



A WORD ABOUT OUR DISTRICT FINANCES AND 2023 BUDGET

Dear EFCA Texas-Oklahoma family,

As District Superintendent, one of my responsibilities is monitoring and maintaining the financial health of our district, so let me say a few words about our district finances in general and our 2023 district budget in particular. The good news is that...

We have a strong cash balance.

We praise the Lord that we currently have about 1.3 million dollars in the bank available to us. This sizeable sum came about largely through the proceeds from the dissolution of a few of our churches, a very generous bequest, and a handful of other special one-time gifts in recent years. Believing that these gifts were meant to be put to good use, decisions were made along the way to invest these funds in church planting and in hiring some key part-time staff, among other things. The desire was that as the district grew, these new expenses would be covered by the regular giving of our churches. However...

We are running significant annual deficits.

Unfortunately, the giving of our churches has not kept pace with these strategic expenditures. (And, of course, COVID didn't help!) The result is that we've been drawing down our savings at a pretty significant rate. In fact, if we take into account our combined revenues and expenditures from both the General Fund and the Church Planting Revolving Fund, over the past three years we've been running an average annual deficit of about \$237,000 (not counting dissolutions and special gifts). Obviously, even with a healthy bank account, that's not sustainable. While we're not in panic mode, we do need to take immediate steps to begin closing this deficit. How will we do it? Well, it may take time, but we need to do two things. First...

We need to reduce our expenses.

Since we are on the front end of tackling this challenge and assessing our expenditures, we are not proposing any radical changes in spending levels at this particular moment. In fact, our proposed General Fund budget for 2023 includes a small increase of about 5% due to various cost increases.¹ However, over the course of this year, we will be actively working to identify areas where we can reduce our expenses with a view to coming in under our proposed budget this time next year. Since there is only so much that we can cut from our budget, however...

We also need to increase our revenues.

The work that we do as a district in starting and strengthening churches is important and impactful, so thank you to so many of you who give generously to make that work possible! However, the reality is that compared to other EFCA districts around the country, the average per-church giving in our district is on the low side. The good news is this means we have room to grow. As a district, we ask our churches to give 2% of their annual budgets to the district to enable us to fulfill our mission. If each church did that, our deficit would disappear overnight. So, may I ask that you each take a fresh look at your church budget and consider increasing your giving to the district? Even as we work to reduce our expenses, will you help us increase our revenues? If we each do our part to tackle this challenge, we can help to ensure a strong financial future and a continued fruitful ministry for our district for many years to come.

Thank you in advance for doing your part!

Brent Burckart
District Superintendent

¹ This is a 5% increase in the expenses reflected in last year's General Fund budget. The total amount of our 2023 Budget appears much larger than last year because we are bringing all of the salaries and operating expenses that were previously taken from the Church Planting Revolving Fund into the General Fund budget. Please see the notes with the Proposed 2023 District Budget for a fuller explanation.



2023 General Fund District Budget

How does this year's budget compare to last year's budget?

Since we have significantly restructured this year's budget categories, it will be difficult to provide a line-by-line, year-over-year comparison. However, broadly speaking, the budget for 2022 was \$328,625 while the total proposed budget for 2023 is \$449,784. This represents a 36% overall increase over last year's budget.

Why is there a such a large budget increase, especially if we're trying to reduce deficits?

This increase is largely due to a change in accounting rather than a change in expenses. If we were to compare the expense categories reflected in last year's budget with those same categories in this year's budget, we would see that this year's budget actually includes only a slight 5% increase. The remaining 31% increase comes from off-budget expenses which were previously being drawn from the Church Planting Revolving Fund. The primary purpose of the Church Planting Revolving Fund (as the name suggests) is to provide startup funds for church plants which are paid back over time by the church plants who receive them. However, there are also a number of salaries and operational expenses that, in previous years, were being drawn from the Church Planting Revolving Fund which we are now bringing into the General Fund budget. For the most part, these are not new expenses; they are now simply being reflected in the budget.

Why are we bringing Church Planting Revolving Fund expenses into the General Fund budget?

We believe that capturing all of our operational expenses in a single budget will provide a more comprehensive snapshot of our district finances and allow us to more clearly see the true size of our annual deficits. This will be helpful as we work toward reducing and eventually eliminating those deficits in the coming years (see District Superintendent's cover letter). The goal is to reduce expenses and increase revenues to the point that our operational expenses can be covered by the regular giving of our district churches. In the meantime, budget deficits will continue to be covered by savings.

2023 PROJECTED EXPENSES		
1 · CHURCH HEALTH & MULTIPLICATION		
	11 · Leadership Development	1,500
	15 · Church Planting	4,500
	20 · District Conference	1,200
	22 · Church Health Clinic	2,500
	28 · Regional Cohorts	500
	30 · Next Level Training	500
	33 · Student Ministry	1,200
	35 · Thrive Ministry	1,200
	44 · Hispanic Ministry	1,200
	50 · Church Resources	1,700
	60 · Pastoral Care	500
	66 · Credentialing	500
	Total 1 · Church Health & Multiplication	17,000
7 · GENERAL & ADMINISTRATIVE		
	71 · District Superintendent Expenses	18,000
	72 · Staff Expenses	7,000
	73 · Office Expenses	5,300
	74 · Board Expenses	1,000
	76 · Insurance	3,165
	77 · Subscriptions & Licenses	3,200
	79 · Online Processing Fees	400
	Total 7 · General & Administrative	38,065
8 · PERSONNEL		
	(2 full-time employees, 4 part-time employees, 6 stipend contractors)	
	Total 75 · Personnel Costs	394,719
	Total Expenses	449,784
2023 PROJECTED INCOME		
	G FC · District Support from Churches	225,000
	G FO · District Support from Others	40,000
	GFI · Interest and Other Income	3,800
	Total Income	268,800
	Net Income (Deficit covered by savings)	(180,984)

**EFCA Texas Oklahoma
Budget vs. Actual**

January through December 2022

Accrual Basis

	Jan - Dec 22	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
GFC · District Support from Churches	202,489	221,450	(18,961)	91%
Total Income	202,489	221,450	(18,961)	91%
Expense				
6 · Healthy Churches				
61 · Credentialing	313	0	313	100%
62 · District Conference	(3,734)	1,200	(4,934)	(311)%
63 · Church Resources	288	0	288	100%
64 · Church Health Clinic	5,171	800	4,371	646%
65 · Minister Connect	0	600	(600)	0%
66Y · Youth Ministry Team	1,371	1,500	(129)	91%
67 · Pastoral Care	138	500	(362)	28%
68 · Next Level Training	0	500	(500)	0%
69 · Thrive Expenses	3,292	3,000	292	110%
Total 6 · Healthy Churches	6,840	8,100	(1,260)	84%
7 · District Expenses				
72 · Board of Directors Expenses	860	1,000	(140)	86%
722 · DS Succession Planning	20,759	2,000	18,759	1,038%
73 · DS Expenses	24,049	16,000	8,049	150%
74 · Communications	3,362	3,300	62	102%
75 · Personnel Costs	318,864	294,949	23,915	108%
76 · Insurance	3,038	2,812	226	108%
77 · Mileage Reimbursement	99	0	99	100%
78 · Office Expenses	5,302	3,000	2,302	177%
79 · Online Processing Fees	536	400	136	134%
Total 7 · District Expenses	376,869	323,461	53,408	117%
Total Expense	383,709	331,561	52,148	116%
Net Ordinary Income	(181,220)	(110,111)	(71,109)	165%
Other Income/Expense				
Other Income				
G FO · District Support from Others	53,113	40,000	13,113	133%
GFI · Interest and Other Income	9,224	3,800	5,424	243%
Sale · Sale of District Assets	20,000			
Veh Pur · Vehicle Purchase	(44,700)	0	(44,700)	100%
Total Other Income	37,637	43,800	(6,163)	86%
Net Other Income	37,637	43,800	(6,163)	86%
Net Income	(143,584)	(66,311)	(77,273)	217%

EFCA Texas Oklahoma
Statement of Financial Position
As of December 31, 2022

	<u>Dec 31, 22</u>	<u>Comments</u>
ASSETS		
Current Assets	1,666,283	\$336k of this belongs to church planters who raised this
Fixed Assets	39,485	District Automobile
Other Assets		
A8 · Prepays & Deposits	1,042	
CP Rec · Church Planter Receivables	238,965	Reclassified from prior years church planting expense & donations
Total Other Assets	<u>240,007</u>	
TOTAL ASSETS	<u>1,945,775</u>	
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities	<u>9,697</u>	
Total Liabilities	9,697	
Equity		
CPOS · Church Planters Outside Support	336,549	Church planters without church bank accounts
CPRF · Church Planting Revolving Fund		
CP-Don · Donations to Church Planting RF	1,194	
CPX · Church Planting Rev Fund Exp		Unless otherwise noted all these accounts are moved to General Fund for 2023
CP Cnfr · Conferences & Retreats	(2,122)	
CP CPC · Church Planting Director	(1,131)	
CP DHCP · Dir of Hispanic Church Planting	(7,592)	
CP DME · Dir Ministry Effectiveness Exp	(2,691)	
CP LF · Ch Planting Leader's Fellowship	(2,045)	
CP M In · Mission Insite	(740)	
CP PRTX · Church Planting Payroll Taxes	(2,945)	
CP RDH · Regional Director for Houston	(9,000)	
CP SGAP · CP Small Groups & Admin Project	(35,301)	
CP Wage · Communications Specialist Wages	(38,198)	Reclassified from prior years church planting expense & donations
CPX S · CP Subsidies	239,056	
CPXO · CP Other Expenses	<u>(2,409)</u>	
Total CPX · Church Planting Rev Fund Exp	134,882	
CPRF · Church Planting Revolving Fund - Other	1,328,320	
Total CPRF · Church Planting Revolving Fund	<u>1,464,396</u>	Church Planting Fund Balance as of December 31, 2022
IFA · Investment in Fixed Assets	39,485	
GF Bal · General Fund Balance	239,230	General Fund Balance as of December 31, 2022:
Net Income	<u>(143,584)</u>	\$95,646
Total Equity	<u>1,936,076</u>	
TOTAL LIABILITIES & EQUITY	<u>1,945,773</u>	