

Budget Update for FY 2024 (July 1, 2023, to June 30, 2024) from Financial Oversight Committee

This document is mostly about “*the numbers*”. In advance of going through “the numbers”, we hope that you have already read the initial budget related 2-page **BUDGET COMMENTARY** document from the Financial Oversight Committee (FOC). That sets the scene of where we as Trinity Church are at, and what the plan is moving into Fiscal Year (FY) 2024.

What you will notice is a variety of tables and graphics, providing side-by-side comparisons for FY 2024 Budget to prior years, the current year estimate (FY 2023 ending on June 30, 2023), and future years projections. In each of the sections we provide some context to the budget numbers. The list of tables and graphs includes:

1. FY 2024 Budget Summary
2. FY 2024 (more detailed view)
3. Longer Term (5-year Capital Plan (the Roof top image is provided to show where most of the longer-term capital will be spent)
4. Revenue Graphics provides a breakdown of revenue and Salary Costs (our biggest single expense) as a proportion of revenue.

Principals and Guidelines of Budget Preparation

1. Engagement management for input (bottom-up approach) of current operational needs to sustain and grow the overall activities.
2. Review last 6 years of data for all revenues and expenses.
 - a. Data from 2017/07/01 to June 30, 2023, provide average values for long term comparison.
 - b. This covers 3 good giving years, 1-year Covid related impact, and 2-years of facility shut down and getting back into building Nov 2022.
3. Budget shows a \$4m revenue stream from all donors related sources (80% of which comes from unrestricted donations).
4. Institute new practices such as:
 - a. A proactive approach to funding long term maintenance by building the cash cost of the 5-year capital program into the budget vs. a reactionary, breakdown approach potentially with limited funds available. While there is an annual expectation as to capital spending, it will be managed as funds are available.
 - b. Designating ~\$80k from the overall church budget to missions. This amount will be in addition to donations given directly to missions.
 - c. Manage the church operations from a cash flow perspective to have a surplus of \$250,000 in the FY 2024 (and FY 2025) Operating budgets.
 - d. This “Cash surplus” will be used to pay down the existing debt remaining from the capital buildout. Loan repayments of \$20,000 per month (plus interest) are built into the cash flow model and budget which pays off debt in 2 years.
 - e. Continued FOC monitoring of all monthly business and cash flow indicators with reporting to staff and the Elder Board to ensure financial stability.

Below is the **FY 2024 Budget Summary**. This format is like what you have seen in the FY 2022 financial statements as well as how financial information is now provided to the Elder Board and management.

This information is prepared on a **cash flow basis**, without capitalizing larger equipment costs. This does not show RHRH campaign donations or expenses which were capitalized to be recognized over 25 years.

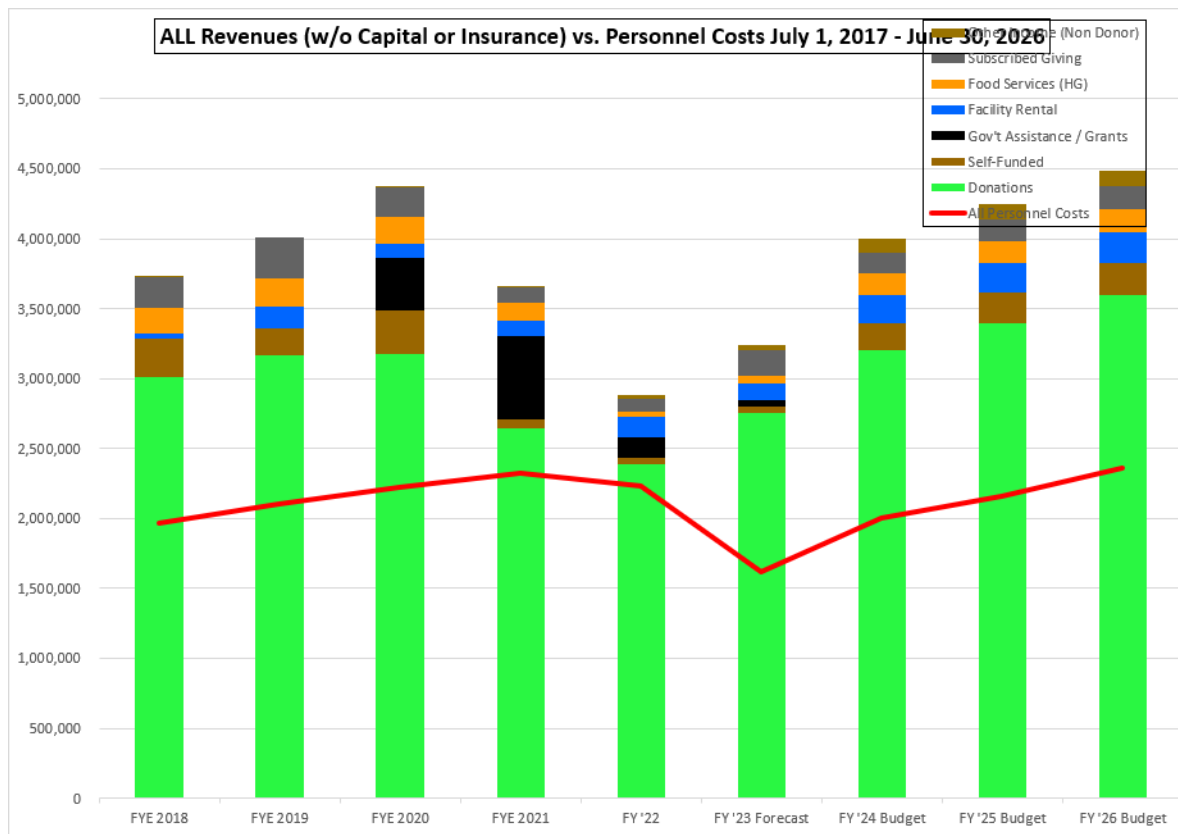
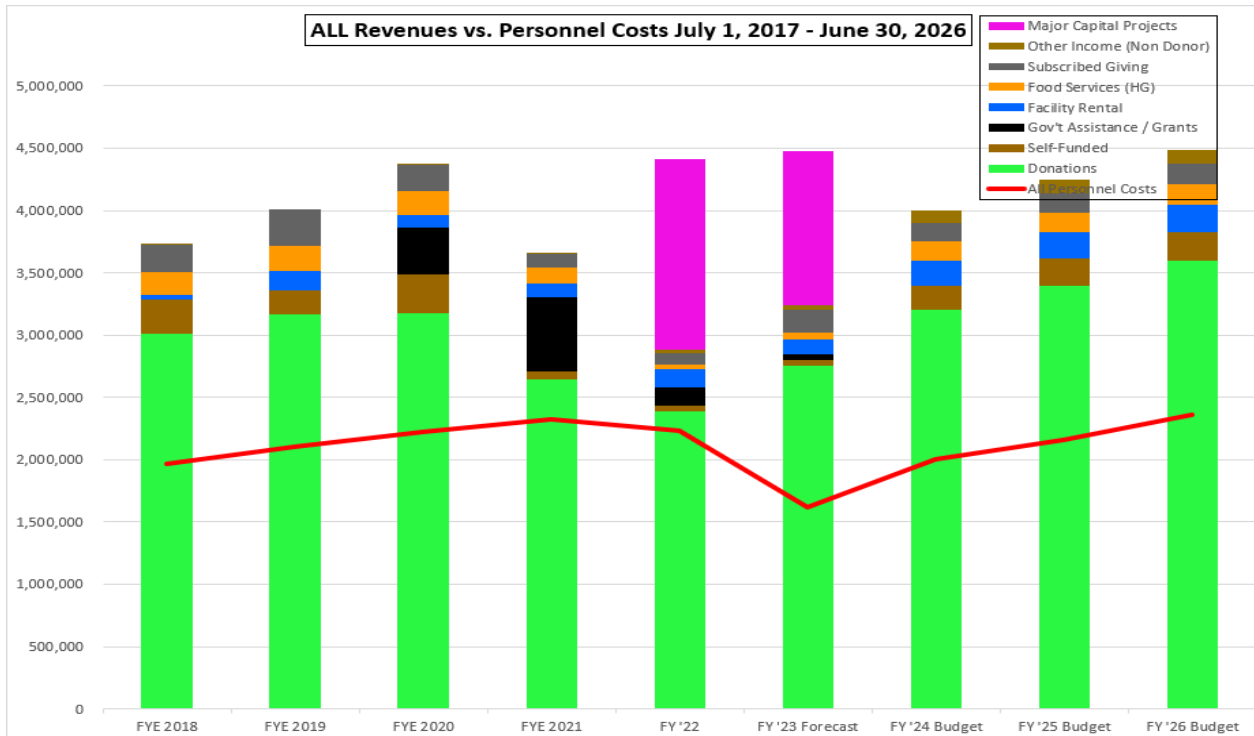
The FY 2024 budget is in column 1 (blue), the current FY 2023 in green, then the prior three years (FY 2020 to 2022), along with last column being a 6-year average are also provided. At the bottom are some key indicators that would be included as part of current assets and liabilities on the Year End Balance Sheet (note: FY 2023 and FY 2024 are estimates).

1	Kelowna Trinity Baptist Church	FY 2024 Budget Summary					
2	Ministry Operations						
3	REVENUES	Budget FY 2024	Estimate FY 2023	Actual FY 2022	Actual FY 2021	Actual FY 2020	Up to 6 Year Average
4	Donations (Unrestricted)	3,200,000	2,750,832	2,346,192	2,647,992	3,178,406	2,848,964
5	Donations (Designated)	350,000	238,700	173,005	167,453	515,262	316,212
5	Food / Facilities / Other	450,000	207,063	174,521	238,914	297,607	288,450
6	Sub Total (Donor based)	4,000,000	3,196,596	2,693,718	3,054,359	3,991,275	3,453,626
8	Gov't Grants & Recoveries	-	44,852	143,027	596,003	375,568	305,657
8	Insurance	-	1,200,000	970,879	-	-	1,066,371
9	Sub Total Other	-	1,244,852	1,113,906	596,003	375,568	1,372,028
10	Total Operating Revenues	4,000,000	4,441,448	3,807,624	3,650,362	4,366,843	4,825,654
11	EXPENSES						
12	Staff Costs	2,008,021	1,617,212	2,236,931	2,322,182	2,220,993	2,082,251
12	Staff cost % Donor Based Revenues	50.2%	50.6%	83.0%	76.0%	55.6%	60.3%
13	Building Operations	409,500	399,540	427,482	372,923	365,702	575,170
14	Administration & Support	269,000	291,011	273,975	259,484	257,768	337,727
15	Ministry	557,735	355,896	265,576	404,095	609,250	558,771
15	Missions	140,000	212,820	166,007	317,456	344,412	282,123
16	Total Operating Expenses	3,384,256	2,876,479	3,369,971	3,676,140	3,798,125	3,836,042
17	Operational EXCESS / (DEFICIT)	615,744	1,564,968	437,653	-25,778	568,718	989,611
18							
19	Capital FY 2024	361,500	293,992	This is new section calculations - No historicals included			
19	Operational & Capital Cash EXCESS / (DEFICIT)	254,244	1,270,977	Prior years Capitalized most Capital \$ amounts			
20							
21	KET YEAR END INDICATORS	Budget FY 2024	Estimate FY 2023	Actual FY 2022	Actual FY 2021	Actual FY 2020	
22	Cash at End of Year	254,244	300,000	50,233	365,215	495,035	
22	Year End A/R, PrePaid & Deferred	100,000	150,000	188,308	142,301	118,836	
23	Current Assets	354,244	450,000	238,541	507,516	613,871	
24							
25	A/P & Accrued Liabilities	40,000	50,000	758,648	15,470	15,349	
26	Debt / Line of Credit	240,000	480,000	256,121	-	-	
26	Current Liabilities	280,000	530,000	1,014,769	15,470	15,349	
28	Current Assets Surplus / (Deficit)	74,244	-80,000	-776,228	492,046	598,522	

FY 2024 (more detailed view) This information is like what you have seen on the last page of the FY 2022 financials and provides more information on cash type items (no Capitalization of expenses)

# Kelowna Trinity Baptist Church				FY 2023				
3	Revenue	FYE 2021	FYE 2022	FY '23 Forecast	Average annual #'s	FY '24 Budget	FY '25 Budget	FY '26 Budget
4	Operating Revenues (Cash in)	Actual FYE Filed	Actual FYE Filed	Internal figures	6 year Avg	Internal figures	Internal figures	Internal figures
9	Donations	2,647,992	2,346,192	2,750,832	2,848,964	3,200,000	3,400,000	3,600,000
10	Self-Funded	62,108	75,155	53,704	139,134	200,000	212,000	222,600
11	Subscribed Giving	105,345	97,850	184,996	177,078	150,000	159,000	166,950
12	Food Services (HG)	132,064	31,100	50,599	136,564	150,000	159,000	166,950
13	Facility Rental	106,525	142,832	118,938	119,490	200,000	212,000	222,600
14	Other Income (Non Donor)	325	589	37,526	32,396	100,000	106,000	111,300
15	Total - Operating Cash Funds	3,054,359	2,693,718	3,196,596	3,453,626	4,000,000	4,248,000	4,490,400
16	Other Revenues (Cash)							
18	Govt Assistance / Grants	596,003	143,027	44,852	305,657	-	-	-
19	Insurance	-	970,879	1,200,000	1,066,371	-	-	-
21	Totals - Other Cash In	596,003	1,113,906	1,244,852	1,372,028	-	-	-
23	Total All Cash Funds Received	3,650,362	3,807,624	4,441,448	4,825,654	4,000,000	4,248,000	4,490,400
46	Expenditures							
48	Personnel Expenses	FYE 2021	FYE 2022	FY '23 Forecast	Average annual #'s	FY '24 Budget	FY '25 Budget	FY '26 Budget
53	Total Personnel Expenses	2,322,182	2,236,931	1,617,212	2,082,251	2,008,021	2,161,494	2,365,243
55	Salary % of Donor Cash (Without Major Capital/Insurance)	76.0%	83.0%	50.6%	60.3%	50.2%	50.9%	52.7%
60	Operating Expenses (Cash)							
61	Cause - Global	94,783	45,593	57,568	61,080	40,000	40,000	44,000
62	Cause - Local & National	117,328	22,564	47,166	80,413	40,000	40,000	44,000
63	Communication	7,406	7,023	8,621	12,431	24,000	24,720	27,192
65	Facility Expense	27,848	20,043	7,117	31,212	24,500	25,235	27,759
66	Food Services (HG)	211,930	80,935	81,585	171,790	150,000	159,000	166,950
67	Guest Services	724	6,049	6,786	5,913	12,500	12,875	14,163
68	Leadership Development	8,223	13,765	20,679	21,396	20,000	20,600	22,660
69	Ministries							
70	- Trinity Kids	34,878	26,493	34,872	35,626	64,600	66,538	73,192
71	- Middle & High School	34,114	41,609	56,076	53,455	85,750	88,323	97,155
72	- Young Adults	4,718	5,301	4,702	9,082	16,500	16,995	18,695
73	- NextGen Wide (New FY '24)	-	-	-	-	34,435	35,468	39,015
74	- Self-Funded	42,574	36,220	49,560	156,577	50,000	51,500	56,650
75	- Technical Ministries	16,880	3,867	17,580	28,535	25,000	25,750	28,325
76	- Trinity Care & Benovelance	1,436	5,867	17,709	9,831	10,300	10,609	11,670
77	- Spiritual Formation (Discipleship)	9,969	12,196	24,130	28,958	43,650	44,960	49,455
78	Office Expense - General & IT	155,613	142,178	110,901	142,727	120,000	123,600	135,960
79	Office - Prof Fees Audit & Legal	11,788	49,613	25,000	17,624	25,000	25,750	28,325
80	Office - Bank Charges	54,883	61,396	62,869	51,206	45,000	46,350	50,985
81	Office - Interest (new FY '23)	-	-	54,714	54,714	20,000	10,000	-
82	Other Personnel Costs	-	-	8,227	16,060	15,000	15,450	15,450
83	Operating Funds	328,195	403,572	374,843	450,534	360,000	370,800	407,880
84	Capital Fund (moved to Below)	-	-	293,992	64,889	-	-	-
85	Special Events	27,993	33,058	50,711	40,951	50,000	51,500	56,650
86	Subscribed Giving (External)	105,345	97,850	108,086	140,630	60,000	63,600	100,170
87	The Arts	35,759	17,848	28,948	35,010	40,000	41,200	45,320
92	Operating (Non-Staff) Expenses	1,353,958	1,133,040	1,551,842	1,703,597	1,376,235	1,410,822	1,561,619
94	Total Operating & Staff Expenses	3,676,140	3,369,971	3,169,055	3,785,848	3,384,256	3,572,316	3,926,862
96	Capital Expenditures							
103	Capital Spend - Bldg & External	-	-	-	-	211,500	256,000	255,000
104	Capital Spend - Tech & Internal	-	-	-	-	150,000	160,000	200,000
105	Total Capital Spend	0	0	0	0	361,500	416,000	455,000
107	Total ALL Expenses with Capital	3,676,140	3,369,971	3,169,055	3,785,848	3,745,756	3,988,316	4,381,862
115	Excess (Deficiency) of Revenue over Expenses	183,786	647,217	1,272,393	1,039,805	254,244	259,684	108,538

Revenue Graphics. Stacked revenues for FY 2018 to FY 2026. Top right shows the individual items in this graphic. The red line is all Staff Costs as compared to all revenue items in the graphics.



Longer Term Capital plan

The longer term (5 years) capital plan is roughly 2/3 building exterior, and 1/3 internal (mostly audio visual & Tech).

As part of this budget process, we want to launch a 5-year \$3m capital campaign which is built into the cash flow budget starting in FY 2024 up to FY 2028 and achievable if we reach our revenue projections.

1 TBC 5 Year (FY 2024 to FY 2028) Capital Budget								
2	Long Term Capital Plan	FY '24 Totals	FY '25 Totals	FY '26 Totals	FY '27 Totals	FY '28 Totals	5 Year Totals	% of Capital
3	Ext - Building - Roof	130,000	180,000	140,000	128,000	190,000	768,000	25.7%
4	Ext - Building - RTU/HVAC	130,000	125,000	100,000	110,000	100,000	565,000	18.9%
5	Ext - External - Grounds	22,000	15,000	300,000	300,000	15,000	652,000	21.8%
8	Total Building & External Actual	211,500	288,000	540,000	591,800	366,000	1,997,300	66.8%
9								
10	Technology 1 - Audio Visual	160,000	160,000	160,000	160,000	160,000	800,000	26.7%
11	Technology - IT & Networking	20,000	20,000	20,000	20,000	20,000	100,000	3.3%
12	Capital - Internal / Other	20,000	20,000	20,000	20,000	20,000	100,000	3.3%
15	Total Building & External Actual	150,000	180,000	200,000	222,000	242,000	994,000	33.2%
16								
17	Totals All Capital Spend	361,500	468,000	740,000	813,800	608,000	2,991,300	100.0%

From the Renewed Heart and Renewed Home (RHRH) project, it was clear that the state of our building has not been kept up over the years.

While the physical interior of our building has had a significant upgrade over the past 2 years, the state of the outer envelope of the building is years behind best and needs a concentrated financial investment over the next 5 years so we get the building back into shape for the next decades of service.

Out of site usually means out of mind - until the air conditioners fail.

The potential \$600k spend (in purple highlight) in FY 2026 / 2027 is a projected need to do our parking lot upgrade, which is showing its age. We can only do this if the money is available at that time. If we catch up on the intended capital plan over the next 5 years, then our ongoing building maintenance costs will be significantly lower.

See the attached Roof Top graphic to see the number of RTU/HVAC's (heating and air conditioning) on the roof.

On the inside of the building, the capital expenditures are mostly related to ongoing renewal of our existing audio visual, and technology needs for our current operations.

Roof top view of our main campus building showing the RTU units.

