

July 16, 2017

Rolling Hills Community Church
Annual Budget Presentation

I am Doug Edwards, an elder and member of the finance committee, and I am holding a short straw. All the other elders have long straws so I am privileged to spend a few minutes with you about the budget.

But I really am privileged. It is important. The Bible speaks a lot about money and you should all have a basic understanding of how Rolling Hills handles money.

Every year we present a budget to the congregation. Not for approval. But for enthusiasm. We want our people to be enthused with what our church is doing. We want people to be enthused with how we are handling God's resources. Specifically money.

First let's talk about the expense side. People are important to us and people are by far the biggest part of our budget. Our staff expense is ~\$534k. That amounts to over 73% of expected general giving. In a moment I will talk about why I reference to giving versus the total income. But first a word on our staff.

We have a great staff. The talent that we have accumulated for a church our size, heck for a church any size, is phenomenal. \$534k pays for the professional services and devotion of Dave, Omar, Brandon, Stephanie, Sheley, Rhea, Gabe, and Joan Arnold our bookkeeper. That's eight people. We provide basic "no frills" benefits for our full time employees and their families.

No one who works at Rolling Hills is getting rich. At least not financially. We pay a living wage and everybody knows that living in the Bay Area is incredibly expensive. For those who have lived in the same house for 30 years, trust me, it is expensive. Our staff is here because they have been called by God to be here and their joy is in you. Their joy is you. As Dave spoke about recently, you are responsible for their joy.

Expense #2 - I am going to lump Facility, mortgage, equipment and leases together to come up with ~\$152k and call this "facility costs". Facility costs amounts to almost 21% of expected giving. That's right, when you add the 73% of staff and the 21% of facilities your get 94%. Substantially all of our budgeted general giving is tied up into these two categories.

A word on our facility. We have a great building. It is not the church. You are the church. But it is a resource that God has given us to carry out his work. Dave taught recently in Hebrews 12 about being surrounded by a great cloud of witnesses. Right now you are IN a cloud of witnesses. A small Baptist church donated this property in the 80s and for many years Rolling Hills was a collection of temporary buildings on this spot. And then when no bank would touch us, devoted supporters bought bonds so this building could be built. (Some of you who helped last week during the work day might have thought you have found stuff that had been in the church since it was first built.) And then eventually we were able to refinance to a bank loan and repay our supporters. Recently in 2011 we refinanced our bank loan to lower the interest rate and set a 15 year term mortgage. We are in year 6 of that term. Our current mortgage balance is now just under \$300k. Our annual mortgage cost of ~\$45k accounts for just 6% of our expected giving. We have no other debt.

Something not in our budget that we are currently getting estimates for is a new roof for the building. Final numbers are still being determined but what we do know is that it will be expensive. Probably up

to 14% of estimated general giving. What's that saying? "Baby needs a new pair of shoes"? Well, the building needs a new set of shingles. We are still working through how we pay for it but we want to be good stewards of this building because of the great cloud of witnesses that went before us.

But we have a great facility and every time we come into this building we should thank God and give thanks for all those who came before us who provided this building to enjoy.

Departmental income and expenses – I usually net the income and expense- if you do this, the net deficit is ~\$27k or about 4% of general giving. We do a lot of things at Rolling Hills which accounts for these budget items. We have senior high camps, junior high camps, youth events, women's ministry, men's ministry, women retreats, men retreats, youth Mexico missions, outreach events, MOPs, AWANA, hospitality and many more. We do a lot. One final thing I will say is that we increasingly are telling our leaders of these programs when they come to us with great ideas, "That's a great idea, but you also need to figure out how to pay for it too."

Missions - I think the main thing you need to know about missions is that it's not just a line item in the overall budget. It has its own budget that is separate from the general budget. Any amount given to missions is designated to go only to missions. Any excess cash not spent is held designated only for missions. Our goal is be more project oriented and reduce ongoing monthly support. The purpose is for you to be better able to commit to specific projects and become involved for a specific finite project. Our hope is that this format increases the engagement in missions for our church family.

What is our financial position? I have already spoke of our ~\$300k mortgage debt. As of July 11 we have unrestricted funds of ~\$477k. We like to think about cash balances in terms of the amount of monthly reserves it represents. We have ~6 months of expense reserves in unrestricted cash. Our financial manual states a goal of 3 to 4 months cushion. Before you start leaping for joy over our largesse, keep in mind what I said before about a new roof.

Funds restricted for mission spending (historical excess of mission giving over mission expenses) are ~\$128k.

Lastly, a word on giving. No guilt trip here. We believe God will provide resources to this church if we are accomplishing His work in this area and around the world. We also believe that God has chosen YOU to be the instruments in providing those resources. I have talked a lot about cost and some of you may think giving to the church is a cost. Please don't think of it that way. Think of it as an opportunity. An opportunity to participate in what God is doing. An opportunity to encourage the spiritual family around you.

I want to personally continue to order my life around God's truth and grace. God's truth and grace to me and to the people that I know and to the people who are around me. If I do this, then being a good steward of God's resources will follow. I encourage you to do the same.

In summary, we have a great staff, we have a great facility, we have great blessings, and we have a great God.

Praise be to God,
Doug