

# GATEWAY

## FINANCE REPORT

### 2019



Mission



People



Operations



Equipment



Property

## **Finance Update**

As a Leadership Team and a Finance Team we wanted to take the opportunity to provide you with a bit of background about Gateway's approach to stewarding finances. We also wanted to take the time to say how incredibly grateful we are for your generosity.

A few years ago the Leadership Team set up a Finance Team to oversee the finance function of Gateway. As the Finance Team, we decided that we needed to create an 'investment charter' for our budgets, which basically answers the question: "What are our guiding principles of investment?" We purposely use the word 'investments' rather than costs as this is what we want our spending to be.

In this initial process we reviewed where all the money was going and realised very quickly that we didn't quite have the balance right. As an example we didn't even have an allocation for any capital replacement or improvements. Although we were in the middle of a tough time financially this process helped us provide some guiding principles as to how we wanted to operate going forward.

There is a Māori value known as kaitiakitanga which has been helpful when thinking about our resources. Kaitiakitanga is sometimes described as guardianship, it is about sustainability and protection for the future, realising that we are a small part of a much larger, multi-generational story. At that time we couldn't say this of Gateway's financial position, so we created an investment charter, which essentially provides us with our framework of investment into five key areas. We also put in place a target range for these investment allocations.

Bringing in these guiding principles have not only helped us get the 'books' in better shape, but they also provide us with a framework of where we want to head to become more sustainable - to be good guardians or stewards for now and for future generations.

The investment areas and their ranges are as follows:

*Mission Investment 10%*

*People Investment 50% - 60%*

*Operations Investment 10% - 15%*

*Equipment Investment 5% - 10%*

*Property Investment 20% - 30%*



### **Mission Investment**

First and foremost we want to practice and encourage generosity as a community. Therefore we feel it is important that for everything we receive we give a percentage away. If you know a little of Gateway's story, you will know we are committed to making sure the first 10% of everything that is given to Gateway is then given away. Largely this includes our overseas missionaries and investing into the Kingdom overseas, but it also includes support of local initiatives and community projects. Essentially it is reminding us that the Kingdom is bigger than just Gateway. Obviously it goes without saying the more that is given to Gateway, the more is given away.



This is the allocation of staff salaries and related costs. Gateway is a people organisation, and this is where the biggest allocation of our finances go. Historically we have had to make some very difficult decisions with regards staff and wages and at one point had to reduce some staff hours in order to survive. Finding ourselves in this position was one of the big catalysts to bringing in the guiding principles and to making sure Gateway is more sustainable going forward.

Our current staff have a sense of calling about what they do and work incredibly hard in their roles. However, all of our staff are paid below market rates. They are definitely not doing it for the money! We set a budget allocation of 50% of overall giving to staff salaries and wages, this is to help with the balance of the overall financial sustainability of Gateway. It would be great one day to get to a place where the cost of working at Gateway wouldn't be as material. We realise that Gateway staff may not get to a salary range comparable with some organisations, but we would love to get closer to market rates.

In saying this we have been able to improve our salary rates over the last couple of years, but we are still on that journey and not where we would like to ultimately be. We have tried to bring in the living wage as a baseline where we can (obviously we also meet our statutory obligations as an employer). But we need to be able to operate sustainably, so our overall wage levels are guided by the giving Gateway receives.



## Operations Investment

To run an organisation there are overheads that come with the territory for example: insurance, power, communion juice, cleaning, departmental budgets etc. All these things cost. We have an incredibly diligent and resourceful staff who try to make the most of the resources they have. This investment isn't necessarily an area of big spending and mostly there are a lot of fixed costs. So even if giving went up, we would still review how much we would need to allocate in this area. The priority is not to necessarily grow this investment as much as other investments.



## Equipment Investment

Within Gateway there are a range of assets that we need to continue to keep replacing and improving. Items like sound and music gear, vehicles, IT equipment and website development. Some years require more investment than others, depending on the needs of that specific year. But we are aware of the need to have a budget allocation for replacement items, as this is just a reality of continuing to exist. We have been very blessed in recent years with a number of our community providing gifts to help in this area - from vehicles, website hosting, and music equipment. We are truly grateful for this and it has meant we have been able to invest more in other areas. But we continue to put aside an allocation of the budget to make sure we can keep up with replacements and improvements where and when needed.



## Property Investment

For a number of years there wasn't any allocation for building improvements, we were basically keeping up with the operating costs but not putting away anything for the future – not working as *kaitiakitanga*. This inaction was just going to put a burden on a future generation, or put us in a place where we would need to sell the building.

So in our budget allocations we made a commitment to putting aside money for land and building improvement.

Now that we are a few years down the track we have been able to put aside funds to make this more achievable. You don't need to be that observant to realise that our building is both not as 'fit for purpose' as it could be, but also in drastic need of some improvements. You may have heard our staff joking about moving the buckets around to catch the drips on a particularly rainy day.

As Don has previously mentioned, a significant building project is something that we are looking to do in the future. Right now the building is not serving us as well as it was when it was first designed and built. The words of Winston Churchill ring true when he said *'We shape our buildings, and afterwards our buildings shape us.'* We are in a place where we feel like the current state of our building is dictating some things that we would like to see changed.

We understand that this is a significant investment and will impact not only today but future generations. The good news is that within our Gateway whānau, we are blessed to have some of the best building developers in the city; people who have done this before and done it well. So we have been talking with some of these developers about how we move forward in this area.

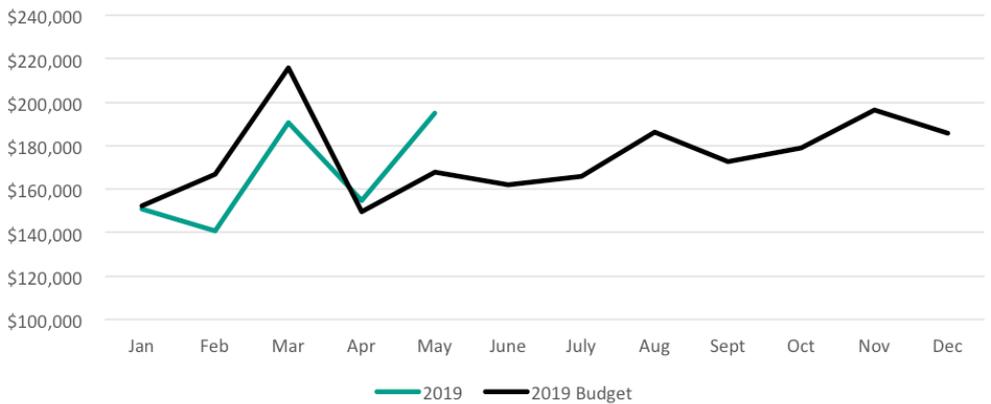
Part of these conversations have meant us trying to work out what we can afford, but also looking at the bigger questions of “Are we best to stay and re-develop or re-locate or build new?” We have been exploring a number of opportunities and options. Although nothing is yet finalised we are continuing to prayerfully work on these options. We do have a sense that there will be some provision that will help make the road clear about what to do next. We continue to work on this behind the scenes and in good time or ‘God time’ we will be able to give a more definitive plan about what is next. In the meantime we are trying as best we can to put aside money so we can do it once and do it well.

# GATEWAY INVESTMENT



- Mission 10%
- People 50-60%
- Operation 10-15%
- Equipment 5-10%
- Property 20-30%

# YEAR TO DATE MAY 2019



We note that at some stage these investment allocations may well change as Gateway morphs and grows, but it has given us a good framework to work to within the meantime.

You can access our latest audited accounts at:

<https://www.register.charities.govt.nz/CharitiesRegister/Search>

Our charity name is *Gateway Christian Centre Trust*.

Jono Peart

*Part of the Leadership Team and the Finance Team.*