

NACCC FISCAL YEAR 2020-21 BUDGET NARRATIVE

SHARED MINISTRIES FUND v1.3

Bottom Line

The proposed budget passed by the NACCC's budget passed in March for FY 2020-21 produces a deficit of \$136,620. This is less than the budget deficit passed by the delegates for FY 2019-20 at the Cleveland meeting of \$144,517. Please note that the budget was passed prior to the cancellation of this year's Annual Meeting. An additional column on the budget worksheet for the SMF titled "2020-21 Post Budget Forecast" has been added to account for the major changes in financial activity which projects to a revised budget deficit of \$89,620. The identified changes are detailed in the section titled "SMF Post Budget Forecast".

Revenue

We are especially grateful to our member churches who were faithful to their financial responsibility to support the Shared Ministries Fund (SMF) despite the many challenges brought on by the COVID-19 pandemic. Strong giving in March, the twelfth month of the NACCC's fiscal year brought total contributions to the SMF from member churches to \$278,300, close to the \$280,000 budget. The total for the year was substantially higher than the FY 2018-19 total giving of \$271,200. Still, looking at the trend of a net loss in the number of member churches in the Association and thus reduced revenue from churches in most years, the 2019-20 budget has been reduced to a conservative \$265,000. One of our goals will be to work to exceed that number and thus reduce the projected deficit. Another change in the revenue projection is a \$6,000 increase in individual income based on the planned tweak of the post annual meeting appeal. The appeal will suggest that 80% of the contribution will be credited to the SMF. Previously, the percentage was 50%.

The BOD approved the transfer of the permanent restricted endowments of the NACCC to the Congregational Foundation (CF) as of April 1, 2020 as approved by the delegates at the Piedmont Annual Meeting of 2017. Per the recommendation of the Finance Committee (FC), for FY 2020-21 the allocation of drawdown revenues will be determined without consideration to any effects of the transfers. The Boards of the NACCC and the CF approved of a common administrative fee rate of 1.1%. The gross drawdown rate for both organizations is 4%.

Expenses

Compensation expenses are projected with the consideration of a 3% average wage increase. The actual increase in the compensation budget is .5% because of the anticipated stabilization of staffing

composition in FY 2020-21. Other expense categories are at or near the expenditure levels of the prior years.

SMF Post Budget Forecast

Version 1.3 of the SMF budget was passed by the BOD on March 9, 2020 well before the cancellation of the Annual Meeting and before knowledge of the economic impact of the COVID-19 pandemic was fully known. To that end, we have added a post budget forecast column to the presentation. The specific adjustments made to v1.3 of the proposed SMF budget are:

- **Revenues**
 - In May, the NACCC was awarded a \$100,000 Paycheck Protection Program Loan (PPP) from the Small Business Administration (SBA). In June, we will be asking SBA to forgive the loan. We believe that at least 90% of the loan will be forgiven.
 - Since there is not an on-site Annual Meeting this year, the \$50,000 of revenue that is built into the Annual Meeting Registration Fee to partially offset staff expenses incurred in preparation of the meetings annually, has been eliminated from the projected revenue.
 - Annual Meeting Revenue has been reduced to include only the contributions of prepaid registration fees received from churches and individuals to offset the anticipated losses from its cancellation.
- **Expenses**
 - Reduction of Annual Meeting expenses include only the pre-annual meeting planning and program costs that are not recoverable.

MINISTRY COUNCILS

The Ministry Councils were all asked to submit break even budgets unless they were drawing from accumulated operating surpluses. The budgets submitted by the VMC and MOMC produce small overall surpluses. The GMC proposal produces a projected deficit of \$1,700 which will be adequately covered by the operational surplus of \$236,000.

Leadership Center

The budget submitted by Michael Chittum for the Center produces a small operating surplus. The feedback we have received from the churches in the new healthy churches' initiative is generally positive and we continue to look for ways to make this resource accessible to our churches. A task team is in the process of reviewing the functions of the Center for Congregational Leadership and will issue a report to the Leadership Council. There is a surplus of over \$177,000 which can be tapped into as necessary.