

Fiscal Year 2024 Budget

Commentary

June 27, 2023 Member's Meeting

Trinity has undergone a 'season of change' over the past few years. There is a sense that God is leading us into the next phase of joining Him to carry out His mission, which we describe as '*Love God, Love Others and Change the World Through Christ*'. As such, the proposed budget reflects this outlook. It is also a more fulsome financial outlook addressing ongoing ministry, missions, debt elimination, and long-term maintenance of the Trinity Campus. It contemplates increased expenditures in each of those areas supported by increased funding primarily from donations required to fund these expenditures.

An approach to track and report financial status relative to plan combined with managing expenditures to funds as they are available is an integral part of the plan.

Considerations in Preparing the Budget

Input and Involvement

- Involvement- input was provided for all Ministry areas through the Leaders for each area.
- Informed by data - using a model which tracks actual financial results monthly going back six years along with a multi year forecast. It also has the capability to adjust planned expenditures based on revenue and expense key indicators (see Cash Management).

Philosophy

Ministry - input was provided by the ministry teams based on their vision for their individual ministry areas. Investment in staff is also a key philosophy, both to bring wages to competitive levels for existing staff which supports retention, and targeted and measured build out of the organization to support activity levels.

Missions - a target of 2.0% of Donations is built into the model as an intentional means of increased funding for missions.

Capital - A long-term forecast was developed for building maintenance focused on RTU/HVAC replacement (most units are beyond their expected service life), roof replacement, parking lot repaving, and other exterior elements. Technology was the other focus area where amounts required to maintain systems were identified. The forecast assumes rateable spends in both areas which ramp up over the first several years to allow for debt repayment and donor support to build.

Debt - paying off the remaining debt (outstanding balance approximately \$500k) over 24 months. The terms of the Line of Credit require conversion to a longer-term loan structure (ex. mortgage) which is still to be negotiated. The loan will be set up to fit the 24-month repayment plan while allowing for flexibility. The existing \$250k operating line of credit (current balance \$0) would be left in place with its purposes unchanged.

Funding

- Donations - A Global giving concept is proposed to capture donations to cover operations, missions, and capital. Allocations would be made to fund each area.

- Generosity Strategy – funding needs will be communicated to the congregation along with the opportunities on how they might be involved in supporting Trinity’s part in carrying out God’s work.
- Food and Facilities revenues are anticipated to grow with increased access to the facility. *Cash*

Management

- Timely and accurate reporting of finances combined with forecasting informs decision making.
- The model will be used to pace capital expenditures, staffing additions, and missions as funding is available. Funds will be accumulated prior to undertaking capital expenditures. Staffing costs are maintained within a target range relative to total revenue.
- Priorities will be addressed on an organization basis through continued coordination and collaboration by the leadership team. Support will continue to be provided through regular communication between leadership and the Elder Board and the work of the FOC.

General

- After several years of stability and growth, Trinity was impacted by some significant events both from the pandemic and the ‘flood’ event in June ‘21. These events limited accessibility to the building and ministry activities/scale from the latter part of FY ’20 into the second quarter of FY ’23 and brought about the insurance claim and Renewed Heart Renewed Home project. This could be viewed as a valley experience which often brings about change and from which we are now moving forward.

The Numbers (attached)

- Attached are tables and charts which presents the detailed financial. It includes operating and capital budget information presented on both a summary and detailed level. Comparison with several years of historical data and future year projections are provided.
- The data is presented on a cash basis. It is important to note that some amounts currently carried as operating expenses will likely be capitalized, and some revenues may be deferred during preparation of the financial statements. The accounting treatment of those items does not impact net cash in/cash out presented here.

We trust the information provided assists with review of the budget.