

# Clarifying the Vision for Finance

## The Vision for Finance at Cedar Ridge

Serving our neighbors, caring for the poor, helping the oppressed, and other aspects of our vision require resources to implement. The Cedar Ridge vision also calls us to live simply and ethically, and to share our resources with others. Our giving is therefore both a means to an end—financing progress towards our vision; as well as a reflection of our vision—an expression of good stewardship, generosity, service, and discipleship. All of our resources—people, property, facilities and money—belong to God and are dedicated to the pursuit of our vision for following Jesus and making the world a better place. This has implications for how we treat finance: our corporate financial decisions are driven by our vision; our budgets are directly related to our vision and correspond to our emphases and values; and we seek to prioritize others (and especially the poor) in our spending.

This paper will consider finance from the two interrelated perspectives of a practical means to achieving our vision, and a philosophical reflection of our vision.

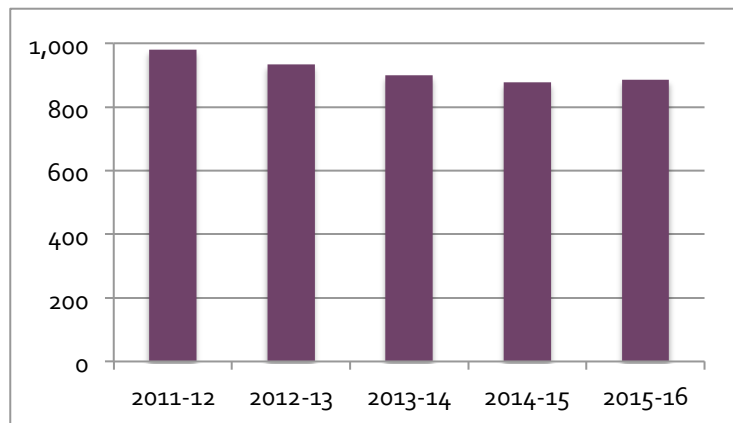
## Finance as Resourcing our Vision

### 1. Current obligations

Money is needed to pay the mortgage on our property, maintain the facilities, meet staff payroll, and fund a wide range of ministry areas. Our current annual budget is set at \$886,123, with 90% of that amount to be raised through member contributions, and the remaining 10% through facility rentals.

Personnel-related costs account for about half the budget; property mortgage and maintenance total approximately 30%; with ministry and operational costs making up the remainder. Our mortgage principal at the start of the year was \$1.4M at 4.65% interest, with a monthly payment of \$15K, and a maturity date of June 2026.<sup>1</sup> Our annual budget has shrunk by 10% over the past 5 years (see chart 1), reflecting the need for tighter controls to match reduced levels of congregational giving.

Chart 1: Annual Budget in \$1,000



### 2. Trends in giving

With a change of senior leadership and a new vision in 2006, attendance numbers declined by about two-thirds, resulting in significantly lower giving levels.<sup>2</sup> This was accompanied by a global economic downturn, beginning in 2008. That same year, we were required to spend \$225K on repairs to the

<sup>1</sup> For more information on the history of our property mortgage, see the *Refreshing the Vision for the Cedar Ridge Property* paper.

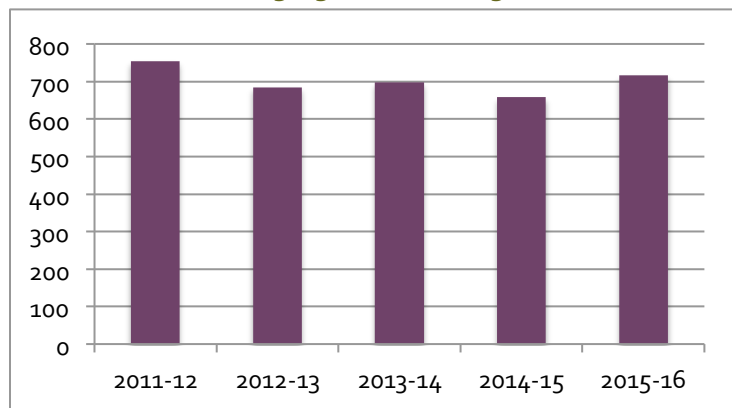
<sup>2</sup> For more information on the trends in attendance, see the *Sharing The Vision* paper.

historical barn, which largely depleted our cash reserves. Throughout all this, God was with us, helping us to weather the financial challenges, and even to grow financially.

After 2008, the Cedar Ridge Board of Trustees made a decision to set a minimum buffer level of cash reserves at three months of operating expenses (\$260K). We reached that amount in 2012, and have maintained it since that time. For a church of our size and location, we have an amazing property: 63 acres that we own and maintain, and are faithfully paying for. Although we struggle at times with cash-flow, our care and consistency in paying down our mortgage and maintaining our reserves means we are very asset rich and have a large amount of positive equity (\$2,548K at the end of the last fiscal year). Our proven track record in paying our bills and steadily paying down our mortgage has given us favor with our bank, and we were recently able to refinance to raise \$200K to spend on maintaining our cherished property.

Our congregational giving has averaged \$702K p.a. over the past 5 years (see chart 2). Through this giving, we have not only met our current obligations we have also been able to start a community farm; give generously to work in Ipala, Guatemala; and serve alongside partners in our local community. Our community always responds with great generosity when needs arise, particularly through year-end campaigns. Combined with a close control on spending through careful financial management, we have ended all but one of the last 5 years with a positive balance. Our annual audits have consistently given favorable feedback both about the way we manage our finances and our financial health.

**Chart 2: Annual Congregational Giving in \$1,000**



### 3. Challenges and opportunities

We are grateful for God's faithfulness to us and for the generosity of our community. At the same time, we recognize that we continue to face financial challenges. Giving can be inconsistent, which makes budgeting and cash-flow management problematic. We need to identify new sources of rental income since our long-term renter, Reaching Hearts International, will be leaving Cedar Ridge to move into their own property in June. In addition, the farmhouse will need to be renovated soon in accordance with our obligations as the owner of a historically listed site.<sup>3</sup> For us to resource many of the initiatives in the strategic plan, we will need to increase both giving and rental income.

### Finance as a Reflection of our Vision

Finance not only resources our vision; it also reflects it. Our vision leads to an approach to finance that has the following characteristics:

<sup>3</sup> For more information on the historical farmhouse, see Annex 2 of the *Refreshing the Vision for the Cedar Ridge Property* paper.

## 1. Generosity

We take a positive, generous approach to money. We are very grateful and thankful to God for all we have been blessed with; and we hold our resources lightly, understanding they belong to God and are entrusted to us to use to bless others. Money is a tool to accomplish our vision, and not an end in itself. Therefore we seek to give, more than to receive; and to spend less on ourselves, and more on others. As agents of love, hope and peace, we want to use our money in ways that encourage, strengthen and empower people. Our vision is ambitious and resources are finite, but money is not a limitation to God—as our past experience has shown. While not neglecting the need to be realistic and practical in our stewardship of resources, we therefore have faith in God’s ability to provide and look to God with optimism and expectation.

## 2. Openness

We seek to create an atmosphere of openness regarding money. We are not afraid to talk about money, and while we respect everyone’s personal confidentiality, our corporate financial actions are not hidden. We seek to report financial details regularly and clearly to our whole community through announcements in Sunday services, summaries in the Community Flyer, and an annual meeting providing in-depth information and an opportunity for feedback. We make everyone’s personal giving records accessible to that person via our database. Our aim is to foster trust within our church community with respect to finance, so that people can be confident giving to a general fund knowing that this money will be used efficiently towards our vision.

## 3. Ownership

The financial health of Cedar Ridge is the responsibility of us all. Giving is not about leadership saying *we need you* to give *us* money, and *we* would be very grateful if *you* did. Rather, this is *our* money. Balancing our books and spending wisely is all of our business. As a non-profit organization with financial needs and responsibilities, the Board of Trustees is ultimately responsible for making wise financial decisions on behalf of the church community and communicating those decisions clearly. This communication includes information about our giving responsibilities and the implications or results of falling short in our giving, since approximately 90% of our income is derived from the personal giving of our church community. Everyone participates in giving in some way, no matter how rich or poor we are. We urge everyone to give as they are able, recognizing this varies between people and over time; and we encourage one another to be generous. While giving away 10% of our income is a great target, we understand some can give more and some less. Becoming progressively more generous is more important than achieving a set amount; and we therefore challenge ourselves as a community to review our giving each year with a view to increase by 10% rather than settle for a magic figure of 10% of income. However much we give, there is no place for judgment or bitterness about people not giving their share; nor is there place for carelessness, neglecting to give, so others are left to make up the shortfall.

## 4. Discipleship

Scripture clearly teaches that all we have comes from God, and Jesus was not afraid to challenge people to leave everything in order to follow him. Our money is God’s money, and how we view and use money is therefore an integral part of our discipleship as followers of Jesus. Generosity goes beyond giving to the church to include sharing directly with one another, giving to other important causes, living ethically and simply (decreasing consumption, re-using, recycling, purchasing ethically, etc.), as well as tipping generously and other forms of openhandedness. Generosity also extends beyond money: we seek to give of our time and skills in an ongoing attitude of servanthood flowing from our gratitude to

God for all we have been given. We give to our church community sacrificially, as an act of worship and a spiritual practice; and cheerfully, knowing that we are resourcing our vision for the Kingdom of God. As with all aspects of discipleship, we are on a journey: we all desire to grow in wisdom and discipline. We seek to become better managers of our money—both in generating income and spending wisely. And we address our financial challenges (such as debt) through practical help, and financial support and counseling that leads to lasting, life-style change.

## **5. Corporate Diligence**

We will take a diligent approach to managing our church finances, including maintaining accurate, detailed financial records, reporting to the Board of Trustees in a timely fashion, and communicating regularly to the church community on financial matters. We ensure that all our financial dealings are compliant with relevant laws and recommended best practices; we conduct regular reviews of the effectiveness of our financial management; and we seek outside financial advice as needed (including an annual audit). We pay particular attention to ensuring loans and investments are ethical, and we are prepared to spend extra in order to make more ecologically sound purchases. Cedar Ridge seeks to use debt cautiously and wisely with full approval from the Board and/or the congregation, per the rules provided for in the church bylaws. The increase transparency, the Board is currently in the process of developing clear, publicized procedures for spending and managing financial decisions.

## **Priority Actions**

In light of our approach to finance as both resourcing and reflecting our vision, we have identified priorities for the coming 5-10 years as described below.

### **1. Increase our awareness of the role of money in discipleship**

- Develop a discipleship series on our approach to money, and return to this topic on a regular basis
- Include our approach to money in the *Journey* class.
- Provide specific empowering, education and support to those in financial need, including financial planning and debt management
- Encourage discipleship groups to care for one another's financial needs in a way that is both compassionate and empowering

### **2. Keep our community inspired and informed through regular communication**

- Develop an annual communication plan related to finance, including sharing stories through videos, the website, written materials and Sunday services
- Leverage key moments in our church calendar (like year-end) to promote giving
- Create an annual financial report that connects our audit to our annual plan
- Move the Annual Meeting closer to our financial year end
- Make all church corporate finances easily accessible
- Remind people to give during and at the end of the service

### **3. Increase our church income**

- Challenge our congregation to increase giving by increasing the number of givers, the amount and consistency of personal giving, the commitment of stocks and shares, and estate planning

- Leverage our property for rentals (e.g., to schools, child daycare, weddings, churches, conferences)<sup>4</sup>
- Leverage our property as an asset to generate liquid funds for vision-related action, being careful to manage the income/debt ratio, and after determining a policy for paying off our mortgage
- Be proactive and diligent about grants and other outside resources available for ministry projects and expenses

**4. Take care of our responsibilities as property owners and employers with a vision**

- Continue to assess and appraise property and facility maintenance and development needs
- Develop a capital expense policy that addresses property needs each year
- Ensure effective use of staff through sufficient budget allocations (training, benefits, etc.), and performance management processes

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<sup>4</sup> For more information on potential rentals, see the *Refreshing the Vision for the Cedar Ridge Property* paper.