



Southern California-Nevada Conference Proposed Budget 2024

A group of key staff and volunteers worked to develop the proposed budget for 2024. The work included review of the past few years during which much has changed in the Conference internally and the pandemic impacted everything and a look at anticipated future operations.

The accompanying accounting document provides historical data for 2021 and 2022 along with the budget numbers for 2023 and the proposed amounts for 2024.

INCOME

Rental income will be zero as the last property paying rent is being sold in 2023.

OCWM and per capita is maintained at the same level as 2023. These levels are above the past two years with the pandemic and yet reasonable to achieve.

Other contribution income is also at the 2023 levels in nearly all lines and are based on historical levels.

Directed gifts to national shows income with an offsetting line as all of these funds are forwarded to national. The most common items are disaster appeals.

The only remaining temporarily restricted funds will be the 50% of Strengthen the Church offering which is retained for conference use.

Program Revenue has a new line for annual gathering which includes registration and any other funds received for the event. The plan is that this amount will be sufficient to cover all the expenses for a fully self-funded event.

Interest income is from loans which have been decreasing as some are being transferred to others, such as Church Building and Loan Fund at national. There will remain some loans with long-term payment schedules. Cornerstone Fund investments are anticipated to stay near historical levels with similar interest.

Total operating income of \$613,000 is up due to a new annual gathering line. It is in mid-range of the last two years' actual totals.

EXPENSE

Human resources are a majority of the total expense which is common in church life. There have been many changes in staffing in the recent past. The new year budget is based on a full-time conference minister, a full time (or equivalent) associate conference minister, and the two-office staff. This expense total includes all the related costs of staff.

Operations expense is nearly all of the other expense of an ongoing business.

Contracted services total is less. The accounting services total has greatly reduced by changing vendors. Legal totals have recently been impacted by sales of properties and other needed advice on changes in operations.

Other larger expense lines are:

- Annual gathering which is estimated continuing a hybrid format
- Audit as we seek a new audit firm
- Occupancy expense for the office rent and misc. costs excluding utilities
- General Synod line sets aside funds each year to fund attending when held
- Liability insurance total is up as rates are climbing for all

The remaining expense lines are quite similar to recent year's totals.

Program expense lines show major changes from two years ago into the future with the closing of programs that were not performing as needed and a board commitment to social justice and funds for other to be determined efforts.

Property expense for 2024 is zero as programs have been closed and properties sold as no longer being used.

Total operating expense is \$775,832. This reflects increased staff costs for the new year as compared to 2022. It decreased from 2021 mostly from closed programs.

Net operating expense at a deficit of \$162,832 reflects the amount of regular income less the expense of regular operations. This is a key line to focus on as it reflects ongoing cash flow. This line has been in deficit totals for many years. These shortfalls have been funded from proceeds of selling properties.

Other Income and expense include amounts that are not considered part of cash from ongoing operations. Investment income is from longer-term investments. A new line in the budget is a draw of 3% of the balance of these investments. (Drawing some funds from long term investments and/or endowments is typical.) This line replaces the lines shown below of Board Directed Reserves in the 2023 budget.

The Unrealized Gain/Loss investment reflects the market value fluctuations during each calendar year which can vary widely and over which the conference has very limited control.

A second new line is the use of a board policy allowing use of 33% of the net proceeds from sale of properties to fund operations for the short-term future. The amount shown is less than the 33% share of net proceeds set aside in reserves. This anticipates that regular income will increase to fully cover expenses. (The other 67% is to be used for designated programs.)

Other expense has two significant lines. Depreciation on fixed assets owned. It is shown as zero in 2024 as all such assets still being held will be fully depreciated. The other line is transfers to Pilgrim Pines which includes covering operating losses in the pandemic years and a one-time amount of \$463,677 to launch the camp as a stand-alone fully self-sustaining operation. Thus, zero in 2024.