

Christ Fellowship

Financial Health Report – October 2017

The purpose of this report is to give a snapshot of the financial health of Christ Fellowship. It's broken into five sections: Giving, Expenses, Temporarily Restricted Funds, Cash, and Debt. More detailed information is available on the monthly financial reports; the last monthly report was for September 2017 (current financial reports are available at <http://cfhome.org/giving/financial-information/>).

General Information

Modeling church income, i.e. General Ministry Fund giving and other income, which is as much an *art form* as science, involves analyzing what giving may come in based on the impact of the ministry plan and historical trends, as well as prayerfully looking at what ministry plans God has called us to (i.e. validating income based on proposed ministry plan costs). This is another one of those areas where we're walking by faith, not by sight – right where God wants us to be.

This year the budget reflects an 15.4% increase in giving to meet expenses. Pray for God's financial provision for Christ Fellowship, that our church family would grow in the grace of giving as our hearts become more devoted to Jesus Christ and His mission at Christ Fellowship.

Giving

The key metrics to model giving are gift per attendee (GPA) and worship attendance. To model giving in 2017-18, average GPA is \$56.16 and average worship attendance is 1670. These two factors plus “non-GPA” giving result in an annual general giving plan of \$4,879k, which is 15.4% higher than 2016-17 giving. We've once again stepped out in faith to what we believe God is calling us to in 2017-18. Income distribution was based on historical trends and weeks per month:

Month	# Weeks	Giving-Budget	Giving-Actual	Giving-Prev. Year
July	5	\$360.5k	\$376.0k	\$323.9k
August	4	\$368.5k	\$291.4k	\$300.1k
September	4	\$368.5k	\$300.5k	\$315.5k
October	5	\$441.6k	\$199.7k*	\$348.9k
November	4	\$368.5k		\$343.8k
December	5	\$656.1k		\$570.2k
January	4	\$323.7k		\$309.0k
February	4	\$393.6k		\$330.4k
March	4	\$393.6k		\$336.5k
April	5	\$442.8k		\$368.2k
May	4	\$394.3k		\$291.2k
June	4	\$394.3k		\$390.9k

* Actual giving through October 15; two more weeks remains in the month - \$121k per week is required to hit the October projection (October giving to date is averaging \$66.6k per week).

At the end of September, YTD giving was \$130k (11.8%) lower than plan and \$28.4k (3.0%) higher than the previous year. Reviewing the past five quarters shows giving has grown somewhat, but not as much as planned:

Giving	2016-17 Q1	2016-17 Q2	2016-17 Q3	2016-17 Q4	2017-18 Q1
vs. Plan	-7.3%	2.1%	-8.1%	-6.0%	-11.8%
vs. Previous Year	-3.2%	6.9%	1.8%	6.1%	3.0%

Three fifths of the way through October, giving is 19.7% less than plan and 4.6% less than the previous year. As of October 15, YTD giving is \$179k (13.3%) less than plan and \$18.7k (1.6%) more than the previous year. YTD average weekly giving is up 1.9% from the previous year.

The dashboard metrics give a complete picture of how the income (and attendance) was projected for the year:

Dashboard Metrics	PLAN/BUDGET			ACTUAL		
	Giving	Attendance	GPA	Giving	Attendance	GPA
Q1 Weekly Average	\$84.4k	1680	\$50.23	\$74.4k	1406	\$52.89
Q2 Weekly Average	\$102.8k	1640	\$57.26			
Q3 Weekly Average	\$93.5k	1670	\$55.42			
Q4 Weekly Average	\$94.7k	1730	\$54.73			

In Q1, worship attendance was 16.3% below plan/budget and giving was 11.8% below plan/budget. This resulted in a giving per attendee (GPA) that was higher than plan. Compared to 2016-17, worship attendance was 10.8% lower in Q1 and GPA was significantly higher (\$52.89 vs. \$45.80). The increase in GPA may be partially due to reduced attendance frequency by those who call Christ Fellowship home (a national trend); i.e. people giving the same but attending less. Average Promiseland attendance was 10.0% lower than last year during Q1.

Expenses

This year the budget reflects general giving allocations of 10% for Global Ministries (\$488k), 1% for the Reserve fund (\$48.8k), 1% for the Repair, Maintenance, and Replacement (RMR) fund (\$48.8k), and 0.5% for the Worship RMR/Enhancements Fund (\$24.4k). Based on planned giving of \$4,879k, the net income for operations budgeted is \$4,269k. Here is a breakdown of the key spending categories:

Expense Area	Budget	Annual % Change*	% of Giving
Global Ministries Allocation	\$487.9k	15.4%	10%
All "Reserve" Allocations	\$122.0k	15.4%	2.5%
General Ministries	\$326.4k	1.5%	6.7%
Ministry Support	\$330.9k	3.3%	6.8%
Ministry Space	\$936.2k	15.5%	19.2%
Ministry Staff	\$2,674k	15.7%	54.8%
TOTALS**	\$4,877k	13.4%	100%

* Annual Change from 2016-17 actual expenses

** TOTALS may not add up due to rounding

As of September 30, spending is \$17.1k (1.7%) less than plan and \$76.1k (8.2%) more than last year. With net income YTD less than projected by \$113k, the NET position (contributions less expenses) is \$96.4k worse than plan at (\$163k). The NET position is \$51.3k worse than the previous year. See the September financial report for details.

Temporarily Restricted Funds

Overall, the balance as of September 30 for all temporarily restricted funds is \$2,057k, \$110k (5.1%) less than the beginning of the ministry year and \$1,901k (48%) lower than one year ago. The make-up of these changes is as varied as the number of funds. Here are the restricted/designated funds highlights:

- The Ministry Expansion Fund balance is \$192k, \$150k lower than the start of the ministry year and \$2,096k less than one year ago. The reduction is due to spending on Make Room construction, which began in April. The fund balance will continue to fluctuate as Make Room giving and spending continue.
- The three Global Ministries funds have a combined balance of \$726k, \$24.4k more than the start of the ministry year and \$112k more than one year ago.
- The Community Impact Ministries TR Fund balance is \$188k, \$11.7k less than at the start of the ministry year and \$10.7k less than one year ago.
- The Love Fund balance is \$64.8k, \$9.0k less than the start of the ministry year and \$10.5k less than one year ago.
- The Reserve Fund balance is \$125k, \$6.1k more than the start of the ministry year and \$39.9k less than one year ago. This balance includes \$42.2k used to cover the 2016-17 operating shortfall. The allocation for the Reserve Fund continues to be 1% of general giving.
- The Repair/Maintenance/Replacement (RMR) Fund balance is \$187k, down \$27.2k from the start of the ministry year and up \$3.4k since one year ago. The allocation for RMR continues to be 1% of general giving.
- The new Worship RMR/Enhancements Fund balance is \$53.7k, up \$3.4k from the start of the ministry year and up \$12.5k since one year ago. The allocation for the Worship RMR/Enhancements Fund is 0.5% of general giving – no change from the previous year.
- The Annual Operating Carryover Fund balance is \$0k, down \$24k from one year ago. The decrease was due to using these funds to cover the 2016-17 operating shortfall.
- The special HR-related funds – Medical/Dental/Other and Workers Compensation– have a combined balance of \$48.2k, which is \$22.0k higher than the beginning of the ministry year and \$29.4k lower than one year ago. Almost all of this year-over-year decrease is in the Medical/Dental/Other fund. This was intentional as these funds were used to subsidize employee medical insurance premiums beyond General Fund benefits spending.
- The Outside Events/Rentals fund has a balance of \$7.4k. The balance is \$2.3k more than the beginning of the ministry year and \$2.4k less than one year ago – this includes \$10k of proceeds being moved to the RMR over the past year. Carolina is doing a great job managing outside events.
- The Promiseland Preschool fund balance is \$148k, \$14.1k less than the start of the ministry year and \$34.2k higher than one year ago – this includes the impact of giving \$3.5k last December to support the building program at Camp His Way and \$14.9k spent so far on the Promiseland Technology project. Karen continues to do a great job managing Promiseland Preschool.
- The Coffee Shop fund balance is (\$9.4k), \$3.1k more than the start of the ministry year and \$18.3k more than one year ago. The expectation is that this fund balance will continue to increase over time.

For information on other funds, please review the September financial report.

Cash

Our cash position as of September 30 is a balance of \$2,030k; this is down \$161k from the start of ministry year and down \$1,904k year-over-year. The cash balance net of prepaid expenses and payables is \$1,913k. Cash is managed in two broad categories:

Temporarily Restricted Funds:	\$2,056.8k
Operating Cash:	(\$143.6k)

However, not all Temporarily Restricted Funds cash is the same: the Reserve, RMR, Worship RMR/E, and Carryover funds are available to support church operations at the discretion of the Elders. Therefore, cash available for church operations is made up of five categories:

Operating Cash:	(\$143.6k)
Reserve Fund:	\$125.0k
RMR Fund:	\$186.9k
Worship RMR/E Fund:	\$53.7k
Carryover Fund:	\$0k
Total Available Operating Cash	\$222.0k

The Total Available Operating Cash balance decreased \$179k (45%) since the beginning of the ministry year; Operating Cash decreased \$161k during the same period. [One year ago the Operating Cash balance was (\$94.2k), \$49.4k more than the current balance.]

Our overall cash position is relatively strong, more normal now that Make Room construction is underway. Total Available Operating Cash is \$97.5k less than last year.

Debt

The only debt Christ Fellowship has is the mortgage. As of September 30, total mortgage debt is \$6,457k, which is \$2,368k more than one year ago. The increase is due to Make Room construction spending; loan draws began in June. The first \$3M in draws were essentially reversing the application of Make Room funds to the mortgage last year (September and October) to optimize interest/cash flow. To date, construction loan draws total \$1,568k. The pre-loan draw mortgage balance is \$4,889k. The mortgage will continue to increase each month until construction is completed.