

***To the members of Plymouth Congregational Church:***

As we approach our Annual Congregational Meeting, Plymouth's overall condition is fairly described by the word "fortunate." We have a talented and energetic staff and clergy team, a committed group of lay leaders, and a caring and engaged congregation. However, our financial position can be fairly described as "challenging," as we continue to experience a decrease in annual giving while our costs continue to increase and our programming expands to meet congregational needs. Although we are blessed with a foundation of committed financial and material resources from a congregation (both past and present) that remains generous in its support, we recognize that we must make some difficult choices about spending while leveraging our relationships to sustain and increase giving.

As a result, Plymouth approaches the close of this fiscal year with a transitional budget that invites deeper congregational conversation about our financial position. On the expense side, our operations and spending continued to adapt to changes and emerging needs brought on by the pandemic, a transition in our accounting systems, and investments in security to respond to negative trends in community safety. On the income side, congregational giving remains stable to slightly declining, reflecting a decrease in giving households that is not quite balanced by an increase in the giving per household.

Looking forward to the next six months, we have proposed an operating budget that supports a continuation of Plymouth's current activities. On the expense side, we have decreased personnel costs through employee attrition and administrative costs through changes in staff hours and building use. We have also cleaned up the chart of accounts to reflect better the church's current operations and to help improve our understanding of the finances. All expenses were studied and scrutinized, and we took care to be prudent and wise.

The income side of the proposed budget engendered the most discussion during this year's budget process. The income proposed in the budget feels achievable, but we recognize it will require some additional effort to meet our goals. To that end, the Deacons have set up various opportunities for a congregation-wide conversation about our finances and budgeting in relation to our values, vision, and future. We are energized by this opportunity to discern our immediate, medium, and long term response to our financial challenges, and are secure in our belief that Plymouth's best days are ahead of us, not behind us.

From our vantage point as active participants in the financial operations of Plymouth, we are encouraged by what we see taking place within this institution. We see people working hard to carefully steward the abundant resources we have, to ensure they well serve the purposes of the church, both in the present and in the future. We see people applying their knowledge, expertise, and creativity to the challenges and opportunities we face. We see a thriving institution that has even greater potential.

DeWayne Davis, Lead Minister

Michael McCallister, Treasurer

## FY2024 Budget: Executive Summary

The proposed fiscal year 2024 first half (H1) budget, to cover half the program year from July 2023 through December 2023, was initiated by staff and approved by the Deacons. The Deacons and the Board of Finance and Administration provided input, with minutes from those meetings available on the Plymouth website. The Deacons voted on May 9, 2023, to recommend the proposed FY24 H1 budget to the congregation for approval at the Annual Meeting.

### Assumptions and Outlook

This budget assumes that most of Plymouth's current programs, activities, and ministries will continue in the coming program year. While the budget proposed budget below is presented in comparison to the FY23 budget and actual spending from the equivalent period of FY23, development of the FY24 budget is largely based on our best estimates for upcoming expenses.

In some cases, the accounting treatment of specific budget line items have moved between summary groupings, or the timing of those transaction has been revised, to reflect better the church's current operations and to help improve our understanding of the finances. This accounts for some changes in the proposed budget, even when the underlying activities and amounts remain the same.

As a summary level, key changes in income are as follows:

- Congregational giving is planned to remain stable. This forecast is based on currently pledged dollars and historical giving patterns, with some adjustments made to reflect expected timing differences in specific material donations.
- Rentals, leases, and similar incomes are stable and predictable.
- To balance the income and expenses, the FY24 H1 budget plans for an annualized 8.0% transfer from our Commingled Investments to our operating budget. This significantly exceeds the 4% guideline, though in this budget, it is only for a 6-month period.

On the expense side, key changes are as follows:

- Increased spending on salaries, reflecting a cost-of-living and salary adjustments for many staff.
- Continuation of new accounting and payroll services, replacing in-house accounting.
- Several voluntary departures have left staff positions open. This budget holds those positions open and sees decreases in expenses as a result.
- A decision to "rest" the Plymouth building on Mondays, closing to non-tenant activities and reducing staffing on those days.

Proposed FY2024 H1 Operating Budget (July 1, 2023 to December 31, 2023)

	FY23 Budget	FY23 H1 Actuals	FY24 H1 Budget
<b>Revenue</b>	<b>\$ (2,700,425)</b>	<b>\$ (1,235,322)</b>	<b>\$ (1,426,800)</b>
<b>Contributions</b>	<b>\$ (1,870,000)</b>	<b>\$ (887,599)</b>	<b>\$ (900,000)</b>
Annual Giving	\$ (1,870,000)	\$ (887,599)	\$ (900,000)
<b>Other Income</b>	<b>\$ (328,300)</b>	<b>\$ (106,398)</b>	<b>\$ (147,500)</b>
Leases, Rentals, Fees, etc.	\$ (328,300)	\$ (106,398)	\$ (147,500)
<b>Transfers</b>	<b>\$ (432,125)</b>	<b>\$ (200,000)</b>	<b>\$ (334,300)</b>
4% of Commingled Investments	\$ (283,000)	\$ (150,000)	\$ (142,150)
Commingled Investment, Add' to Cover Gap	\$ (99,125)	\$ -	\$ (142,150)
Parking Lot Sale Income	\$ (50,000)	\$ (50,000)	\$ (50,000)
<b>Pass Through</b>	<b>\$ (70,000)</b>	<b>\$ (41,325)</b>	<b>\$ (45,000)</b>
Christmas and Easter Offering	\$ (70,000)	\$ (41,325)	\$ (45,000)

	FY23 Budget	FY23 H1 Actuals	FY24 H1 Budget
<b>Expense</b>	<b>\$ 2,700,425</b>	<b>\$ 1,301,278</b>	<b>\$ 1,426,800</b>
<b>Staff Related</b>	<b>\$ 1,744,725</b>	<b>\$ 887,782</b>	<b>\$ 906,890</b>
Clergy	\$ 281,200	\$ 140,616	\$ 146,474
Music	\$ 190,500	\$ 94,267	\$ 94,288
Education and Outreach	\$ 131,388	\$ 61,291	\$ 92,328
Office, Building, Admin	\$ 764,785	\$ 424,879	\$ 376,210
Non-Salary Benefits	\$ 376,852	\$ 166,729	\$ 197,590
<b>Other Expense</b>	<b>\$ 885,700</b>	<b>\$ 400,496</b>	<b>\$ 474,910</b>
Boards and Programs	\$ 124,925	\$ 32,984	\$ 75,560
Community Fund	\$ 95,000	\$ 12,267	\$ 10,000
Administration/Operations	\$ 171,175	\$ 83,004	\$ 136,300
Building	\$ 494,600	\$ 254,136	\$ 253,050
Non-Capitalizable Building Improvements	\$ -	\$ 18,105	\$ -
<b>Pass Through</b>	<b>\$ 70,000</b>	<b>\$ 13,000</b>	<b>\$ 45,000</b>
Christmas and Easter Offering	\$ 70,000	\$ 13,000	\$ 45,000