

Year in Review

We rejoice in the blessings that the Lord has provided this year and commend the united body of believers at New Life for honoring God in your faithful giving to his work. With such a staggering increase in the budget for 2006 it challenged the finance team to trust that God would provide. As always, he is faithful! At the time of this writing, we have completed the month of October. The budget giving for this 10 month period had exceeded expenses by \$14,514 and the cash in bank, which includes budget and designated funds, has increased by \$21,393, to \$96,805, for that same period. We have not met our budgeted giving, but thanks to the conscientious spending by our lay ministers and staff we have maintained a surplus. Through October the offering has averaged \$10,382 per week as compared to \$9,292 in 2005. This represents an increase in giving of 11.7%. God is good!

The Coming Year

2007 Budget

The proposed budget you have before you sets budgeted expenses at \$598,202 or \$11,504 per week. This is an increase of \$17,193 over the 2005 budget and \$58,324 above the projected giving for 2006, based on year to date income through October. Approximately 72% of those budgeted expenses are fixed costs (salaries, utilities, debt payments, leases, insurance, etc.). Those items must be paid. The other items are to some extent controllable. As in prior years, the Finance Ministry Team will have to approve the controllable expenses before funds are spent. If you are a ministry leader you must have approval for the funds you spend in advance. Funds may not be spent and then reimbursed if prior approval has not been obtained. This is very important in budgeting by the finance team when funds are tight, but is also a means of bringing accountability to the spending of the church so that we might be good stewards of the money provided us. Forms for use in requesting approval of funds are available in the church office or on the web site at www.NLBCS.org.

Details of the changes in the various sections of the budget are as follows:

Salaries, Wages & Employee Benefits – Overall, the cost of staff salaries, wages and benefits increased by 8.6% over the 2005 budget. This increase includes raises for staff, changes in the cost of benefits and the increase in funding for the administrative secretarial position. The administrative secretarial position which was budgeted for 16 - 20 hours per week in 2006 is budgeted for approximately 25 hours per week in 2007, depending on the needs of the church.

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You will notice that funding for automobiles for the pastoral staff has been removed from the budget. In closer review by the finance team it became apparent that planting churches is one of the main focuses of our ministry at New Life. These new sites will likely be significantly smaller than the main Conover site. Those small sites would not be able to support the cost of providing automobiles to pastoral staff and therefore, in order to be equitable to all current and future staff and not put undue financial stress on the church, we have elected to provide funds to reimburse pastoral staff for mileage in lieu of providing church owned vehicles.

Realizing that a promise was made to some of our pastoral staff last year which has not been fulfilled we have apologized to those staff members and once again express our apology for not fulfilling that promise. However, in hindsight, we realize that the commitment made last year was not in the best interest of the church.

Utilities – Even with the increase in energy costs in 2006, the utility costs of the church have been lower than budget. As you can see, the 2007 budget is \$4,000 less than the 2006 budget.

Church Growth – The funds requested by ministries this year were considerably less than in prior years. You will notice that we have far fewer funded ministries than in years past. There are a significant number of ministries which will be active in 2007 that required no monetary funding. You will notice two new line items in this section. First is Ministry Expenses – Senior Pastor. This is an allotment of funds for the senior pastor to use to cover the planned revivals and other conferences during the year plus any additional ministry events which might arise during the course of the year. The other new line item is New Ministries. This is an account from which ministries created during 2007 may request funding for planned activities.

Office and Supplies – This area overall is basically the same as last year. The website/internet over this past year has given the membership the ability to go online and access church directories, email staff, deacons and other leadership directly. It has also allowed ministers to submit calendars and budgets online. The services provided online are anticipated to continue expanding.

Maintenance – You will notice that the Custodian Service account budget increased significantly. With the growth of the church, it has become apparent that there is a need for a part-time custodian/maintenance person. Funds to cover this position have been set aside so that when/if the deacons determine that this position should be filled; there are budgeted funds to cover that expense. The funds set aside would be sufficient to pay a custodian for approximately 24 hours per week of work and an auto allowance, if there is a need to drive between church sites. It would also cover the cost of having a landscaping service maintain the lawn.

The Restroom Maintenance & Supplies account was included with other maintenance items in prior years, this year it has been broken out into a separate account. The Building & Grounds Maintenance has been consolidated into one account to give the leadership more flexibility in spending when repair projects arise.

Worship Program – The Ministers of Worship at Conover and Mt. View have each been given an allotment of money to cover various worship related expenses. Accounts for which that money will be used are located below that budget item in fine print.

Miscellaneous – Increased to cover unanticipated expenses which may occur.

Debt Retirement – The loan payments stay the same as in the prior year. Currently the interest rate on the loan is at its cap of 7.25%, so it can not increase further until the loan is renewed. There is a slight increase in the Mt. View lease cost to cover the maintenance portion of the lease and inflation indexing.

Missions – New Life as a church tithes just as it asks its members to tithe. As a general rule the amount here represents of 10% of the budget. This year, you can see that the missions' area represents 12.1% of the budget. As in the prior year, our Church Planter and his outreach ministry is envisioned to be a mission of New Life Baptist Church. Therefore those expenses have been included in the mission budget for 2007. As with the other pastors, a ministry expense account has been set aside for our Church Planter. The funds in this account will cover the outreach activities listed below the account in fine print as well as other outreach activities which may be undertaken during the year.

Totals – This year's budget represents a 3% increase in spending over the 2006 budget. Our weekly needs will increase by \$331 over last year's budget and \$1,122 over 2006 projected income.

The Finance Ministry Team wants to thank all of the ministers for their effort to control costs while providing high quality ministries to the church body and our community. Also, thank you to the membership who has been diligent to give so the monetary needs of the church can be met.

Facilities Debt – A Burden on our Church

As we are once again operating in a balanced budget situation, the finance team feels that there is one huge priority for 2007. That is to substantially reduce or eliminate the existing debt on the facilities. The interest and principal cost on this debt severely impacts the church's ability to expand ministry and ultimately the kingdom.

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At the end of October, we owed \$1,057,979 for the renovations done to the Conover and Mt. View facilities. The notes are Prime + 1% variable interest rate loans with a ceiling of 7.25%. The current interest rate has hit the ceiling of 7.25%. The maturity date on those loans is June 2009. If not paid off by then they will be refinanced at the prevailing interest rate. The monthly payments on those loans total \$8,475.00, which translates into \$101,700 per year. Of that payment only about \$22,000 will go to reduce the debt for 2006. The remainder will pay for the cost of interest. On our current payment schedule, paying only the scheduled payment and assuming the interest rate does not increase, the loan would not be paid off until the year 2026.

For the ten months completed in 2006 there has been \$50,438 of principal paid on that loan. This is attributed in large part to the sacrificial giving, above and beyond the tithe, made to the building fund by the membership. All funds designated as a contribution to the Building Fund will be directly applied against loan principal.

To put this in perspective, the gifts to the building fund which have totaled approximately \$32,000 through October have gone to directly reduce the debt. Those gifts will save the church more than \$100,000 in interest, which would have been paid over the life of the loan had those gifts not been made. Wow, what a difference!

Resolution for Authorized Signers of Church Checks

In April of 2006 the church approved a requirement that there be two (2) signers on each check written on behalf of the church. This has been a positive step in developing and maintaining oversight and accountability in the financial process. At the same time, the church also approved the persons authorized to sign those checks. Currently the persons authorized to sign are Penny Fremling, the financial secretary and three members of the finance team.

Because there is occasionally turnover in the team members on the finance ministry and members are not always available, it has been found to be necessary that additional check signers be authorized.

We recommend that in addition to the church financial secretary, all members of the finance team be authorized to sign checks. The current members include: Lynn Frye, Gail Bowman, Doug Wesson, Ken Haughwout and Pam Matthews. If at anytime during the year any of those individuals resigns from the finance ministry, they would be removed as an authorized check signer.

The Finance Ministry

Proposal on Allocation of Budget Income in Excess of Expense

You will note from the Finance section of the Vision that, as of the end of October 2006, budgeted income exceeded expenses by \$18,465. If this trend continues through the end of December 2006 the Finance Team proposes that a portion of that excess (up to 100% of the excess, as deemed by the Finance Team at December 31, 2006 based on the financial position of the church at that time) be designated for two purposes.

First, realizing the seriousness of the church debt we propose that 50% of the allocated excess remaining as of December 31, 2006 be designated for and paid against the building debt to further reduce the balance on the loan.

Second, the finance team along with the deacons realize that the church needs a contingency fund for items which will need to be replaced in the future such as air conditioning units, roof, repaving the parking lot, and other expensive repairs. In lieu of having to obtain a bank loan when one of these items needs to be repaired, we have set up a "Contingency Fund" which will hold excess cash needed for emergency repairs and large replacements. We recommend that the other 50% of any allocated excess be designated for the Contingency Fund.

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Please note that during 2006, \$32,500 of the excess cash of the church was moved to FDIC insured accounts at Edward Jones. This money is in short term CDs of 6 months or less and in a money market account. These accounts are earning between 4.5% and 5.15% interest. At this time, the interest earned on these accounts is also being designated 50% to Building Fund and 50% to Contingency Fund. Once the contingency fund reaches \$15,000, all interest will be used to pay down the building debt.

The Finance Ministry