

Date: April 11, 2017

Place: LCGS Room 160

Present: Michael Gray, Susan Kavanaugh, Scott LaViollette, David Schoening, Naomi Specht, Angela Tobias, Julie Triplett, Ron Tuvey, Cindi Zechmann

Staff:

Pastor Amy Hessel

Gathering Time

1. Call to order. Ron T. called the meeting to order at 7:05.
2. Opening prayer was given by Pastor Amy.
3. **Approve the minutes for March 14.** Angela T moved and Naomi S 2nd to approve the minutes from March 14; approved.
4. **Adopt the agenda for April 11.** Naomi S moved and Susan K 2nd to adopt the agenda for April 11; adopted.

Discussion Items

1. **Budget-**We discussed the budget and the congregational feedback from the budget forums and informal chats with members. We recognize that this is a transitional year as we move into some strategic planning for the future. The ASTP ministry was discussed, and with changing needs and low numbers in the program, it was recommended to cut the program to 2 days/week for this next school year. Michael Gray volunteered to talk with the board about this. We discussed Pastor Ann's leaving and how that will create a loss, particularly in the area of pastoral care. We also talked over the welcoming presence that Beth Holmes provides in the front office, and we recommended putting that position at full time—40 hours/week.

Action Items

1. **Approve decrease in ASTP program to 2 days/week.** Angela moved and Susan 2nd to approve reducing the ASTP program to 2 days/week beginning the 2017-2018 school year. **Approved.**
2. **Approve Beth Holmes position to be 40 hours/week.** Angela moved and Susan 2nd to approve putting Beth Holmes position in the budget at 40 hours/week. **Approved.**

Accountability

The council received the following reports:

Pastor Amy – Pastor Amy reported that she will be working with staff on areas of growth for them in their ministry work with the congregation. She also reported on the upcoming loss of Pastor Ann and the impact that will have on pastoral care in the congregation.

Sending

Lord's Prayer

Adjourned 8:55 p.m.

LUTHERAN CHURCH OF THE GOOD SHEPHERD

Statement of Financial Position On April 30, 2017

ASSETS		Unrestricted	Temporarily Restricted	Permanently Restricted
Current Assets				
Cash				
	First Citizens Money Market	\$25,008.28	\$25,008.28	
	First Citizens - Checking 4778	\$26,614.38	\$26,614.38	\$0.00
	First Citizens Checking	\$0.00		
	ELCA Mission Invest. - Checking/Youth	\$337.78	\$337.78	
		\$51,960.44	\$51,622.66	\$0.00
	Investments -			
	Thrivent World/Local	\$547,635.61	\$547,635.61	
	Vanguard - Restricted & Unrestricted	\$232,687.62	\$6,567.51	\$21,950.76
	Thrivent (MIF) - Unrestricted	\$143,451.27		
	Common Stock - Donated			
			\$0.00	
	Accounts Receivable (Dedicated and other Assets Due)			
		\$6,424.00	\$6,424.00	
	Total Current Assets	\$982,158.94	\$554,540.90	\$21,950.76
	Total Fixed Assets			
	Original Building + Additions			
		\$4,050,758.18	\$4,050,758.18	
TOTAL ASSETS		\$5,032,917.12	\$4,456,425.46	\$21,950.76

Current Assets not carried on our books:				
Investments - Lutheran Community Foundation/InFaith Community Foundation				
	Scholarship Fund as of 3/31/2016	\$124,374.76	\$102,457.51	\$21,917.25

LUTHERAN CHURCH OF THE GOOD SHEPHERD

Statement of Financial Position on April 30, 2017

LIABILITIES		Unrestricted	Temporarily Restricted	Permanently Restricted
Current Liabilities				
L&I Payable	\$0.00	\$0.00		
Undistributed Stock	\$0.00	0.00		
Other Payable	\$0.00	\$0.00		
Due to Synod	\$0.00		\$0.00	
School Rental Deposits	\$0.00		\$0.00	
403B Payable	\$0.00		\$0.00	
Dedicated Funds Payable	\$594,124.04		\$594,124.04	
	\$594,124.04	\$0.00	\$594,124.04	\$0.00
Long-Term Liabilities (Mortgage Payable)				
	\$591,419.24	591,419.24		
TOTAL LIABILITIES	\$1,185,543.28	\$591,419.24	\$594,124.04	\$0.00

EQUITY

Prior Year End	\$3,684,360.97
Current Period:	
Mortgage Principal- Thrivent	\$30,237.21
Mortgage Principal - Balloon Pymts	
Current Period Operating Gain/(Loss)	\$14,817.11
	\$45,054.32

TOTAL EQUITY

Major Bldg Improvements	\$6,567.51			
Unrestricted Mission Equity	\$232,913.68			
Current Portion (Current Assets Less Current Liabilities)	\$388,034.90	\$405,667.28	-\$39,583.14	\$21,950.76
Non-Current Position (Investment in Bldg)	\$3,459,338.94	\$3,459,338.94	\$0.00	\$0.00
Total Equity	\$3,847,373.84	\$3,865,006.22	-\$39,583.14	\$21,950.76

TOTAL LIABILITIES & EQUITY

\$5,032,917.12	\$4,456,425.46	\$554,540.90	\$21,950.76
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Current Assets	\$982,158.94
Less Dedicated Funds	\$594,124.04
General Fund Reserve	\$388,034.90
Reserves Target - Operations	\$90,000.00
Less Actual Reserves	\$388,034.90
Reserve Target Surplus/(Deficit)	\$298,034.90

LUTHERAN CHURCH OF THE GOOD SHEPHERD

Statement of General Fund Operations

For the current Month and Fiscal Year to Date
10 Months ending on April 30, 2017

	Current Month	Fiscal Year to date
INCOME	rounded	
Offerings	\$48,074.00	\$457,907.54
Interest	\$1.00	\$8.28
Invested Savings Earn/Loss	\$0.00	\$27,352.46
Mortgage to Mission	\$1,418.00	\$10,184.00
Preschool Bldg Fee	\$1,000.00	\$8,000.00
School Rental Income	\$5,268.00	\$118,494.00
ASTP Income	\$1,227.00	\$4,137.54
Other	\$1,325.00	\$24,429.10
Unrestricted Memorials	\$0.00	\$1,745.00
Total Income	\$58,313.00	\$652,257.92
EXPENSES	rounded	
Called Staff	\$8,969.00	\$91,129.11
Facilities	\$15,884.00	\$160,465.06
Operations	\$18,167.00	\$186,094.19
Mission	\$15,468.00	\$148,213.13
Communication	\$364.00	\$5,748.53
*Benevolences	\$4,798.00	\$45,790.79
Total Expenses	\$63,650.00	\$637,440.81
INCOME LESS EXPENSE	(\$5,337.00)	\$14,817.11

Statement of Income & Expense for Fiscal Year 2017
The Lutheran Church of the Good Shepherd
10 months ending April 30, 2017

	<u>Actual</u> <u>to Date</u>	<u>Budget</u> <u>to Date</u>	<u>FY 2017</u> <u>Budget</u>
Income:			
Offerings	\$457,907.54	\$448,000.00	\$534,000.00
Interest	8.28	0.00	0.00
Invested Savings Earn/Loss	27,352.46	9,500.00	11,000.00
Mortgage To Mission	10,184.00	12,300.00	15,000.00
Preschool Bldg Fee Income	8,000.00	8,000.00	9,000.00
School Rental Income	118,494.00	120,565.00	146,371.00
ASTP Income	4,137.54	4,550.00	6,000.00
Other Income	24,429.10	24,000.00	28,000.00
Unrestricted Memorials	1,745.00	1,500.00	2,000.00
Total Income	652,257.92	628,415.00	751,371.00
Expense:			
Staffing Expenses:			
Called Staff-Salary/Benefits	86,214.41	92,844.60	111,750.00
Travel/Continuing Ed./Misc	4,914.70	5,440.00	6,408.00
	91,129.11	98,284.60	118,158.00
Facility:			
Misc. Mortgage Expenses	825.00	825.00	1,100.00
Mortgage Principal	30,237.21	30,237.21	36,375.78
Mortgage Interest	15,202.79	15,202.79	18,152.22
Insurance	10,491.00	11,896.00	11,896.00
Utilities	36,615.21	36,280.00	42,300.00
Vehicle Maintenance	2,035.83	1,007.00	1,007.00
Property Maint	65,058.02	53,252.00	62,950.00
	160,465.06	148,700.00	173,781.00
Operations:			
Admin Staff	153,328.45	148,179.00	177,880.00
Office Operations	32,765.74	31,895.00	37,921.00
	186,094.19	180,074.00	215,801.00
Mission Expenses:			
Faith Formation	30,671.97	36,101.00	42,951.00
Worship/Arts & Music	66,739.29	66,750.00	79,750.00
Preschool Expenses	12,797.13	12,800.00	15,030.00
Congregational Fellowship	5,166.28	5,376.00	6,500.00
Caring Ministries	495.21	1,250.00	1,500.00
ASTP Expenses	20,762.03	21,178.00	25,000.00
Congregational Council	0.00	400.00	500.00
Emerging Ministries	5,957.78	7,205.00	8,700.00
Stewardship	3,897.82	1,850.00	2,000.00
Conferences/Assemblies	1,725.62	2,000.00	2,000.00
	148,213.13	154,910.00	183,931.00
Communications:			
Communication Expenses	5,748.53	5,330.00	6,300.00
	5,748.53	5,330.00	6,300.00
Benevolences:			
SW Washington Synod	32,053.53	31,360.00	37,380.00
World and Local Concerns	13,737.26	13,440.00	16,020.00
	45,790.79	44,800.00	53,400.00
Total Expenses:	637,440.81	632,098.60	751,371.00
Income Less Expense:	14,817.11	-3,683.60	0.00

Proposed FY 2018 Budget

	FY 2017 Budget (includes supplemental budget)	FY 2017 Projection (as of April 30, 2017)	FY 2018 Budget	Employee FTE
TOTAL BUDGET EXPENSES	\$787,571	\$799,262	\$784,001	
MISSION	\$220,131	\$214,794	\$212,836	
Faith Formation	\$42,951	\$37,522	\$42,206	Director - .75 FTE
Worship/Arts and Music	\$79,750	\$79,463	\$83,050	Director - 1.0 FTE and musician stipends
Preschool	\$15,030	\$15,027	\$15,130	
Congregational Fellowship	\$6,500	\$6,291	\$7,200	Includes childcare
ASTP	\$25,000	\$24,584	\$17,250	30% reduction
Congregational Council	\$500	\$500	\$500	
Stewardship	\$2,000	\$4,045	\$2,200	
Emerging Ministries **	\$44,900	\$44,636	\$42,300	Director - 1.0 FTE
Caring	\$1,500	\$1,000	\$1,000	
Conferences/Assemblies	\$2,000	\$1,726	\$2,000	
COMMUNICATION	\$6,300	\$6,709	\$4,800	
BENEVOLENCE	\$53,400	\$54,392	\$53,000	
OPERATION	\$215,801	\$227,322	\$226,506	
Admin Staff*	\$177,880	\$183,029	\$186,685	Darcy, Glenn, Beth, Amy S. - 3.6 FTE
Office Operations	\$37,921	\$44,293	\$39,821	
FACILITY	\$173,781	\$186,183	\$174,430	
Mortgage/Insurance/Expenses	\$66,324	\$66,119	\$66,120	
Utilities	\$43,500	\$42,679	\$40,800	
Vehicle	\$1,007	\$2,076	\$1,010	
Building and Grounds	\$62,950	\$75,309	\$66,500	Includes Cleaning Contract
ALLED STAFF	\$118,158	\$109,862	\$112,429	
Salary, Benefits and Expenses	\$118,158	\$109,862	\$112,429	

	FY 2017 Budget	FY 2017 Projection (as of April 30, 2017)	FY 2018 Proposed Budget
TOTAL INCOME	\$787,571	\$810,866	\$708,850
General Fund Offerings	\$534,000	\$543,908	\$530,000
Mortgage to Mission	\$15,000	\$12,884	\$12,750
Interest/Savings Earnings/Loss	\$11,000	\$28,852	\$20,000
Preschool Bldg Fee	\$9,000	\$9,000	\$9,000
ASTP Donations*	\$6,000	\$5,588	\$5,500
Building Use Donations	\$28,000	\$27,889	\$30,000
School Rental Income	\$146,371	\$144,300	\$99,600
Unrestricted Memorials	\$2,000	\$2,245	\$2,000
Supplemental Budget*	\$36,200	\$36,200	
BUDGET SURPLUS**/(DEFICIT)	\$0	\$11,604	(\$75,151)

*FY 2017 Supplemental Budget in the amount of \$36,200 was approved to fund the Emerging Ministries and Service Director for one year (.8FTE). The budget called for a withdrawal of \$14,900 from the Unrestricted Ministry Investment Fund (UMIF) with the balance of the budget (\$21,300) to be paid by dedicated pledges from the congregation.

**FY 2017 total budget included the Director at .8 FT and Jessica Clark at .25 FTE.

Budget for FY 2018

After holding three Budget Forums and with comments made by the congregation, the Congregation Council voted to approve this budget for consideration by the Congregation. This Budget:

- Increases compensation for all staff members with a COLA of 1.3%
- Creates a full time position for an Emerging Ministries and Service Director (Kai Abrahamson)
- Continues the Communication Specialist position as full time (Beth)
- Reduces the ASTP budget by 31%

These steps result in a **\$75,151 deficit** projected in this year's budget.

Our policies require us to approve a balanced budget. Should you vote to approve this budget, you are agreeing to use funds from our Unrestricted Mission Investment Fund (UMIF) to balance the budget. **The balance in our Unrestricted Mission Investment Fund (URMIF) is currently \$295,448. Using this fund for the budget would bring the balance to \$220,297.**

Please keep in mind that even if we approve the use of \$75,151 from the UMF, if giving increases or we see other increases in our income or a reduction in our expenses, we could use far less of the UMF. If, for some reason, we saw less income or higher expenses, the Council would then take further steps to insure fiscal responsibility for Good Shepherd.

Stewardship

Going back to January when we announced that the Olympia School District would no longer be renting space from us, we talked about what type of increase in giving would be needed to continue our mission here at Good Shepherd. Over the last three months we have seen a **weekly average increase of \$935**, or about 9%, compared to the same time period last year. If this weekly average increase continues through the next fiscal year, we would see an increase in General Fund Giving of \$48,000 or about 64% of our deficit. This would leave us using only about \$27,151, or about 1/9th of our UMIF.