 was a very difficult year financially for St. Francis. Our income was lower than anticipated and our expenses higher. We ended with a significant deficit and while we were able to withstand it because of financial reserves we had on hand for a "rainy day" it is not a sustainable situation and so the 2023 budget meant making some tough choices in order to project a balanced budget for the next year so we don't end up in the red. We can't afford a similar rainy day again.

The response to the pledge campaign "Grace in Action" was very positive—we appreciate your financial commitments, quite often reflecting increases in what you plan to give over the year which gave us confidence that our projections should be more in line with the realities. We ended the campaign with commitments just over \$300,000. We're ever so grateful for that degree of generosity, knowing that there are others in our community to decline to make pledges, but give generously throughout the year. Please know your Church Council is grateful for your support.

Our goals that we agreed on in order to approve a budget included:

- To develop an income and spending plan for 2023 that would be in balance, utilizing reserve funds only as need and to end the year with a balance in the reserve.
- To plan for paying our full apportionment but to delay making payments until later in the year when the possibility and feasibility of doing so will be better understood.
- To revisit spending and income at the end of the first quarter (January through March) to evaluate the need for modifications and course corrections.

One of the realities of our situation is that our annual budget is just under \$600,000 which creates financial pressures because only half is already committed through pledges. Of course, we must ensure the other half comes through because we have cut and cut and cut expenses; the approved budget anticipates expenses at roughly \$600,000 for the year. And it is essential that our pledges are honored so we can count on those resources.

At the beginning of 2023, we still have a modest reserve fund on hand of about \$99,000. We cannot afford to deplete the full reserve in 2023 but we have come to terms with the fact that if we are on track with projected income and expenses, including full payment of our apportionment of \$76,623, we will need to tap into about \$59,000 of the current reserve.

As the year progresses, the Finance Committee and Church Council will be monitoring the situation carefully and modifying the plan as needed. We may not be able to pay our full UMC apportionment amount if the income is less than projected or if we experience unforeseen expenses related to our aging physical plant and extensive campus. On the other hand, if the picture is rosier, that may present an opportunity to keep the reserve balance as high as possible, pay the apportionment to the national church and/or reinstate any urgent areas where we previously made cuts.

To further explain the tough choices that we made as we worked through 14 versions of the proposed budget and what the consequences are:

1. First and foremost, the hardest decision was to cut back on staffing. We made the tough decision to lay off two people: the administrative assistant (Deborah Kramer) and music coordinator (Joe Pitonzo) as of the end of January. That decision was certainly not personal and not a reflection of the job those two individuals have been doing but a business decision about the personnel part of our budget which still accounts for more than half of our annual budget, at \$357,695, even after those two painful layoffs.

We've had a subsequent development, after approving the budget, in that a generous donor has contributed a new gift (not a re-directed pledge) underwriting the cost associated with keeping our music coordinator on board during February, March and April. That will provide some breathing room and allow the Raggedy Band to continue providing music during Celebrations for three more months. We're grateful for what that gift means and thank that donor for such a wonderful spirit of generosity that led to that gift.

Additionally, after approving the budget, a generous gift of \$15,000 was delivered to St. Francis by the International School for Peace (ISP) Advisory Board in thanks for St. Francis's support and guidance over the past 20 years. At the time the check was presented, appreciation for the office staff was expressed along with a preference that the gift be directed where it is most needed, and the hope that "these funds be allocated to support our wonderful and hardworking staff."

Consequently, the Church Council Executive Committee unanimously approved extending Deborah Kramer's employment to mirror Joe Pitonzo's with an additional three months of salary. This provides breathing room for decision-making at the end of the first quarter and gives others an opportunity to make additional gifts above and beyond what has already been pledged. We're deeply grateful to the ISP's Advisory Board and Director for the spirit of partnership that their gift represents.

We were not able to budget for staff raises. We also cut back on facilities staff hours and decided to forego hiring a bookkeeping service as we had planned at the outset of the budget building process.

One additional cost that isn't in the approved budget but we anticipate adding will be costs associated with a sound engineer's services for celebrations.

2. Second, the church office will only be open Monday through Thursday, allowing quiet time on Fridays for our reduced staff to concentrate on tasks that need to be done without the constant interruptions of phone calls and people at the door.
3. Third, we will discontinue the food pantry and instead join forces with other organizations that provide food, occasionally conduct food donation drives (perhaps quarterly) rather than maintaining and keeping a small pantry stocked. It will save staff time and take some of the pressure off members of our community who have felt obliged to bring groceries to church every week and buy gift cards so staff could order groceries to fill the shelves. We will still welcome the gift cards and keep them on hand to supplement the funds collected through Katie Cans to sustain Casa Maria and other food insecurity efforts that we will continue to support through Interfaith Community Services, TIHAN and the Inn.
4. We are seeking to reduce costs wherever we can. We've already ended an expensive tech support contract and entered into a new agreement that cuts the costs by 2/3. We're grateful to the Green Team which has been hard at work reducing our cost of water and to our members who are helping to evaluate other contracts and to help put some services out to bid (such as pest control and trash pickup) to assess where additional savings can be found.
5. And last, since we are committed to being transparent and want our St. Francis community to understand the context of our financial decisions, here are some numbers to illustrate our realities:
  - It costs us \$1,633 per day/365 days to meet our budgeted obligations. We are not solely a Sunday operation.
  - That means we need \$11,460 per week and just under half \$5,586 is expected to come in as people fulfill their pledges.

## **2023 Summary Budget**

**Ordinary Income/Expense**

**INCOME**

CONTRIBUTED INCOME	\$ 429,600.00
OTHER INCOME	166,343.00
<b>TOTAL INCOME</b>	<b>\$ 595,943.00</b>

**EXPENSES**

ADMINISTRATION & FINANCIAL	\$ 35,665.00
APPORTIONMENT	76,623.00
BUILDINGS & GROUNDS	107,460.00
INREACH PROGRAMS	6,400.00
OUTREACH	12,100.00
PERSONNEL	\$357,695.00

**TOTAL EXPENSE** \$595,943.00

**TOTAL INCOME** \$595,943.00

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As we said earlier, we appreciate your support of St. Francis and welcome your feedback and engagement in both our governance and ministry. Additional volunteers for our committees are always welcome.

We want to express our heartfelt gratitude to our Treasurer, David Osollo, who persevered through 14 versions of the budget until we got to the point of having a budget that is balanced and realistic. Thank you, David.

If you have questions or concerns about our financial situation, please feel free to contact our Finance Committee Chair, Paula Van Ness at [paula.vanness@gmail.com](mailto:paula.vanness@gmail.com) She can gather questions/comments and get the answers you need from other church leaders who have been very involved in this process.