

2023 Ask Budget (October 2022)

Dear Friends and Parishioners,

As part of the 2023 Stewardship Campaign, we are sharing the 2022 revised budget approved by the Vestry in October 2022 and the 2023 budget scenarios. The purpose of sharing this information is to be transparent, provide more detail on where the income from contributions (such as pledges) is planned to be spent in 2023, and project the net result (bottom-line) impact of the 2023 Stewardship Campaign.

The Ask:

- Our 2023 Pledge goal is \$341,829.
- **Please consider increasing your pledge by at least 5% to meet the 2023 Pledge goal.**
- If we meet the 2023 Pledge Goal of \$341,829, we project a 2023 deficit of \$166,569.
- To have a deficit of \$100,000, all existing pledges should increase by 25%.
- To have a deficit of \$50,000, all current pledges should increase by 40%.
- All pledges are welcome and very much appreciated.

Requested increases in expenditures have been held to an absolute minimum and are mainly inflationary increases and have been offset with non-repeat 2022 expenditures.

	2022 Budget	2023 Ask Budget	Change
Income:			
Pledges	325,551	341,829	16,278
Plate offerings	16,000	20,000	4,000
Other offerings	27,600	27,600	-
Music Contributions	10,000	27,000	17,000
Facility Income	305,000	375,700	70,700
Other Income	90,000	18,996	(71,004)
Total Income	774,151	811,125	36,974
Expenses:			
Salaries and related expenses	425,445	406,897	(18,549)
Church programs and services	102,420	91,873	(10,547)
Administration	234,912	223,398	(11,515)
Facilities	305,358	255,526	(49,832)
Inflow from Property Preservation Trust (PPT)	(112,577)	(90,000)	22,577
Capital expenses - eligible from PPT	112,577	90,000	(22,577)
Total expenses	1,068,136	977,694	(90,442)
Net surplus/ (deficit):	(293,985)	(166,569)	127,416

The Church of the Holy Trinity will also be actively seeking ways to increase facility income through use of our buildings by third parties for filming, meetings, events, etc. and leverage the value of the music program to spur further inflows (e.g. spooky organ music and creepy readings on Halloween).

2023 BUDGETED EXPENSES:

All expenses have been adjusted for 5% inflation from the 2022 approved budget. The total expenditure for 2023 is budgeted at \$977,694.

Each line item is further explained below.

Salaries and related expenses

- This line item includes Rector compensation, supply clergy, contributions to the Deacon's pension, salaries for the Director of Music; Parish Administrator; and Sexton; commission earned for administrating third-party use of the building facilities, overtime, workers compensation, benefits (pension, health and, life insurance costs), and independent building subcontractor costs. The change in the 2023 budgeted expense is a decrease of \$18,549, primarily driven by the early retirement of the Senior Sexton in 2022, and a decrease in supply clergy costs for the Rector's 2022 sabbatical, offset by inflation.

Church programs and services

- Includes Church Service expenses (flowers and Altar guild), Evangelism and Advertising Expenses, Church Hospitality and Parish Events, Music Program (vocalists, instrumentalists, Music Director, organ and piano tuning, and sheet music), Adult Christian Education, Young Adult Ministry, and Sunday School. The decrease of \$10,547 between the 2022 and 2023 budgets is due to spending on sabbatical funds received in 2022, which is not expected to repeat in 2023.

Administration

- Includes Office expenses, Professional fees, and Diocesan Assessment. The decrease of \$11,515 is due to a ~\$11k decrease in our Diocesan Assessment due to less average income in 2020 and 2021 because of less building use income due to the pandemic. The impact of non-repeating 2022 charges for filing Employee Retention Tax Credit returns with the IRS of \$6k has been offset with 2023 inflationary increases.

Facilities

- This line item includes Property Insurance, Utilities, Buildings, and Grounds Repair and Maintenance, as well as Building Capital Improvements. The 2022 budget was higher than usual due to settling bills of ~\$12k in arrears due to faulty ConEd meter readings, the purchase of a piano (financed by a generous donation), and 2021 capital expenditures billed in 2022. These expenditures are not projected to repeat in 2023. As such, the 2023 budget is projected to decrease by \$49,832.

Property Preservation Trust reimbursement

- The Church of the Holy Trinity has a Property Preservation Trust (PPT) of ~\$1.8 million. Each year the church can use up to 5% of the Trust's value for eligible capital expenses. We calculated to have room in the PPT reimbursement in 2023 that can be used for 2023 capital expenses of \$90,000. This amount will change as the value of the PPT investment changes due to market movements.

2023 BUDGETED INCOME:

Other Income

- This line item includes dividends from the Diocesan Investment Trust of approximately \$19,000. Other Income in 2022 had significant memorial donations and contributions for the Rector's 2022 sabbatical that are not expected to repeat in 2023, supporting the year-over-year decrease in this revenue stream of \$71,004.

Facility Income

- Represents income from tenants and building use of the facilities by third parties. We are assuming ~\$80,000 in facility income from third parties in 2022 and approximately \$300,000 from tenants. Building use is projected to increase by \$45,000 from 2022 to 2023 as we continue to return to a new normal after the pandemic. Increases with key tenants have been secured for 2023 generating additional income of approximately \$26,000.

Music Contributions

- Represent all gifts and donations received for the specified purpose to be used for music, including the contributions received from Friends of the Music. Before the pandemic, a third of the music contributions were concentrated in one person. With focused fundraising efforts, we are cautiously optimistic that our music contributions will return to pre-pandemic levels and have a more extensive base. As such, we are projecting an increase in music contributions of \$17,000.

Other Offerings

- Include gifts not received through plates or pledges. No change is expected from 2022 to 2023.

Plate Offerings

- Are collected during services. A twenty percent increase is expected from 2022 to 2023, representing plate offerings at 65% of pre-pandemic levels.

Pledges

- To meet our 2023 Pledge goal of \$341,829, all 2022 pledges would need to increase by 5%. This pledge increase equals the inflationary rate increase assumed for the 2023 budget of 5%.
- If the 2023 Budget plans for a break-even point (meaning a zero deficit), contributions would need to increase by \$182,846. This would represent a ~56% increase in pledges.
- If the 2023 Budget plans for a \$100,000 deficit, all 2022 pledges would need to increase by \$82,846, which is a ~25% increase (i.e., a \$100 pledge in 2022 would then be a \$125 pledge in 2023).
- If the 2023 Budget plans for a \$50,000 deficit, pledges would need to increase by \$132,846, which is a ~40% increase (i.e., a \$100 pledge in 2022 would then be a \$140 pledge in 2023).

- We have a long-term fund that we can draw from if absolutely necessary. We did not draw down from this long-term fund in 2020 and 2021 but made substantial withdrawals in 2022 (due to the loss of building use income and no Paycheck Protection Program Loans from the Small Business Administration).

Overall, we hope that building use will resume its normal levels in 2023 to combat the size of our deficit. We have already secured increased tenant income with critical tenants and rationalized staffing in 2022.

As mentioned, the purpose of sharing this information is to be transparent and provide detail on where the income from contributions (such as pledges) is planned to be spent in 2023 and the bottom-line impact resulting from the 2023 Stewardship Campaign.

Of course, this letter only highlights part of what fuels Holy Trinity: the sharing of our treasure. We know and greatly appreciate that tons of time and talents are sacrificially spent at the Church of the Holy Trinity by our parishioners, friends, and many volunteers -- this is invaluable, and we can't thank you enough.

We hope this overview of our budget can be helpful to you in your ongoing support of Holy Trinity. As leaders, we pledge to continue to grow in financial accountability and transparency.

Christine du Toit, treasurer

John F. Beddingfield, Rector