



## **Preface**

### **Stewarding our Common Resources for God's Mission**

This is an important time for our bold investment into our shared ability to fund vital ministries and programs for God's mission in our diocese. We are getting real and getting outside our church walls. Working together as the Episcopal Church in Colorado, we can tremendously impact the lives of people across the state and beyond. We are vital. We are relevant. We are doing Christ's work in the world, responding to the Holy Spirit, and sharing the love of God with everyone we meet. Our financial gifts are as much an expression of our beliefs as our creed, life, and liturgy. Thank you for your generosity in making mission possible in the Episcopal Church in Colorado.

We are part of a movement together, living the Way of Love and living into our baptismal covenant among the realities of today. Empowered by the Holy Spirit, we are transforming individual lives, communities, and the world. Here in Colorado, we are taking the lead in living out our baptismal covenant amid the realities of today. We are finding and becoming Beloved Community as we confront racial inequality and work for justice and healing. We are seeking to honor and protect the natural world and all of creation as we face the impact of our shifting climate. We strive for a welcoming and inclusive church of people of all sexual orientations and gender identities. We are finding ways for people to know they are beloved children of God, have meaning in their lives, and not see suicide as the only way out. We are building a shared sacred space at Cathedral Ridge and lifting up our young leaders in the Episcopal Service Corps, in the Journey youth leadership program, and in the transformational experiences of summer camp.

We are grateful for our shared ministry, and we are grateful for the pledges of our congregations. Stewarding our common resources and funding the operating budget ensures we can engage, equip, and empower God's people to love and follow Jesus.

## **Treasurer's Narrative to Accompany the 2023 Recommended Budget**

by Jay Swope, Treasurer

The chief purpose of this document is to provide Diocesan Convention delegates and others with information to help them understand the story behind the numbers found on the proposed budget spreadsheets. This is particularly important due to the many circumstances that have disrupted our individual and collective lives in so many ways since

March 2020. Now, as many of those disruptions seem to be abating, the 2023 proposed budget aspires to lean into those positive developments with cautious optimism.

Before turning to what the numbers in the proposed budget represent, a word is needed to describe the process by which the budget was developed—which is in most respects the same as in previous years and the format in which it is presented—which is different in many ways.

First, as to process: the annual budget cycle begins with an initial proposed draft budget based on input from the leadership and staff of the Office of the Bishop, gathered in late spring and early summer. In late July, this preliminary draft budget was sent to the Finance Committee and the Standing Committee for review and comment, and further changes were made to reflect that input. In early August, the next iteration of the draft budget was presented to the Finance Committee and to your Standing Committee for their review of changes that were made. The final recommended budget comes to the Diocesan Convention with your Standing Committee's unanimous recommendation that you adopt it. The recommended budget and this narrative will be published in advance of the Regional Convocations, and time will be allotted at these gatherings to answer questions and hear input regarding it. There will also be a Budget Hearing held via Zoom on October 8, a week before the Diocesan Convention's business session.

Next, as to format: As you can see, the format of the budget this year continues with the changes that were made in the way the 2022 budget was presented. The intent behind these changes is to better describe how the budget supports the direction of our life together. Previous budget presentations were organized according to departments within the Office of the Bishop; what you will see takes more of a functional, programmatic, and missional approach.

The presentation of the budget begins with our projected income. The foundation of that is, of course, the faithful giving of the congregations that make up the Episcopal Church in Colorado, and that, in turn, is based on the generous giving of individuals and families that make up each congregation. We are very pleased to report that, as of August 2022, total congregational giving to the Diocese was running slightly ahead of what had been given by that time in 2021. Based on that experience, the budgeted amount for 2023 reflects that positive trend. In addition, thanks to the foresight and endeavors of those who came before, we are blessed by a large grant from the Colorado Trust. Based on input from the Colorado Trust's leadership, we currently estimate it will be \$915,000 in 2023, the same amount that we received in 2021 (it is \$949,000 in 2022; we will not know the actual amount for 2023 until after January 1). While this is better than we had budgeted for 2022, we have budgeted decreases in some other areas, chiefly fundraising (which we have curtailed since the beginning of the pandemic, so as not to compete with other fundraising initiatives by congregations and other diocesan institutions) and the discontinuation of some significant government support that we had received at the beginning of the pandemic (mainly the Payroll Protection Program). Because estimated income from trusts is designated to be used for specified purposes and equals those estimated expenses, the net bottom line effect on the operating budget is neutral.

Turning to expenses, as was noted above budget areas are now divided into Operational Expenses, Empowering Leaders, Equipping Congregations, and Engaging the World,

encompassing not just the work of the Office of the Bishop staff, but also our collective work as the Episcopal Church in Colorado.

In our polity, the individual salaries of the personnel in the Office of the Bishop are set by the Bishop (the Bishop's salary is determined by the Standing Committee). In 2022, those salaries were subject to comprehensive compensation reviews to help ensure that they are consistent across similar positions within the Office of the Bishop and competitive with comparable organizations. The total amounts shown in the proposed budget reflect these changes and the planned staffing configuration.

As was noted as early as last year, one of the highest priorities expressed by your Standing Committee was the longing we all feel to return as soon as we safely can to gathering in person for worship, formation, and fellowship, and the proposed budget reflects that. We were able to make some changes in that direction in 2022, and the recommended budget continues to reflect that aspiration. That said, during the pandemic we learned that many meetings and other activities can be—and, indeed, given the far-flung nature of our Diocese, are best—held via Zoom or other similar technologies, and where that seemed appropriate the proposed budget reflects that. While these budget subsidies for these activities were reduced somewhat in the proposed budget, other funds are available to those who might need them in order to attend.

Since the recommended budget was published, questions have been raised regarding reductions in the “Equipping Congregations” section of the budget to the youth and campus ministry areas. The recommended amounts reflect the reality of a reduced number of participants in these programs as a result of the pandemic. We expect to request additional funds for these program areas as participation increases to levels comparable to prior years.

In the “Engaging the World” section of the budget that we have increased our giving to the Episcopal Church from 14.5% in 2022 to the 15% minimum mandated by General Convention. These funds support churchwide ministries, from evangelism and church planting to caring for creation and racial reconciliation. While the percentage increased slightly and we have budgeted a very modest increase in overall congregational giving, the total amount budgeted for 2023 is slightly less than for 2022 because the amount against which this percentage is applied declined by nearly \$400,000: the \$140,000 “standard deduction” has been increased to \$200,000 due to Resolution A228 from General Convention, and one significant item of revenue recognized in 2020: the conversion of the Payroll Protection Program proceeds from a loan to a grant did not recur in 2021, which is the amount our 2023 assessment is based.

As you will see, the bottom line of the proposed budget projects a deficit of just under \$100,000, which your Standing Committee believes is reasonable under all the circumstances, including the state of our cash reserves. We all hope and pray that the aspirations of this budget will inspire all to see the value of the mission and ministries of the Episcopal Church in Colorado, and to support them with your prayers and your faithful financial contributions, to both the Diocese and your respective Regions.