

Highlands United Church

10 Year Business & Operations Plan

Executive Summary



Highlands United Church

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Date: June 10, 2014

Executive Summary

The need for a comprehensive business plan for Highlands United Church stems out of the recently confirmed 5 year ministry plan for the Church. This business plan is intended to help us rise to the shifting trends and challenges for the Highlands congregation over the coming years. This process allows for planning further forward than the traditional one year at a time budgeting process and is needed work to support this vibrant church community into the future.

We will see important elements within the business plan as a reflection of the foundational concepts found in Highland's Vision Statement. Themes about building community, holding spiritual growth at the centre of our activities, outreach into the greater community and the sharing of time, ministries and money will resonate throughout. During the business plan development, many individuals and teams were consulted consisting of people from within the Highlands community as well as with external individuals.

Highlands is fortunate to be lead by a team of lay leaders in partnership with ministerial staff. We have within the Highlands community a wide range of competencies which come together to provide capable leadership. Four main elements or strands of core services were identified that Highlands provides. These core services are supported in many different ways:

- Worship/Spiritual Growth
- Caring/Congregational Community
- Christian Education
- Outreach

An analysis of the context for Highland's current operation as a United Church congregation was done and confirms that the UCC has had a strong history since its inauguration in 1925. Initially a rapidly growing membership base reached its peak in 1965 at over 1,100,000 members across Canada. Some comparative analysis of a peer group of 6 United Church congregations shows that attendance figures within most congregations have been steadily declining over time. The most active churches with sufficient critical mass and momentum appear to be largely holding their own, while smaller churches are losing steam.

Likely a significant contributor to the decline in United Church participation rates is the changes we are seeing to the style of worship. As the population in Canadian communities becomes more diverse, different worship styles are introduced from non-Christian religions and the pursuit of spiritual growth more frequently comes outside of traditional organized religious practices.

A framework for Highland's marketing initiatives is developed and in the context of Highlands United Church, the concept of marketing refers to establishing a clear plan around who we are trying to attract, how we will communicate to them and what key messages we want to convey about Highlands. It also includes consideration of competing interests for people as a way to understand how to communicate the importance and relevance of engaging with Highlands.

We know that people come to Highlands for a wide variety of reasons. The work of the recent web site redesign group indicates that Highlands' current and potential participants can be grouped into 3 primary segments:

1. Congregational participants
2. Program users
3. Seekers

While we may not consider ourselves as operating in a highly competitive environment, there are options and choices for people to meet their needs and to direct their activities. In order to meet our goal of growing the congregation, we must understand these influences and work to overcome them. Building off the work done by the website redesign team, key messages for Highlands have been developed to focus communications and to create a stronger consistency with all Highlands communications channels.

Highlands is a well managed organization which leverages a wide range of diverse lay skills together with the varied competencies of its current staff. To complement the existing strong staff team, future staffing needs are identified which include:

1. youth lay leadership role
2. seniors ministry
3. administrative resources
4. business management function

An extensive Facilities Renewal Plan has also been recently completed which estimates timing and costs for future replacement of all major building systems, structure and building envelop elements. This facilities renewal plan estimates an annual need of approximately \$35,000 to maintain the existing church building in its current state.

A long term financial plan for Highlands Church has been built from an understanding of Highlands' historical revenue and expense trends and an examination of the characteristics which make up various components of revenue for the church. Reference is made to Kennon Callaghan's work on successful church funding to examine which channels of congregational giving Highlands has been accessing historically, and as a guide to ensure all giving opportunities are optimized going forward.

Several revenue channels in addition to congregational giving are also defined with potential for future opportunity clearly articulated. Following a summary on appropriate approaches to expense management a 10 year financial forecast is presented which brings together all of the revenue and expense considerations, incorporation of creating legacy funds to stabilize the future and builds in support for emerging and expanding organizational needs such as increased staffing, expanded technology support and addressing adequate funding to sustain the physical plant.

Observed giving trends at Highlands demonstrate a general shift in the church-going population and the giving habits over the generations. Even with a strong commitment to their church community, today's contributors have the ability to "self direct" charitable contributions across a

wide range of worthy causes, both within and outside the church. This means future generations will likely never rise to the same level of contribution observed with today's seniors in the congregation.

Highlands has been supported mainly in the past by annual stewardship giving by the congregation members and this continues to be a primary focus for sustaining financial means. This is consistent with Highlands' philosophy over the years and continues to be re-affirmed in the most recent 5 year ministry plan. This is also supported by external benchmarks developed for healthy congregational finances. Various approaches to expanding congregational giving are discussed including contributions to major capital project funding by congregation members. Beyond direct congregational giving, there are a number of other streams which can create additional revenue for the church. Included in the discussion are legacy giving, grant funding, fundraising options and earned revenue opportunities.

An important component and significantly under leveraged giving component at Highlands is legacy giving – also referred to as endowments, bequests or planned giving – financial gifts made through a person's will which are made at the time of passing. A revised structure for legacy funds at Highlands is presented which includes three primary funds:

1. Permanent Endowment Fund – intended to create a mechanism of financial support in perpetuity for the life and work of the church
2. Facilities Renewal Fund – intended to create a reserve to fund ongoing building renewal and improvements
3. Current Ministry Initiatives Fund – intended to be available to support active ministry actions, programs and required staffing

A 10 year financial forecast has been developed which takes into account the analysis and various points of discussion and recommendations addressed in the business plan. Full details and assumptions on a line-by-line basis are contained the Appendices to the Business Plan.

A number of key risks are identified with mitigation strategies for each included in the plan. The plan concludes with a recommendation for three core implementation strategies to guide the most immediate actions towards realization of the long term business plan:

1. Grow participation in the Highlands community through active programming and invitation to participate more deeply
2. Continue to build fee-based programming opportunities through the outer circle of Highlands church-based and community activities
3. Build Highlands' financial base through the re-visioning of legacy and endowment funding and communicate effectively to promote awareness and impact

Financial Forecast

Highlands United Church Operating Forecast

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual Operating Revenue											
Revenue											
Offerings	425	431	447	474	487	500	499	506	506	513	532
Special Offerings	0	20	8	25	6	3	35	5	2	0	32
Building Revenues	167	170	173	176	179	183	186	190	193	197	200
Fundraising	42	52	43	56	38	61	58	80	64	79	75
Program Revenues	11	48	24	55	38	77	40	68	61	90	68
Operating Grants	33	23	32	37	28	33	34	39	45	38	46
Other	14	21	12	26	23	20	32	21	16	29	34
Fund Allocations		0	25	10	8	8	10	5	10	10	0
Endowment Transfers		0	0	0	10	10	5	0	14	15	10
Total Income	692	765	764	860	818	895	899	914	911	971	997
Expenses											
Ministerial Staffing	222	224	228	233	238	242	247	252	257	262	268
Core Staffing Costs	59	71	72	88	87	98	110	114	117	124	130
Other Staffing Costs	68	72	76	83	87	93	93	98	98	105	108
Programs	51	71	67	96	78	113	85	105	101	125	113
Outreach	87	88	74	85	84	80	97	83	82	89	98
Building Expenses	159	169	187	190	183	193	191	184	184	187	185
Administration	52	61	64	67	70	73	76	80	83	86	90
Total Expenses	698	756	769	843	827	893	899	914	922	979	993
Excess of Revenue over Expenses	-6	9	-4	16	-9	2	0	0	-11	-8	4

Legacy Funds Growth Forecast

Highlands United Church Legacy Funds Forecast

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund Contributions											
Building Fund											
Opening Balance	32	10	10	33	47	71	71	86	57	58	76
Annual Contributions	20	20	50	45	45	45	39	24	17	41	26
Earnings on Fund Balance (from prior year)	0	0	0	1	1	2	2	2	1	1	2
Amounts used in the Current Year	42	20	28	32	22	47	26	55	18	24	35
Closing Fund Balance	10	10	33	47	71	71	86	57	58	76	69
Operations Fund											
Opening Balance	102	139	159	149	150	148	153	157	161	169	172
Annual Contributions (incl prog grants)	72	50	38	38	24	30	32	29	45	31	21
Funds Directly applied to related programs	0	30	23	28	18	18	18	20	28	18	13
Amounts used in the Current Year	35	0	25	10	8	8	10	5	10	10	0
Closing Fund Balance	139	159	149	150	148	153	157	161	169	172	181
Legacy Endowment Fund											
Opening Balance	129	134	151	181	205	236	242	260	284	301	323
Annual Contributions	0	10	23	15	30	5	11	11	17	22	22
Earnings on Fund Balance	5	7	8	9	10	12	12	13	14	15	16
Portion of Earnings used in Current Year		0	0	0	10	10	5	0	14	15	10
Closing Fund Balance	134	151	181	205	236	242	260	284	301	323	352