

An Important Note About the 2022 Budget***(An Extract from Senior Pastor's Meeting Documents for AGM-1 5/12/21)***

Many members of the Congregation would be aware that a significant portion of the total expense budget each year (approximately \$240,000 in the 2022 budget) relates to May Mission Month and other direct appeals. As such, the proposed ministry budget for the running of all other GBC ministries is \$900,000 in 2022.

While we are proposing a ministry expense budget of \$900,000 we have set our income from all sources at \$850,000. Income is made up of \$780,000 from Tithes & Offerings and \$70,000 from all other sources. It is highly unusual for us to propose a deficit budget (expenses greater than income) and we felt that it would be helpful to set out the rationale for doing so.

Last December we proposed a ministry expense budget of \$960,000 for 2021 with a Tithes & Offerings budget of \$880,000. This was an educated guess after the significant disruption of 2020 which resulted in lower income from Tithes & Offerings, which was in turn offset by lower ministry expenditure and government support through Job Keeper.

From the beginning of this year, however, we have been behind in our Tithes and Offerings budget of \$880,000 and it became clear that we were looking at a \$150,000 gap between budgeted income and actual income for the full year. Given that we were in a strong cash position (in part due to Job Keeper) and that staff changes had reduced our ongoing ministry expenditure, the CLT felt that we didn't need to react immediately. We believed that until our community of faith was re-engaged (a process that was slower than we had initially anticipated) we could take a 'wait-and-see' approach, while closely monitoring the situation.

After a strong May Mission Month appeal, where we once again exceeded our target, and just as things were starting to feel "normal" again, we entered a "two-week" lockdown at the end of June, that lasted until the end of October.

While we were still on track to be \$150,000 behind our Tithes & Offerings budget, we also maintained a strong cash position, once again helped by government support, and lower-than-expected ministry expenditure. This convinced us that we could see out the year without panic. However, as we began the process of setting the budget for 2022, we knew we had to present a very different budget.

The proposed income from Tithes & Offerings for 2022 is \$780,000, which is approximately \$50,000 above the expected 2021 actuals. This seemed like a fair place to start. At the same time, we recognised that 2021 is as disrupted as 2020 had been and that there are nearly as many unknowns now as there had been last year. Consequently, the CLT did not feel comfortable to push this figure higher in order to present a balanced, but less insightful budget. We felt it was wiser to be super clear about what we were proposing and why.

There were two factors that were most important in our deliberations. First, we are in a strong cash position with nearly \$100,000 in the bank. Second, we are confident that we will be able to make up the deficit over the course of 2022 as we rebuild after two disrupted years and therefore, that we did not need to make additional cuts to our ministries and staff.

We are in a unique situation where a deficit budget seems to make sense; shaped by recent actuals and by a confidence that comes from faith.

While we are confident in this proposed budget, the CLT will be monitoring the situation closely recognising that, if things do not turn around meaningfully in 2022, we will have to make more significant changes. In other words, we will not be proposing a deficit budget next year.