

Harbor Churches Budget Information and Frequently Asked Questions Fiscal Year 2016-2017

Harbor Churches is a family of churches called a “multi-site church” in the greater Grand Rapids area. Though we function with “one budget,” each congregation approves its local budget as a part of the whole. The Collegiate Consistory - which provides oversight for Harbor Churches - has approved the following budget amounts to go before Congregations for fiscal 2016-2017:

Proposed Budget	General Fund	% Change	Missions Goal
Fair Haven Church	\$ 2,500,000	0%	\$250,000
South Harbor Church	\$ 1,000,000	21%	\$80,000
Harbor Life & Harbor Chapel	\$ 340,000	18%	\$18,500
Jamestown Harbor	\$ 410,000		\$20,000

General Budget FAQ's

How are budget amounts projected and how are expenses related to income?

Projected expenses are determined for each congregation by the staff responsible for their ministry area. These projected expenses are generally determined by three things: 1) previous year expenditures, 2) projected growth or decline, and 3) new or changing ministries. Projected income is determined in the following ways:

- Each year beginning in January, we determine the average per person giving (APPG) for each congregation over the previous 18 months. The APPG is determined by the weekly average giving divided by the weekly average attendance.
- We then examine giving and attendance trends to anticipate if this number will increase, decrease, or remain the same.
- Finally, we project average attendance for the coming year and use the projected APPG to determine the anticipated giving per person.

Our goal is that each congregation will be not only self-sustaining by income over expense, but that any surplus would allow us to either embark on new ministry frontiers or support an existing congregation that may not yet be self-sustaining. There are times when a congregation may not be self-sustaining for a variety of reasons, and the strength of Harbor Churches being one budget is the ability to function as a family financially as well. A guiding principle our Consistory has for our finances is that in the Harbor Churches' budget, expenses would not exceed income in a given fiscal year.

How does the Missions Fund fit into the budget?

The Missions Fund is built out of a shared goal for local and global missions. Each campus has specific missions they support, while we also share several partners and projects together as a family of churches. Our goal is to reach and eventually exceed 10% of all offering income for missions both for Harbor Churches and for each campus. Currently, our mission budget for Harbor Churches is 9.2% of our overall expected offering income. Currently, only Fair Haven Church is at or above 10% in mission giving. Our hope is that as we continue to raise the value of mission at each campus, that offering will also increase at each campus.

What is “Central Services” and where does that budget come from?

Every church has administrative and leadership costs. We have taken many of those shared costs (human resources, finances, payroll, communications, information technology, database management, consulting, leadership development, etc.) and placed them in Central Services along with the non-Lead Pastor Executive Staff Salaries. The best analogy for this is to think of the services that District Offices in a school system provide. Like schools, each “site” has its own operating budget as does Central Services. We have found that sharing certain expenses centrally is more cost effective and a better stewardship of resources. The allocation amount to each campus is determined based on shared expenses.

What are some of the major changes in this year's proposal over last year?

Personnel:

There have been a variety of personnel adjustments represented in this budget including the following: adjustments to be in closer alignment with comparative markets using standard local and national salary, wage, and benefit guidelines; adjustments to create greater salary and wage parity across our campuses and consistency with our hiring process salary and wage guidelines; some shifts due to hours, responsibilities, or new positions; some positions from part-time to full time due to ministry needs. Harbor Churches staff wages have been at the lower end of both local and national comparative salary, wage and benefit guidelines, so increasing them to more fair market wages seemed appropriate.

Additional details regarding Personnel include:

- Total Personnel Costs increased overall for Harbor Churches by 22.7% over last year, with the percentage of personnel to budget increasing by 7.6% leaving personnel at 58.2% of the budget.
- Large churches and multisite churches tend to have staffing as a percentage of the budget somewhere between 40% and 65%. When we compare “apples to apples” by including debt retirement offerings, care, and mission offerings personnel is closer to 42% of the budget, in the lower half of that range.
- Staffing increases include:
 - Fair Haven: Adding an Associate Pastor.
 - South Harbor: Increase Kids Director position to full-time (was budgeted previously at part-time); add Leadership Resident position; continue moving forward with looking to hire a Pastor of Spiritual Transformation.
 - Harbor Life/Harbor Chapel: Full allocation of Campus Pastor to Harbor Life budget (was budgeted previously as a split allocation).
 - Jamestown: Full allocation of Campus Pastor to Jamestown budget; Shifts in staffing include adding a Full-time Associate Pastor and Part-time Worship Leader; Added Part-time Administrative Assistant
 - Central Services: Increase in communications and includes a Multi-site Director.

Capital Improvements: With our buildings getting older, the allocations for funding improvements has increased. Capital Expenditure sinking funds were increased significantly at Fair Haven and Harbor Life campuses. Fair Haven’s capital fund increased by 50% to \$48k and Harbor Life increased 67% to \$20k. Rental funds continue to help to pay for many of our capital expenditures.

Inclusion and Recognition of Other Expenses: New expenses from the prior fiscal year that will continue into this fiscal year have been added to the budget line items including Bank Fees/merchant services, Sabbatical funding, Seminary Scholarships, as well as professional fees for accounting and legal requirements.

What about reserve, emergency, and designated funds?

We work with three different kinds of reserve funds: Donor Designated Funds, Management Designated Funds, and Undesignated Cash. Donor Designated Funds are those which are given or designated for an express purpose that cannot be changed without Consistory approval. Three examples would be Mission Funds, Debt Retirement Funds, and Benevolence Funds. Management Designated Funds are those that are used for ministry purposes by staff. Three examples would be the Scholarship Funds, Capital Expenditure Funds, and Funds from alternative income like conferences. Undesignated Cash refers to financial reserves in excess of these other reserves. This amount fluctuates throughout the year based on seasonal income and expenses. The Consistory Finance Team has developed a Financial Emergency plan so that reserve funds remain at high enough levels to manage budget in an emergency prior to making emergency adjustments. Reserve Funds have grown steadily over the past three years, providing greater stability and safety to Harbor Churches.

How much does church planting cost Harbor Churches?

This is a difficult question to answer because it depends upon several factors including the community demographics and available facilities. However, our plan is to invest initially from our Church Multiplication Fund in the amounts of up to \$30,000 in the first year, \$20,000 in the second year, and \$10,000 in the third for a total of \$60,000 over three years. The Church Multiplication Fund was developed for starting new churches, and is part of the Mission Fund. This is the typical RCA amount for parenting churches. With new churches, we also receive grants from the Reformed Church that range anywhere from \$20,000 to \$80,000. For instance, we plan to receive about \$122,000 over a 3-year period from the RCA in grants for our Jamestown plant.

Our new church Launch Strategy seeks to “launch large,” with financially invested launch teams prior to preview services. Jamestown is currently on budget and is performing well financially. Launching Jamestown with this strategy, as we did with South Harbor as well, has shown that starting churches larger creates a more financially sustainable church sooner that is less dependent on outside funds. This stewardship strategy ultimately has shown that by launching large, we can reduce the overall cost to Harbor Churches of starting new churches. Our hope is that increasingly over time this strategy will limit the financial impact significantly, and increase the likelihood of planting more new churches and sites.