**NACCC FISCAL YEAR 2021-22 BUDGET NARRATIVE**

**SHARED MINISTRIES FUND v1.6**

**Bottom Line**

The proposed budget passed by the NACCC’s Board of Directors passed in March for FY 2021-22 produces a deficit of $203,900. This is $67,280 more than the budget deficit for the FY 2020-21 budget passed by the delegates last year. There are several points related to this increase in deficit. The 2020-21 budget that was approved did not factor in the revised Annual Meeting format for the last fiscal year. With no in-person meeting, there was not a revenue source to make up $50,000 of staff compensation that has traditionally been covered by registration fees for the adult meeting. The 2021-22 budget also includes $41,200 as the estimated expenses to execute a search for the new Executive Director. This expense should not be repeated in future years. Also, in May of 2020 and February of 2021, the NACCC two PPP loans of $99,700 each were received by the NACCC. These loans were currently classified on the NACCC’s balance sheet as loan payables. Both loans feature the opportunity to apply for loan forgiveness meaning that, if approved, the loans would not have to be paid back. Forgiveness for the loan received in May of 2020 was applied for in March and was approved in April after the Board had approved this budget submission. This means that the loans payable will be reduced by the amount of the loan forgiven, $99,700, and will appear on the financials as other activities in this fiscal year. We also anticipate applying for and being granted forgiveness for the second PPP loan at some point during the current fiscal year.

**Revenue**

We are especially grateful to our member churches and individual supporters who continue to support the Shared Ministries Fund (SMF) despite the many challenges brought on by the COVID-19 pandemic. Contributions from churches in FY 2020-21 ended the year only $1,200 short of the budgeted amount and giving from individuals to the SMF increased nearly 15% over the prior year’s giving levels. Based on that support, expected revenues for FY 2021-22 are forecast to remain steady.

In FY 2020-21, all permanent endowments were transferred and currently reside on the books of the Congregational Foundation (CF). The CF has taken on the responsibility of managing the endowment’s growth and partner in the oversight of the disbursements from those endowments. One difference that you will notice in the layout of the revenue section is a new line item called “CF Administrative Fee Revenue”. This represents a partial reimbursement to the NACCC for staff costs that the NACCC incurs in sharing its staff with the CF. An agreement was developed and approved by both organizations that the CF will pay the NACCC $81,000 over the course of the fiscal year for these services. The agreement will be re-negotiated annually. In total, budgeted revenue for the fiscal year is projected at $629,650, about a $9,000 increase from the FY 2020-21 budget.

**Expenses**

As previously mentioned, compensation expenses include $41,200 built in for the Executive Director’s search. This includes the cost of a one month overlap where Michael Chittum would be working with the new director, Ashley Cleere. In addition to the $41,200, the CF has committed an additional $6,000 for this process. Please note that the individual hired will also be hired as the Executive Director of the Congregational Foundation. The other major change in this year’s expense budget is the adjustment of the travel budgets to reflect that the Annual meeting will be virtual. It is hoped that the Executive Director and key staff will be able to resume a somewhat normal travel schedule including visiting member churches in the second half of the fiscal year. Other expenses have not changed materially from previous years.

**MINISTRY COUNCILS**

The Ministry Councils were all asked to submit break even budgets unless they were drawing from accumulated operating surpluses. All budgets submitted are either break even or generate a mall surplus. The VMV budgets includes $10,000 of funding for the new Lay Minister’s Training Program. GMC is looking to expand funding for the Hurting Churches program, anticipating an uptick in the financial hardships of some churches as they return to a more normal methods of operations as society hopefully nears the end of the pandemic. MOMC continues a comprehensive review of its relationships with the various missions that they support. By the completion of the review, an enabling document detailing the programs supported by the NACCC through MOMC will be executed with each mission relationship.

**Leadership Center**

The budget submitted by Michael Chittum for the Center produces a small operating surplus. The center is looking to continue and expand its partnership with the Center for Parish Development for churches that are ready to embark on a program of spiritual renewal. There is a surplus of over $200,000 which can be tapped into as necessary.