

RESOLUTION #5: 2024 DIOCESAN BUDGET

I. Type of Resolution: Budget Resolution

II. Title and Author:

2024 Proposed Diocesan Budget

Diocesan Council Finance Committee

III. Intent: This resolution complies with canonical requirements and convention direction for the submission to the annual diocesan convention of recommended funding for the Office of the Bishop, mission and programs of the Convention and Council, administration of the diocese, and support of the wider Church.

Be it resolved that the 221st Convention of the Diocese of New Hampshire approves the 2024 Proposed Diocesan Budget as recommended by Diocesan Council.

IV. Rationale: Approval of this resolution will provide necessary financial support for the mission and ministry of the diocese as set forth in plans developed by the Commissions and other areas of ministry for the year 2024.

V. Plan of Action: The budget was developed to support ongoing diocesan programs as well as expand and enhance others. Details of this budget can be found in the attached budget narrative and spreadsheet. Prior to convention, the 2024 Proposed Diocesan Budget will be discussed with the Convocations and made available in the Pre-convention Journal.

VI. Projected Cost: The 2024 Proposed Diocesan Budget recommends a budget with total revenue of \$2,138,000 and total expense of \$2,260,414, with an additional \$32,500 being added to the designated surplus account for multi-year expenses. The resulting deficit of \$154,914 will be covered by a transfer from cash reserves. Depending on the approval of Resolution 4 (Becoming Beloved Community: A Plan for Reparations), the deficit may increase by an additional \$56,500.

VII. Accountability: Diocesan performance against the 2024 budget will be reported quarterly to the Diocesan Council Finance Committee, semi-annually to Diocesan Council, and annually to Diocesan Convention.

VIII. Supporters: Diocesan Council Finance Committee, The Chief Financial Officer and Director of Finance, Diocesan Council

2024 Budget Narrative

Overview

An organization's mission shows through its budget, and in our case, our budget reflects our purpose: "to claim the power of God's love in our life – in our worship, learning, and service – as we share the love of Jesus Christ with others." The diocesan budget largely provides support, directly and indirectly, to our congregations, who fulfill this purpose through their individual worship, learning, and service.

In addition to the core work of supporting our collective worship, learning, and service, the 2024 budget continues to advance the work we started 4 years ago: training, placing, and supporting clergy and lay leaders through our School of Ministry, the Bishop's Curates and Ministerial Development Funds, the Coaching Fund, and the nurturing of our Gospel Oriented Communities. All of these initiatives are bringing new life to this church, and we will continue to support them as we build the From Deep Roots New Life fund that will endow them in perpetuity.

The 2024 diocesan budget contains a few new additions, including support for the Barbara C. Harris Camp in Greenfield and support for an in-person diocesan gathering in the spring. There are also some things we are not doing this year, including the energy assistance grant program that we offered in 2023.

We have several new staff positions planned for 2024: HR and Communications support, as well as bookkeeping and safe church administration. The expense for these new positions is largely offset by our staff providing support for outside organizations, namely Canon Tina Pickering in the Diocese of Maine, as well as Shelli Gay and Kathy Traynor, providing campaign support for the Trustees.

Over the past 3 years, the diocesan finance office has gradually taken on payroll for three congregations, and as noted above we have employees whose payroll is being reimbursed by other entities. These funds received for this payroll reimbursement is now being shown on the income section of the budget, and the payroll expense is shown as well. In the past these cash flows were handled outside of the budget, which created confusion with reporting and understanding our true performance to budget. The additions of these inflows and outflows makes the budget a bit more complicated, and makes the size of the budget larger, but in the end is more accurate and transparent.

One potential addition, depending on the will of Diocesan Convention, is funding for Resolution #4 "Becoming Beloved Community: A Plan for Reparations." This resolution proposes funding for a part-time coordinator along with associated expenses. The coordinator will work with a diocesan wide committee to do extensive listening, research, and development of a plan for reparations to be considered by the 222nd Diocesan Convention in 2024.

Details

Revenue

- Fair share giving remains steady, thanks to the giving of the members of all of our congregations. We are extremely grateful for the steadfast commitment of NH Episcopalians.
- Investment income is based on a \$0.262/unit distribution, down slightly from the 2023 amount of \$0.270.
- We have included funds received for payroll reimbursement in the revenue section. This includes payroll for Franklin, Newport, and Colebrook, as well as partial reimbursements we receive from the Diocese of Maine for Canon Tina Pickering's work there and from the Trustees for Shelli Gay and Kathy Traynor's support of the From Deep Roots New Life campaign.

Expense

Wider Church

- Our support of The Episcopal Church has increased modestly. This is based on our income as reported on our Diocesan Report, the diocesan analog to a congregation's parochial report.

Program

- We will not be repeating the energy assistance grant program, eliminating \$75K from program expense. These grants were intended to be a one-time program to help congregations absorb the sudden increase in electricity and fuel expenses. Energy prices have moderated some since the fall of 2022, and congregations have largely been able to adapt their budgets.
- The North Country Ministry expense is now being shown in the Salary & Benefits section as reimbursed payroll. This is the payroll for The Rev. Liz DeNauw in Colebrook, which is partially supported through payroll reimbursement from the congregation and partially through the North Country Fund endowment.
- The communications budget is reduced due to the elimination of a contract position that will be combined with the duties of a new half-time staff position. See staff expense notes below.
- We have added \$15K support to the Barbara C. Harris Camp in Greenfield. Although operated by the Episcopal Diocese of Massachusetts, the ECNH uses this camp regularly, and we also want to support BCH's ministry to local youth.
- The Lay leadership development budget has been increased by \$10,000 to provide for an in-person gathering next spring.

Staff and D-House

- Staff salaries were given a 3.1% cost of living increase (COLA) and 1% merit increase. The COLA was based on the northeast district CPU-U from July-July as published in August by the U.S. Dept. of Labor.
- There are several modest salary increases related to increased responsibility with the From Deep Roots New Life campaign, as well as Canon Tina Pickering's service to both Diocese of New Hampshire and Maine. These salary increases are all covered by payroll reimbursements from external entities.
- There is a sizeable increase in administrative staff expense. This is the result of adding two new staff positions, a half time HR support position, which hopefully will be shared with the

Diocese of Maine, and a half time communications support position to help Director Katie Clark with NH specific communications needs. The communications work is currently being done by a contractor and Diocese of Maine staff. Also, our Archivist Lisa Laughy has gone to full time, adding bookkeeping and safe church administration to her responsibilities.

- We have added an expense line for reimbursed payroll; cases where the diocese is providing payroll support for clergy in congregations, The Rev. Kate Siberine in Franklin, The Rev. Susan Langle in Newport, and the Rev. Liz DeNauw in Colebrook. Kate Siberine's payroll was previously included in the program staff line, so moving her expense to the reimbursed payroll line causes a notable decrease in program staff expense.
- The total staff expense is increased by \$316K, which at face value seems considerable. However, \$270K of that is the result of reimbursed payroll, resulting in a modest \$46K increase, about 4.5% above the 2023 budget. This also shows that the new positions (HR, communications, bookkeeping) are offset by diocesan staff providing services to other entities (Diocese of Maine and the Trustees.)
- General and administrative expense remains flat, with some adjustments to reflect actual expenditures in 2022 and 2023.
- The surplus designated section is for known expenses that accrue over multiple years. This account has been adequately funded at \$32.5K for a number of years. No adjustment is needed for 2024.

Resolution 4, Becoming Beloved Community: A Plan for Reparations

The convention will be considering a Resolution 4, which has \$56,500 of expense associated with it. The Finance Committee and Diocesan Council decided that rather than have contingent expense cuts to fund this resolution, that it be placed "below the line" at the bottom of the budget. If this resolution passes, it will increase the budget deficit accordingly.

Summary

The 2024 Diocesan Budget has a 7.2% deficit before considering resolution 4, up from 6.3% in 2023. This deficit, particularly if Resolution 4 is approved, deserves attention. However, there are two mitigating factors. First is that we have adequate cash reserves to fund this deficit: \$460K in a cash savings account and \$365K in a reserve in the Diocesan Investment Fund. The second factor is that we have historically budgeted conservatively, and we have not had to tap these reserves despite deficit budgets in 2018 – 2022. It is likely we will have to use reserves towards the end of 2023, but not to the full extent of the deficit.

Another way of looking at this deficit is it represents an investment in our congregations and an investment in our leadership. We believe this investment will provide returns in increased vitality in our churches and increased support for all of us as a diocese. We are currently embarking on a capital campaign, From Deep Roots New Life, that will similarly invest in our leadership, which will further support the diocesan budget in the years ahead.

Our ability to put forth this budget is largely in thanks to the generosity of our congregations, providing nearly two thirds of our support through Fair Share. I am humbled and thankful for the trust you put in the Bishop and diocesan staff.

The Diocesan Council Finance Committee and Diocesan Council recommend adoption of the 2024 Diocesan Budget. It is a budget that will keep us moving forward doing God's work here in New Hampshire. I hope you agree and support it.

I'd like to express my thanks to the Bishop's staff, the Finance Committee, and Diocesan Council for their collaboration and support in creating this budget.

A handwritten signature in cursive script that reads "Benge Ambrogi". The letters are fluid and connected, with a prominent capital 'B' at the start.

Benge Ambrogi
CFO

**EPISCOPAL DIOCESE OF NEW HAMPSHIRE
2024 PROPOSED BUDGET**

	<u>2023 Budget</u>	<u>Proposed 2024 Budget</u>	Change + / (-) 2023 Budget
REVENUE			
Unrestricted Support			
<u>Congregational Support</u>			
Parish Fair Share Giving	1,378,684	1,371,161	(7,523)
<u>Investment Income</u>			
Endowment Income - Unrestricted	145,558	141,245	(4,313)
<u>Other Support-Unrestricted</u>			
Checking Account Interest	1,600	1,600	-
	<u>147,158</u>	<u>142,845</u>	<u>(4,313)</u>
Total Unrestricted Support	<u>1,525,842</u>	<u>1,514,006</u>	<u>(11,836)</u>
Restricted Support			
<u>Endowments - Restricted</u>			
	118,547	115,034	(3,513)
<u>Trustees Support</u>			
Bishop's Housing	64,313	64,313	-
Diocesan House Maintenance	42,000	42,000	-
Finance & Administration	47,250	47,250	-
	<u>153,563</u>	<u>153,563</u>	<u>-</u>
<u>Other Support - Restricted</u>			
Continuing Education of the Clergy	35,118	34,166	(952)
North Country Ministry	29,500	29,500	-
Foundation Grants & Donations	20,000	20,000	-
SFM Contributions	-	225	225
Payroll & Benefits Reimbursement			-
Congregations	-	105,944	105,944
Diocese of Maine	-	69,216	69,216
Trustees	-	65,212	65,212
	<u>84,618</u>	<u>324,263</u>	<u>239,645</u>
<u>Registration Fees</u>			
COMM Retreat	-	1,000	
Clergy Gatherings	10,000	12,000	2,000
Diocesan Events/Leadership Formation	-	-	-
Diocesan Convention	6,000	6,000	-
School for Ministry Tuition	10,000	6,000	(4,000)
School for Deacons Tuition	-	1,333	1,333
Discernment Fees	5,000	4,800	(200)
	<u>31,000</u>	<u>31,133</u>	<u>133</u>
Total Restricted Support	<u>387,728</u>	<u>623,993</u>	<u>236,266</u>
TOTAL REVENUE	<u>1,913,570</u>	<u>2,138,000</u>	<u>224,430</u>

EXPENSE	2023 Budget	Proposed 2024 Budget	Change + / (-) 2023 Budget
<u>Support of the Wider Church</u>			
The Episcopal Church	221,545	236,804	15,259
NH Council of Churches	9,000	9,000	-
Province I	7,224	7,224	-
	<u>237,769</u>	<u>253,028</u>	<u>15,259</u>
<u>Support of the Church in NH</u>			
<u>Revitalizing the Church</u>			
Fair Share Adjustment	25,000	25,000	-
Grants to Congregations	65,000	65,000	-
Energy Assistance	75,000	-	(75,000)
North Country Ministry	29,500	-	(29,500)
Diocesan Communications	54,000	46,000	(8,000)
Bishop's Curates	33,350	33,350	-
School for Ministry	29,626	23,500	(6,126)
Clergy Coaching	10,000	5,000	(5,000)
Ministerial Development Fund	38,850	38,850	-
Digital Mission	4,000	3,000	(1,000)
	<u>364,326</u>	<u>239,700</u>	<u>(124,626)</u>
<u>Reconciling the World</u>			
Sustainability Developmental Goals	15,000	15,000	-
Reconciliation Committee Grants and Programs	25,000	25,000	-
Earth Care Commission	10,000	10,000	-
Youth and Young Adult Ministry	6,000	6,000	-
Campus Ministry	28,000	28,000	-
Grants for Our Kids	35,000	35,000	-
Barbara C Harris Camp Support	-	15,000	15,000
	<u>119,000</u>	<u>134,000</u>	<u>15,000</u>
<u>Renewing the Faithful</u>			
Lay Leadership Development	5,000	15,000	10,000
Clergy Development	46,500	45,500	(1,000)
Commission on Ministry	20,000	22,000	2,000
Transition Ministry	2,000	2,000	-
	<u>73,500</u>	<u>84,500</u>	<u>11,000</u>
<u>Diocesan Functions</u>			
Annual Diocesan Convention	14,000	14,000	-
Diocesan Council Expense	500	500	-
Safe Church Training	4,000	4,000	-
Retired Clergy - Health Insurance	18,140	18,140	-
	<u>36,640</u>	<u>36,640</u>	<u>-</u>
Total Support of the Church in NH	<u>593,466</u>	<u>494,840</u>	<u>(98,626)</u>

	<u>2023 Budget</u>	<u>Proposed 2024 Budget</u>	Change + / (-) 2023 Budget
<u>Support of the Diocese</u>			
<u>Salary & Benefits - Diocesan Staff</u>			
Bishop Hirschfeld	210,008	216,824	6,816
	<u>210,008</u>	<u>216,824</u>	<u>6,816</u>
<u>Executive Staff</u>	356,693	375,629	18,936
	<u>356,693</u>	<u>375,629</u>	<u>18,936</u>
<u>Program Staff</u>	252,344	217,204	(35,140)
	<u>252,344</u>	<u>217,204</u>	<u>(35,140)</u>
<u>Administrative Staff</u>	162,257	340,623	178,365
	<u>162,257</u>	<u>340,623</u>	<u>178,365</u>
<u>Reimbursed Payroll Expenses</u>	-	135,444	135,444
	<u>-</u>	<u>135,444</u>	<u>135,444</u>
ST & LT Disability Insurance Premiums	3,000	3,897	897
Employer Social Security and Medicare Tax	33,867	44,691	10,824
Total Salary & Benefits - Diocesan Staff	<u>1,018,170</u>	<u>1,334,312</u>	<u>316,142</u>
<u>General & Administrative Expenses</u>			
Bishop's Expenses	17,000	15,000	(2,000)
<u>Administrative Expenses</u>			
Books & Supplies	8,000	7,000	(1,000)
Dues & Subscriptions	12,000	12,000	-
Bank Fees	-	1,000	1,000
Equipment, Leasing & IT	21,074	18,074	(3,000)
Hospitality	2,000	2,000	-
Insurance	24,000	24,000	-
Mailing Cost	2,000	2,000	-
Professional Fees	28,200	28,200	-
Staff Development	5,000	5,000	-
Staff Travel	8,000	10,000	2,000
Telephone	8,961	8,961	-
	<u>119,235</u>	<u>118,235</u>	<u>(1,000)</u>
Buildings and Grounds - Diocesan House	42,000	45,000	3,000
Total General & Administrative Expense	<u>178,235</u>	<u>178,235</u>	<u>-</u>
Total Support of the Diocese	<u>1,196,404</u>	<u>1,512,546</u>	<u>316,142</u>
TOTAL EXPENSE	<u>2,027,639</u>	<u>2,260,414</u>	<u>232,775</u>
NET REVENUE (EXPENSE)	<u>(114,069)</u>	<u>(122,414)</u>	<u>(8,345)</u>

	<u>2023 Budget</u>	<u>Proposed 2024 Budget</u>	Change + / (-) 2023 Budget
Surplus Designated for:			
Bishop's Car Replacement	-	-	-
Episcopal Transition	15,000	15,000	-
General Convention	15,000	15,000	-
Title IV	1,000	1,000	-
Lambeth	1,500	1,500	-
Total Surplus Designated	32,500	32,500	-
NET REVENUE (EXPENSE) AFTER SURPLUS DESIGNATED (Transfer from Cash Reserves)	<u>(146,569)</u>	<u>(154,914)</u>	(8,345)
Resolution 4 (Reparations)	0	56,500	56,500
NET REVENUE (EXPENSE) Including Resolution 4 (Reparations)	<u>(146,569)</u>	<u>(211,414)</u>	(64,845)