

Financial Report – January 2016

Presented to Faith Lutheran Church Council

February 13, 2016

The Finance Ministry Team met on February 8, 2016, and covered the following items.

- Opening prayer
- Review of January 2016 financial statements
- Discussion of current financial position
- Discussion on Sustainability Issues
- Closing prayer

Financial Summary:

Income/Expense (k\$)	January	Delta to Budget
Income	78.2	-18.9
Expense	<u>84.0</u>	<u>-14.8</u>
Net	-5.8	-4.1

Cash Position	January	Change from Dec
Operating	19.9	-5.8
Designated	<u>32.9</u>	<u>+2.4</u>
Total	52.8	-3.4

Highlights

- Income for January was \$78.2 K.
 - Total income was down by \$49.3K vs. December (excluding special gifts) and was \$18.9K below the ministry plan for January.
 - Total income averaged \$15.6K per week. This was down from the \$36.9K per week in the month of December. January was a 5 Sunday month.
- Expenses paid in January were \$84.0K. This is \$14.8K below the ministry plan and \$14.1K below what was spent in December. As a reminder the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were \$2.5K below the mission plan due to very little spending in the Worship Ministry category.
 - The administration category was \$9.7K below the mission plan mainly due to the two positions not being filled.
 - Operational expenses were \$2.6K below the ministry plan due to no spending in

January on Audio Visual. As a reminder, we invested over \$6.1K in that line item in December. The actuals reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

- In regards to needed roof repairs in the Love to the Max Center (LTMC). The work has been performed on the west side of the LTMC, the final cost was around \$6,000. Payment will be made in February out of the building maintenance fund.
- In regards to the Sanctuary roof repairs, as noted last month, the construction company did some work on the flashing, but that is insufficient. The staff is continuing to push for a more comprehensive repair from them by sending a letter authored by a congregation member who is a lawyer. Due to our financial situation, no imminent expenditures are planned.
- A weaker January required us to consume \$5.8K of operating cash. The Designated funds increased by \$2.4K due to the January Noisy Offering for the Agape fund (+\$.9K) and some Day School and Wedding conduit funds. The total bank balance (including designated and conduit funds) was reduced by \$3.4K and is at \$52.8K, *this remains a serious concern and will need to be monitored closely.*
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule.
 - Reduce benevolence payments by 50% until such time as our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in January.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
 - Through these steps and careful expense management by the staff we have exited January with a minimal use of operating cash. Our challenge will be moving forward, with February being a 4 week month, weekly giving will need to increase to keep us from using more of the cash position.
- While we are extremely challenged, we are also Blessed by our Savior, on a daily basis. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges. With this in mind, we look forward to the time of Lent and eventually to our Easter celebration of the resurrection of Jesus our Savior, a gift from our Great God.

- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of January 2016 Financial Statements

Income

For the month of January 2016, total operating income was \$78.2K. Regular envelope offering was \$77.5K, and other income was \$.7K.

The January 2016 financial report reflects \$15.5K average weekly envelope offerings during the five Sundays in the month. Our average for all of last year (including a very big December) was just over \$19K per week. We are off to a bit of a slow start.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and continue to review weekly giving reports and will report results and respond appropriately as circumstances dictate.

Expenses

For the month of January 2016, total operating expenses paid were \$84.0K. This amount reflect the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.8K. Overall, total expenses were \$14.8K below the January budgeted expenses per the 2016 Ministry Plan of \$98.8K.

Spending continues to be tightly managed.

- Missional expenses was \$2.5K below the mission plan due to very little spending in the Worship Ministry category. Of the \$5.0K spent in this category, \$4.8K is benevolence. Some smaller categories have negative expense in January due to timing of receipt of fees for an activity (Youth activities) and the eventual payment. These should wash out over time.
- The administration category was \$9.7K below the mission plan mainly due to the two positions not being filled. Pastor salary, housing, benefits and administration salary's represent \$9.1K of the under run. Publicity (+\$600), transaction fees (+\$471) and leadership support (+\$917) were over the monthly ministry plan.
- Operational expenses were \$2.6K below the ministry plan due to no spending in January on Audio Visual. As a reminder, we invested over \$6.1K in Audio Visual in December. We were also slightly under in general maintenance (-\$202), Electricity (-\$435), and Lawn Service (\$-185). The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall January cash balance was \$52.8K and decreased by \$3.4K from the December balance. The operating fund had a balance of 19.9K decreasing by \$5.8K from December. The total of conduit funds and designated funds totaled \$32.9K in January an increase of \$2.4K from December.

Building Maintenance Reserve

The January maintenance reserve balance is \$9.6K. This is unchanged from the December balance. The repair work on the LTMC was completed in February and approximately \$6,000 of this fund will be used in February to pay that invoice.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of January 2016, this fund balance is \$22.5K. This increased \$.7K, from the December balance. This increase is due to Thrivent choice dollars received in January.

Benevolence Reserve

At January 2016, this fund balance is zero, unchanged from December 2015.

We will continue to pay the 5% benevolence payment to the ELCA NTN Synod on a monthly basis.

Other Matters for Council Information

January Unpaid Bills Carried Over to February

At January 31, 2016, all outstanding invoices have been paid.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in January. At this level we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment on a monthly basis as we are able until the 3.5 acre parcel of excess land is sold. At that time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None to report.

Financial Report – February 2016

Presented to Faith Lutheran Church Council

March 13, 2016

The Finance Ministry Team met on March 10, 2016, and covered the following items.

- Opening prayer
- Review of February 2016 financial statements
- Discussion of current financial position
- Discussion on Sustainability Issues
- Closing prayer

Financial Summary:

Income/Expense (k\$)	February	Delta to Budget
Income	85.9	-1.3
Expense	<u>85.3</u>	<u>-6.8</u>
Net	+ .6	+5.5

Cash Position	February	Change from Jan
Operating	20.6	+ .6
Designated	<u>35.9</u>	<u>+3.1</u>
Total	56.5	+3.7

Highlights

- Income for February was \$85.9 K.
 - Total income was up by \$7.7K vs. January and was \$1.3K below the ministry plan for February.
 - Total income averaged \$21.5K per week. This was up from the \$15.6K per week in the month of January. January was a 5 Sunday month.
- Expenses paid in February were \$85.3K. This is \$6.8K below the ministry plan and \$1.3K above what was spent in January. As a reminder the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were equal to the mission plan for the month.
 - The administration category was \$8.8K below the mission plan mainly due to the two positions not being filled.
 - Operational expenses were \$2.0K above the ministry plan due to some additional spending in the general maintenance category. The actuals reflect a mortgage payment of

\$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

- In regards to needed roof repairs in the Love to the Max Center (LTMC). The work has been performed on the west side of the LTMC, the final cost was around \$6,000. Payment was not made in February as it is due in March, this payment will be made out of the building maintenance fund.
- In regards to the Sanctuary roof repairs, as noted last month, the construction company did some work on the flashing, but that is insufficient. The staff is continuing to push for a more comprehensive repair from them by sending a letter authored by a congregation member who is a lawyer. Due to our financial situation, no imminent expenditures are planned.
- February was a good month and we added \$.6K of operating cash. The Designated funds increased by \$3.1K due to the day school fund and an increase of unallocated reserves. The total bank balance (including designated and conduit funds) was increased by \$3.7K and is at \$56.5K. While cash flow remains a serious concern February was a significant improvement from January.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted, verbally, by the Mission Investment Fund for the next three years.
 - Reduce benevolence payments by 50% until such time as our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in February.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
 - Through these steps and careful expense management by the staff we have exited February with a slight increase in operating cash. Our challenge will be moving forward; weekly giving will need to increase to fund the additional positions currently unfilled in the ministry plan.
- While we are extremely challenged, we are also Blessed by our Savior, on a daily basis. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges. With this in mind, we look forward to the time of Lent and eventually to our Easter celebration of the resurrection of Jesus our Savior, a gift from our Great God.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of February 2016 Financial Statements

Income

For the month of February 2016, total operating income was \$85.9K. Regular envelope offering was \$84.3K, and other income was \$1.6K.

The February 2016 financial report reflects \$21.1K average weekly envelope offerings. Our YTD weekly envelope offerings have been 18.0K. Our average for all of last year was just over \$19K per week. February is much improved from January.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of February 2016, total operating expenses paid were \$85.3K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.3K. Overall, total expenses were \$6.8K below the February budgeted expenses per the 2016 Ministry Plan of \$92.1K.

Spending continues to be tightly managed.

- Missional expenses were \$6.3K, this was right on the mission plan for February. Of the \$6.3K spent in this category, \$4.3K is benevolence. Some smaller categories have negative expense in February due to timing of receipt of fees for an activity (Youth activities) and the eventual payment. These should wash out over time.
- The administration category was \$8.8K below the mission plan mainly due to the two positions not being filled. Pastor salary, housing, benefits and administration salary represent \$9.0K of the under run. Publicity (+\$161), transaction fees (+\$408) and leadership support (+\$497) were over the monthly ministry plan.
- Operational expenses were \$2.0K above the ministry plan due to the general maintenance category being over due to tree trimming on the property. The cost for the tree trimming was about \$4.0K. We were slightly under in, Electricity (-\$658), Gas (\$-503), and Lawn Service (\$-185). The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall February cash balance was \$56.5K and increased by \$3.7 from the January balance. The operating fund had a balance of 20.5K increasing by +\$.6K from January. The total of conduit funds and designated funds totaled \$35.9K in February an increase of \$+3.1K from January.

Building Maintenance Reserve

The February maintenance reserve balance is \$9.6K. This is unchanged from the January balance. The repair work on the LTMC was completed in January and approximately \$6,000 of this fund will be used in March to pay that invoice.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of February 2016, this fund balance is \$25.1K. This increased \$2.6K, from the January balance. This increase is due to Thrivent choice dollars received in February.

Benevolence Reserve

At February 2016, this fund balance is zero, unchanged from January 2015.

We will continue to pay the 5% benevolence payment to the ELCA NTN Synod on a monthly basis.

Other Matters for Council Information

February Unpaid Bills Carried Over to February

As of the end of February, all outstanding invoices have been paid.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in February. At this level we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment on a monthly basis as we are able until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

No
ne to report.

Financial Report – April 2016

Presented to Faith Lutheran Church Council

May 15, 2016

The Finance Ministry Team met on May 9, 2016, and covered the following items.

- Opening prayer
- Review of April 2016 financial statements
- Discussion of current financial position
- Discussion on Sustainability Issues
- Closing prayer

Financial Summary:

Income/Expense (k\$)	April	Delta to Budget
Income	77.0	-10.1
Expense	<u>93.8</u>	<u>-5.8</u>
Net	-16.8	-4.3
Cash Position	April	Change from Feb
Operating	8.2	-16.8
Designated	26.7	- 3.5
Branching Out	<u>7.3</u>	<u>+7.3</u>
Total	42.2	-13.0

Highlights

- Income for April was \$77.0K.
 - Total income was down by \$15.5K vs. March and was \$10.1K below the ministry plan for April.
 - Total income averaged \$19.25K per week. This was down from the \$23.1K per week in the month of March.
- Expenses paid in April were \$93.8K. This is \$4.3K below the ministry plan and \$5.8K above what was spent in March. As a reminder the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were \$5.6K below the mission plan for the month, mainly driven by youth summer event fees (collections) being recorded April.
 - The administration category was \$3.4K below the mission plan mainly due to the two positions not being filled.

- Operational expenses were \$2.9K above the ministry plan. Actual costs were a bit high due to repairing the projector and buying one new laptop. The actuals reflect a mortgage payment of \$15.0 K.
- April was a challenging month, with less operating income than expense, we consumed \$16.8K of operating cash. The Designated funds decreased by \$3.5K due to use of the maintenance reserve fund to pay for repairs on the breezeway and the new lighting controls. The cash position also includes the \$7.3K of cash on hand for the Branching Out campaign. The total bank balance decreased by \$13.0K and is at \$42.2K. Cash flow remains a serious concern, April was not a balanced month.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the April council meeting, MIF considers us one month in arrears due to the missed payment in September of last year, we have no ability to make up that payment at this time.
 - Reduce benevolence payments by 50% until such time as our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in April.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
 - Even with these steps and careful expense management by the staff we have exited April with a significant reduction in operating cash. Our challenge will be moving forward; weekly giving will need to increase to fund the additional positions currently unfilled in the ministry plan.
- While we are extremely challenged, we are also Blessed by our Savior, on a daily basis. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.

● **GOD IS GOOD ALL THE TIME!**

Detailed Summary of April 2016 Financial Statements

Income

For the month of April 2016, total operating income was \$77.0K. Regular envelope offering was \$72.6K, and other income was \$4.4K. The majority of the other income was rental income.

The April 2016 financial report reflects \$18.2K average weekly envelope offerings. Our YTD weekly

April 2016 Report

envelope offerings have been \$18.4K. Our average for all of last year was just over \$19K per week. April was slightly disappointing as we have seen no increase in average monthly giving.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of April 2016, total operating expenses paid were \$93.8 K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$3.8K. Overall, total expenses were \$5.8K below the April budgeted expenses per the 2016 Ministry Plan of \$99.7K.

Spending continues to be tightly managed.

- Missional expenses were \$2.8K, this was \$5.6K below budget for April. The majority of the underrun was due to deposits for summer youth activities being received. These prepayments will balance out over the year as the events occur. Of spending in this category, \$3.8K is benevolence.
- The administration category was \$3.1K below the mission plan mainly due to the two positions not being filled. Pastor salary, housing, benefits and administration salary represent \$8.0K of the under run. Staff Benefits (+\$419), Synod Assembly (+\$1,526), transaction fees (+\$499), Printing (+\$499), and Publicity (+\$452) were over the monthly ministry plan. Benefit cost increases appear to be now set, and we will be over budget by approximately \$400 each month going forward.
- Operational expenses were \$2.9K above the ministry plan due to audio visual (+\$2.4K) and general maintenance (+\$1.2K) categories being over budget. Audio visual costs were driven by repairing the main projector (\$1.5K), several service calls a new bulb (and a spare). General maintenance was over due to installation of the wireless wall switches and dimmers and repairs to the breezeway. The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall April cash balance was \$42.2K and decreased by \$13.0K from the March balance. The operating fund had a balance of 8.2K decreasing by -\$16.8K from March. The total of conduit funds and designated funds totaled \$26.7K in April a reduction of \$3.5K from March. The Branching Out funds have been segregated, and the cash balance at the end of April was \$7.3K.

Building Maintenance Reserve

The April maintenance reserve balance is now zero. This has been reduced by \$3.7K from the March balance. The funds were used to offset the cost of the wireless wall switches and dimmers as well as the breezeway repairs.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of April 2016, this fund balance is \$25.4K. This decreased by \$.8K, from the March balance.

Benevolence Reserve

At April 2016, this fund balance is zero, unchanged from March 2015.

Branching Out Campaign

April was the start up month of the campaign. Total contributions recorded in the month of April were \$12.7K. Expenses recorded were \$5.4K. Resulting in a cash balance of \$7.3K. Spending amounted to \$1.3K Tithe, \$3.7K for a Baptismal Font, and \$.6K of events and misc. costs. May will have a much larger level of activity!

Other Matters for Council Information

April Unpaid Bills Carried Over to May

As of the end of April, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed September payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in April. At this level we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment on a monthly basis as we are able until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None to report.

Financial Report – May 2016

Presented to Faith Lutheran Church Council

June 26, 2016

The Finance Ministry Team met on June 8, 2016, and covered the following items.

- Opening prayer
- Review of May 2016 financial statements
- Discussion of current financial position
- Discussion on Sustainability Issues
- Closing prayer

Financial Summary:

Income/Expense (k\$)	May	Delta to Budget
Income	86.9	-10.2
Expense	<u>78.6</u>	<u>-14.3</u>
Net	8.3	4.1
Cash Position	May	Change from April
Operating	16.5	+8.3
Designated	35.6	+8.7
Branching Out	<u>93.9</u>	<u>+86.6</u>
Total	146.0	+103.8

Highlights

- Income for May was \$86.9K.
 - Total income was up by \$9.9K vs. April but was \$10.2K below the ministry plan for May.
 - Total income averaged \$17.4K per week in May (5 week month). This was down from the \$19.25K per week in the month of April (4 week month).
- Expenses paid in May were \$78.6K. This is \$14.4K below the ministry plan and \$15.2K below what was spent in April. As a reminder the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were \$3.9K below the mission plan for the month, mainly driven by youth summer event fees (collections) being recorded May.
 - The administration category was \$9.5K below the mission plan mainly due to the two positions not being filled.
 - Operational expenses were \$.9K below the ministry plan. The actuals reflect a mortgage

May 2016 Report

payment of \$15.0 K.

- May was an improvement over April. Having 5 Sundays provided some lift to the overall giving. However, the average weekly giving remains lower than needed to fund the ministry plan. We did add \$8.3K to the operating cash reserve in the month. The Designated funds increased by \$8.7K for the month the majority of this was to set aside the branching out tithe. The cash position also includes the \$93.9K of cash on hand for the Branching Out campaign, a very good response by the congregation to fund the lead gifts request in a timely fashion. The total bank balance increased by \$103.8K and is at \$146.0K. Operating cash flow remains a serious concern, May was a better month, but the slower summer season is ahead, and spending will need to be well controlled.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the last council meeting, MIF considers us one month in arrears due to the missed payment in September of last year, we have no ability to make up that payment at this time.
 - Reduce benevolence payments by 50% until such time as our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in May.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
 - We have exited May with \$16.5K in operating cash. Our challenge is ahead with the construction in the sanctuary, and the slower summer months we have the high likelihood that we will significantly reduce our limited cash cushion.
- While we are extremely challenged, we are also Blessed by our Savior, on a daily basis. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.

• **GOD IS GOOD ALL THE TIME!**

Detailed Summary of May 2016 Financial Statements

Income

For the month of May 2016, total operating income was \$86.9K. Regular envelope offering was \$84.4K, and other income was \$2.5K. The majority of the other income was rental income.

The May 2016 financial report reflects \$16.9K average weekly envelope offerings. Our YTD weekly

May 2016 Report

envelope offerings have been \$18.1K. Our average for all of last year was just over \$19K per week. May was slightly improved from April, however most of the change was due to having 5 Sundays in the month, we have not seen an increase in average monthly giving.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of May 2016, total operating expenses paid were \$78.6K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.3K. Overall, total expenses were \$14.4K below the May budgeted expenses per the 2016 Ministry Plan of \$92.9K.

Spending continues to be tightly managed.

- Missional expenses were \$3.4K, this was \$3.9K below budget for May. The majority of the underrun was due to deposits for summer youth activities being received. These prepayments will balance out over the year as the events occur. Currently the YTD negative balance VBS and Youth Activities is a negative \$7.4K, will go back to normal during the summer. Of spending in this category, \$4.3K is benevolence.
- The administration category was \$9.5K below the mission plan mainly due to the three positions not being filled. Pastor salary, housing, benefits and administration salary represent \$8.0K of the under run. Transaction fees (+\$551), Continuing education (+\$442), and Leadership Support (+\$524) were over the monthly ministry plan.
- Operational expenses were below the ministry plan by \$.9K, the majority of the underrun was due to general maintenance being under by \$1.3K. The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall May cash balance was \$146.0K and increased by \$103.8K from the April balance. The operating fund had a balance of \$16.5K increasing by \$8.3K from April. The total of conduit funds was \$.4K, increasing by \$.3K from April. Unallocated (\$24.1K) and Benevolence (\$11.0K) reserves totaled and designated funds totaled \$35.1K in May an increase of \$8.4K from April. The Benevolence reserve is the tithe from the Branching Out campaign. Branching out funds (less the tithe) are at \$93.9K and increased by \$86.6K.

Building Maintenance Reserve

The May maintenance reserve balance is now zero.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

May 2016 Report

Unallocated Reserve

As of May 2016, this fund balance is \$24.1K. This decreased by \$1.3K, from the April balance.

Branching Out Campaign

Information from Jerry Gray, branching out campaign chairman.

Branching Out Financial details are on page 5 of the attachment.

The Branching Out Campaign has gone well to date. Over 90 pledges. Over \$346,000 pledged, and over \$129,000 pledged for lead gifts. The lead gifts already received exceed the \$100,000 we said we needed by May 31. The largest expense to date has been the tithe, which is in the benevolence reserve. Other expenses pertain to the Leadership Event, Congregation Fellowship Event, and the Celebration Event, along with the cost of the brochures. So far expenditures have been less than I expected, although no firm budget for expenditures outside of the renovations was ever established.

Once the renovations are in process the Branching Out team will get back in gear, increasing communication, encouraging folks to live into their pledges, and planning a few more events.

Other Matters for Council Information

May Unpaid Bills Carried Over to May

As of the end of May, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed September payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in May. At this level we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment on a monthly basis as we are able until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None to report.

Financial Report – June 2016

Presented to Faith Lutheran Church Council

July 10, 2016

The Finance Ministry Team met on July 7, 2016, and covered the following items.

- Opening prayer
- Review of June 2016 financial statements
- Discussion of current financial position
- Discussion on Sustainability Issues
- Closing prayer

Financial Summary:

Income/Expense (k\$)	June	Delta to Budget
Income	69.0	-18.1
Expense	<u>81.9</u>	<u>- 7.7</u>
Net	<u>-12.9</u>	<u>-10.4</u>

Cash Position	June	Change from May
Operating	3.7	-12.8
Designated	36.6	+1.0
Branching Out	<u>79.8</u>	<u>- 14.1</u>
Total	<u>120.1</u>	<u>-25.9</u>

Highlights

- Income for June was \$69.0K.
 - Total income was down by \$17.9K vs. May and was \$18.1K below the ministry plan for June.
 - Total income averaged \$17.3K per week in June (4-week month). This was basically flat from the month of May (5-week month).
- Expenses paid in June were \$81.9K. This is \$7.7K below the ministry plan and \$3.3K below what was spent in May. As a reminder the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were \$1.8K below the mission plan for the month, mainly driven by youth summer event fees (collections) being recorded June.
 - The administration category was \$2.4K below the mission plan mainly due to the two positions not being filled.

- Operational expenses were \$3.5K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- June was quite a weak month over May. The average weekly giving remains lower than needed to fund the ministry plan. We consumed a large amount of cash to fund operations, using \$12.8K in the month. The Designated funds increased by \$1.0K for the month the majority of this was to set aside the branching out tithe. The overall cash position decreased by \$25.9K and is at \$120.1K. Operating cash flow remains a serious concern, June showed no improvement in giving and puts a lot of pressure on our overall cash position. July and August will be slow and spending will need to be well controlled.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the last council meeting, MIF considers us one month in arrears due to the missed payment in September of last year, we have no ability to make up that payment at this time.
 - Reduce benevolence payments by 50% until such time as our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in June.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
 - We have exited June with \$3.45K in operating cash. Our challenge is ahead with the construction in the sanctuary, and the slower summer months we have the high likelihood that we will significantly reduce our limited cash cushion.
- While we are extremely challenged, we are also Blessed by our Savior, on a daily basis. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.

• **GOD IS GOOD ALL THE TIME!**

Detailed Summary of June 2016 Financial Statements

Income

For the month of June 2016, total operating income was \$69.0K. Regular envelope offering was \$66.6K, and other income was \$2.4K. The majority of the other income was rental income.

The June 2016 financial report reflects \$16.7K average weekly envelope offerings. Our YTD weekly envelope offerings have been \$17.9K. Our average for all of last year was just over \$19K per week.

June 2016 Report

June had four Sundays in the month. Concern is that the average weekly giving has slowed from the earlier part of the year.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of June 2016, total operating expenses paid were \$81.9K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$3.4K. Overall, total expenses were \$7.7K below the June budgeted expenses per the 2016 Ministry Plan of \$89.6K.

Spending continues to be tightly managed.

- Missional expenses were \$5.4K, this was \$1.8K below budget for June. The majority of the underrun was due to deposits for summer youth activities being received. These prepayments will balance out over the year as the events occur. Currently the YTD negative balance VBS and Youth Activities is a negative \$7.2K, will go back to normal during the summer. Of spending in this category, \$3.4K is benevolence.
- The administration category was \$2.4K below the mission plan mainly due to the three positions not being filled. Pastor salary, housing, benefits and administration salary represent \$8.0K of the under run. Administration Salaries (+\$2,151) for summer help and band member payments, Transaction fees (+\$767), and Leadership Support (+\$1,555) were over the monthly ministry plan.
- Operational expenses were below the ministry plan by \$3.5K, the majority of the underrun was due to general maintenance being under by \$4.9K. The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall June cash balance was \$120.1K and decreased by \$25.9K from the May balance. The operating fund had a balance of \$3.7K decreased by \$12.8K from May. The total of conduit funds was \$.1K, decreasing by \$.3K from May. Unallocated (\$24.4K) and Benevolence (\$12.0K) reserves totaled \$36.4K in June an increase of \$1.0K from May. The Benevolence reserve of (\$12.0K) is the tithe from the Branching Out campaign. Branching out funds (less the tithe) are at \$79.8K and decreased by \$14.1K.

Building Maintenance Reserve

The June maintenance reserve balance is now zero.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of June 2016, this fund balance is \$24.4K. This increased by \$.3K, from the May balance. It is recommended to move the unallocated reserve to the operating fund effectively immediately.

Branching Out Campaign

Information from Jerry Gray, branching out campaign chairman.

Here are the latest numbers I have from Kari, as of June 29. So the total pledged is \$355,865. Kari's total received here is \$118,756, but per Scott the total received as of June 30 was \$120,431. You are already aware of the couple of stock gifts that are held up. Otherwise it looks like the lead gifts have come in, which is great.

Campaign expenses total \$40,650, with the biggest expenses being the sound system (\$20,500 and right at 50% of expenditures to date), tithe (\$12,043), baptismal font (\$3,585), and the celebration events (\$2,881). Balance as of June 30 was \$79,781.

Other Matters for Council Information

June Unpaid Bills Carried Over to June

As of the end of June, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed September payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in June. At this level we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment on a monthly basis as we are able until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None to report.

Financial Report – July 2016

Presented to Faith Lutheran Church Council

August 14, 2016

The Finance Ministry Team met on August 8, 2016, and covered the following items.

- Opening prayer
- Review of July 2016 financial statements
- Discussion of current financial position
- Discussion on Sustainability Issues
- Closing prayer

Financial Summary:

Income/Expense (k\$)	July	Delta to Budget
Income	78.9	-18.2
Expense	<u>92.6</u>	<u>- 4.1</u>
Net	-13.7	-14.1
Cash Position	July	Change from June
Operating	-10.0	-13.7
Designated	36.1	-.5
Branching Out	<u>12.4</u>	<u>- 67.4</u>
Total	38.5	-81.6

Highlights

- **Cash is the major concern over the next 30-60 days. The final construction invoice is expected to be an additional \$46.0K, and we continue to reduce our reserves at a rate of \$10K+ per month to fund the operating fund. The spending prioritization list has a very high likely hood of being implemented in the next 30-60 days.**
- Income for July was \$78.9K.
 - Total income was up by \$18.9K vs. June but was \$18.2K below the ministry plan for July. The July versus June increase was due, primarily to a 5 Sunday month.
 - Total income averaged \$15.8K per week in July (5-week month). This was slightly down from the average weekly giving in June.
- Expenses paid in July were \$92.6K. This is \$4.1K below the ministry plan. Spending was up \$10.7K from what was spent in June. As a reminder the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.

- Missional expenses were \$4.4K above the mission plan for the month, mainly driven by youth summer event expenses (VBS and Youth evens) being recorded in July. The fees for these programs were collected in advance.
- The administration category was \$9.3K below the mission plan mainly due to the two positions not being filled and a onetime copier expense correction.
- Operational expenses were \$.8K above the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- We continue to be in the summer doldrums. The average weekly giving remains lower than needed to fund the ministry plan. We consumed a large amount of cash to fund operations, using \$13.7K in the month. The Designated funds (excluding branching out) had a slight drawn down of by \$.5K for the month. The branching out fund had a major draw down as we made a \$71,083 payment to the contractor for the sanctuary renovations. The overall cash position decreased by \$81.6K and is at \$38.5K. Operating cash flow is now a critical concern, July showed no improvement in giving and puts a lot of pressure on our overall cash position.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the last council meeting, MIF considers us one month in arrears due to the missed payment in September of last year, we have no ability to make up that payment at this time.
 - Reduce benevolence payments by 50% until such time as our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in July.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
 - We have exited July with a negative balance of \$10.0K in operating cash and \$24.3K in unallocated reserves. Our challenge is upon us, with the final payments of the construction in the sanctuary, and the slower end of summer months we have the high likelihood that we will face a cash crunch.
- While we are extremely challenged, we are also Blessed by our Savior, on a daily basis. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of July 2016 Financial Statements

Income

For the month of July 2016, total operating income was \$78.9K. Regular offering was \$78.2K, and other income was \$.7K. The majority of the other income was noisy offering.

The July 2016 financial report reflects \$15.6K average weekly offerings. Our YTD weekly envelope offerings have been \$17.5K. Our average for all of last year was just over \$19K per week. July had five Sundays in the month. Concern is that the average weekly giving has slowed from the earlier part of the year.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of July 2016, total operating expenses paid were \$92.6K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$3.9K. Overall, total expenses were \$4.2K below the July budgeted expenses per the 2016 Ministry Plan of \$96.7K.

Spending continues to be tightly managed.

- Missional expenses were \$11.9K, this was \$4.4K above budget for July. The majority of the overrun was due to expenses for summer youth activities. Prepayments from participants were recorded in earlier months. Currently the YTD negative balance VBS and Youth Activities is a negative \$2.6K, this is reduced from a \$7.2K negative balance in June. Of spending in this category, \$3.9K is benevolence.
- The administration category was \$9.3K below the mission plan mainly due to the three positions not being filled. Pastor salary, housing, benefits and administration salary represent \$8.0K of the under run. The copier lease and maintenance category had a \$1.6K underrun, due to a prior month correction.
- Operational expenses were above the ministry plan by \$.8K, the majority of the overrun was due to general maintenance being over by \$1.0K, and Insurance being over by \$.7K. The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall July cash balance was \$38.5K and decreased by \$81.6K from the June balance. The operating fund had a negative balance of \$10.0K and decreased by \$13.7K from June. The total of conduit funds was a negative \$1.0K, decreasing by \$1.1K from June. Unallocated (\$24.3K) and Benevolence (\$12.7K) reserves totaled \$37.0K in July an increase of \$.5K from June. The Benevolence reserve of (\$12.7K) is the tithe from the Branching Out campaign. Branching out funds (less the tithe) are at \$12.4K and

July 2016 Report

decreased by \$67.4K.

Building Maintenance Reserve

The July maintenance reserve balance is now zero.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of July 2016, this fund balance is \$24.3K. This decreased by \$.1K, from the June balance. It is recommended to move the unallocated reserve to the operating fund effectively immediately.

Branching Out Campaign

Information from Jerry Gray, branching out campaign chairman.

The total received as of July 31 was \$126,921. We still have several stock gifts that are held up (approximately \$7.0K). Other than the delayed stock gift it looks like the lead gifts have come in.

Campaign expenses have totaled \$4,585. Campaign disbursements have totaled \$109,977. We have paid the construction company \$71,383 to date. It is currently estimated by the staff that the final bill will be an additional \$46,000.

Other Matters for Council Information

July Unpaid Bills Carried Over to July

As of the end of July, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed September payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in July. At this level we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment on a monthly basis as we are able until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None to report.

Financial Report – August 2016

Presented to Faith Lutheran Church Council

September 11, 2016

The Finance Ministry Team met on September 8, 2016, and covered the following items.

- Opening prayer
- Review of August 2016 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	August	Delta to Budget
Income	79.4	-7.8
Expense	<u>84.7</u>	<u>-5.6</u>
Net	-5.3	-2.2

Cash Position	August	Change from July
Operating	-15.3	-5.3
Conduit	-.6	+.4
Unallocated	24.8	+.5
Benevolence Reserve	13.2	+.5
Branching Out	<u>12.9</u>	<u>+.5</u>
Total	35.0	-3.4

Council Level Issues:

- Cash will be the major issue over the next 30-90 days.
- The final construction invoice has been received and is approximately \$41K, in addition we have \$7K of invoices as part of the renovations. These invoices will need to be paid by October 1st.
- On the positive, we expect to receive \$15K to \$20K in branching out funds in September.
- We can use some of the cash balance of \$35K, but cannot reduce to zero, due to daily cash needs and normal cash fluctuations.
- Alternatives reviewed by finance team. Skip mortgage payment, delay paying construction company, request a short term loan from day school reserve fund.
- Recommendation. Request \$25,000 (maximum) loan from Day School reserves. Loan to be paid back by Dec 31, 2016.
- Finance team to have special meeting on September 27 to review final needs / prioritization.

Monthly Highlights:

- Income for August was \$79.4K.
 - Total income was up by \$.5K vs. July but was \$7.8K below the ministry plan for August. This slight increase was encouraging in that July was a 5 Sunday month and August was a 4 Sunday month.
 - Total income averaged \$19.9K per week in August (4-week month). This was \$4.1K higher per week than July, and higher than out YTD weekly giving.
- Expenses paid in August were \$84.7K. This is \$5.6K below the ministry plan. Spending was down \$7.9K from what was spent in July. As a reminder the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were \$.8K below the mission plan for the month, mainly driven by the timing of youth fees.
 - The administration category was \$5.3K below the mission plan mainly due to the two positions not being filled.
 - Operational expenses were \$.5K above the ministry plan. General maintenance was slightly over as our semi-annual HVAC maintenance was paid for in the month of August. The actuals reflect a mortgage payment of \$15.0 K.
- We experienced some improvement in weekly giving for the month. However, the average weekly giving remains lower than needed to fund the ministry plan on an ongoing basis. We consumed \$5.3K of cash to fund operations in August, this was an improvement from July when we consumed \$13.7K of cash. The overall cash position decreased by \$3.4K and is at \$35.0K. Operating cash flow continues to be a critical concern.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the last council meeting, MIF considers us one month in arrears due to the missed payment in September of last year, we have no ability to make up that payment at this time.
 - Reduce benevolence payments by 50% until such time as our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in August.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory

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Bills, (8) Discretionary Program Expenses.

- While we are extremely challenged, we are also Blessed by our Savior, on a daily basis. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of August 2016 Financial Statements

Income

For the month of August 2016, total operating income was \$79.4K. Regular offering was \$78.8K, and other income was \$.6K. The majority of the other income was noisy offering (\$.8K). Rental income was slightly negative (\$.3K) for the month, due to gym monitoring fees paid in the month. Rental fees do not come in each month, but tend to come in several times a year per user.

The August 2016 financial report reflects \$19.7K average weekly offerings for the month. Our YTD weekly envelope offerings have been \$17.8K. Our average for all of last year was just over \$19K per week. August had four Sundays in the month. August weekly giving did show improvement, hopefully this trend will continue.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of August 2016, total operating expenses paid were \$84.7K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.0K. Overall, total expenses were \$5.6K below the August budgeted expenses per the 2016 Ministry Plan of \$90.3K.

Spending continues to be tightly managed.

- Missional expenses were \$5.4K, this was \$.8K below budget for August. Of the spending in this category, \$4.0K is benevolence.
- The administration category was \$5.3K below the mission plan mainly due to the three positions not being filled. Pastor salary, housing, benefits and administration salary represent \$7.9K of the under run. The copier lease and maintenance category had a \$1.2K overrun, due to final payment on the prior copier lease, we received a rebate from the new copier company to cover this (received prior). The YTD copier costs are well below budget.
- Operational expenses were above the ministry plan by \$.5K, the majority of the overrun was due to general maintenance being over by \$.4K, due to the semi-annual HVAC service being paid in the month of August. The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last

year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall August cash balance was \$35.0K and decreased by \$3.4K from the July balance. The operating fund had a negative balance of \$15.3K and decreased by \$5.3K from July. The total of conduit funds was a negative \$.6K, increasing by \$.3K from July. The unallocated fund increased \$.5K to \$24.8K. The Benevolence fund (Tithe from branching out) increased by \$.5K to \$13.2K. Branching out funds (less the tithe) are at \$12.9K and increased by \$.5K.

Building Maintenance Reserve

The August maintenance reserve balance is now zero.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of August 2016, this fund balance is \$24.8K. This increased by \$.5K, from the July balance. It is effectively being used to cover the operational shortfall. It is recommended to move the unallocated reserve to the operating fund.

Branching Out Campaign

The total received as of August 31 was \$131,936. We still have several stock gifts that are held up (approximately \$7.0K). Other than the delayed stock gift it looks like the lead gifts have come in.

Campaign expenses have totaled \$5,078. Campaign disbursements have totaled \$113,996 (this includes tithe of \$13,194). We have paid the construction company \$71,383 to date.

Other Matters for Council Information

August Unpaid Bills Carried Over to August

As of the end of August, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed September payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in August. At this level we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment on a monthly basis as we are able until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

Special Finance team meeting September 27th.

Financial Report – September 2016

Presented to Faith Lutheran Church Council

October 16, 2016

The Finance Ministry Team met on October 10, 2016, and covered the following items.

- Opening prayer
- Review of September 2016 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	September	Delta to Budget
Income	80.2	-6.9
Expense	<u>88.9</u>	<u>-2.9</u>
Net	-8.7	-4.0
 Cash Position	 September	 Change from August
Operating	-24.0	-8.7
Conduit	-.2	+.4
Unallocated	24.9	+.1
Benevolence Reserve	15.1	+1.9
Branching Out	<u>-9.5</u>	<u>-22.4</u>
Total	6.3	-28.8

Council Level Issues:

- Cash will be the major issue over the next 30-90 days.
- In the figures above we have paid all construction/renovation invoices, except for a \$10K balance due to the construction company. This \$10K has been paid in the first two weeks of October.
- Cash balance is now at a critical level and final \$10K of construction payments in October put us in a continued cash crunch.
- Council request of loan from day school not taken up by day school board. This was not known when finance team met on October 10th.
- Alternatives become more limited than last month. Skip mortgage payment, request a short term loan from day school reserve fund.

Monthly Highlights:

- Income for September was \$80.2K.
 - Total income was up by \$.8K vs. August but was \$6.9K below the ministry plan for September. Both August and September were 4 Sunday months.
 - Total income averaged \$20.0K per week in September (4-week month). This was just slightly higher than August, and higher than our YTD weekly giving.
- Expenses paid in September were \$88.9K. This is \$2.9K below the ministry plan. Spending was up \$4.2K from what was spent in August. As a reminder the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were \$2.1K above the mission plan for the month, mainly driven by the timing of youth fees.
 - The administration category was \$6.6K below the mission plan mainly due to the two positions not being filled.
 - Operational expenses were \$1.6K above the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- We experienced some improvement in weekly giving for the month. However, the average weekly giving remains lower than needed to fund the ministry plan on an ongoing basis. We consumed \$8.7K of cash to fund operations in September. The overall cash position decreased by \$28.8K and is at \$6.3K. Operating cash flow continues to be a critical concern.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the last council meeting, MIF considers us one month in arrears due to the missed payment in September of last year, we have no ability to make up that payment at this time.
 - Reduce benevolence payments by 50% until such time as our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in September.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
- While we are extremely challenged, we are also Blessed by our Savior, on a daily basis. Through

September 2016 Report

continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.

- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of September 2016 Financial Statements

Income

For the month of September 2016, total operating income was \$80.2K. Regular offering was \$79.7K, and other income was \$.5K. The majority of the other income was noisy offering (\$.7K). Rental income was slightly negative (\$.1K) for the month, due to gym monitoring fees paid in the month. Rental fees do not come in each month, but tend to come in several times a year per user.

The September 2016 financial report reflects \$19.9K average weekly offerings for the month. Our YTD weekly envelope offerings have been \$18.0K. Our average for all of last year was just over \$19K per week. September had four Sundays in the month. September weekly giving did show improvement, hopefully this trend will continue.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of September 2016, total operating expenses paid were \$88.9K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.0K. Overall, total expenses were \$2.9K below the September budgeted expenses per the 2016 Ministry Plan of \$91.8K.

Spending continues to be tightly managed.

- Missional expenses were \$9.1K, this was \$2.1K above budget for September. Of the spending in this category, \$4.0K is benevolence. The spending also reflects the cost of the youth mission trip; these funds were received earlier in the year.
- The administration category was \$6.6K below the mission plan mainly due to the three positions not being filled. Pastor salary, housing, benefits and administration salary represent \$7.9K of the under run.
- Operational expenses were above the ministry plan by \$1.6K, the majority of the overrun was due to general maintenance being over by \$1.3K, due to expenses repairing the roof flashing after a storm earlier this year. The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall September cash balance was \$6.3K and decreased by \$28.8K from the August balance. The

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operating fund had a negative balance of \$24.0K and decreased by \$8.7K from August. The total of conduit funds was a negative \$.2K, increasing by \$.4K from August. The unallocated fund increased \$.1K to \$24.9K. The Benevolence fund (Tithe from branching out) increased by \$1.9K to \$15.1K. Branching out funds (less the tithe) have a negative balance of \$9.5K and decreased by \$22.4K.

Building Maintenance Reserve

The September maintenance reserve balance is now zero.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of September 2016, this fund balance is \$24.9K. This increased by \$.1K, from the August balance. It is effectively being used to cover the operational shortfall. It is recommended to move the unallocated reserve to the operating fund.

Branching Out Campaign

The total received as of September 31 was \$150,887. The stock gifts that were held up, have been received and have been deposited in September.

Campaign expenses have totaled \$5,361. Campaign disbursements have totaled \$155,044 (this includes tithe of \$13,194). We have paid the construction company \$103,383 to date. The remaining balance due to the construction company, (\$10K) will be paid in the month of October.

Other Matters for Council Information

September Unpaid Bills Carried Over to September

As of the end of September, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed September payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in September. At this level we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment on a monthly basis as we are able until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None at this time

Financial Report – October 2016

Presented to Faith Lutheran Church Council

November 12, 2016

The Finance Ministry Team met on November 10, 2016, and covered the following items.

- Opening prayer
- Review of October 2016 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	October	Delta to Budget
Income	106.0	+8.9
Expense	<u>90.5</u>	<u>-7.3</u>
Net	15.5	+16.2
Cash Position	October	Change from September
Operating	-8.6	+15.4
Conduit	+1.2	+1.3
Unallocated	+24.9	+1
Benevolence Reserve	+15.6	+5
Branching Out	<u>-15.0</u>	<u>-5.5</u>
Total	18.1	+11.8

Council Level Issues:

- We have passed through our cash crunch through God's graciousness, and the acceleration of a planned yearend gift from a mission partner.
- The loan that was discussed and approved at the last council meeting was not implemented.
- We have paid all construction/renovation invoices.

Monthly Highlights:

- Income for October was \$106.0K.
 - Total income was up by \$25.8K vs. September and was \$8.9K ABOVE the ministry plan for October. Helping this trend was that October was a 5 Sunday month.
 - Total income averaged \$21.2K per week in October (5-week month). This was higher than September, and significantly higher than our YTD weekly giving.
- Expenses paid in October were \$90.5K. This is \$7.4K below the ministry plan. Spending was

October 2016 Report

up \$1.6K from what was spent in September. As a reminder, the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.

- Missional expenses were \$.9K below the mission plan for the month, mainly driven by the timing of youth fees.
- The administration category was \$7.0K below the mission plan mainly due to the two positions not being filled.
- Operational expenses were \$.5K above the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- We experienced significant improvement in weekly giving for the month. This was the first time this year that the income for the month was above the ministry plan. The key driver was the acceleration of a planned year end gift of \$21K. We improved operating cash by \$15.4K in October, however we are negative \$8.6K year to date.
- The overall cash position improved by \$11.7K and is at \$18.1K. Operating cash flow is now back to a minimum manageable level, but it remains an ongoing concern.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the last council meeting, MIF considers us one month in arrears due to the missed payment in October of last year, we have no ability to make up that payment at this time.
 - Reduce benevolence payments by 50% until our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in October.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
- While we are extremely challenged, we are also Blessed by our Savior, daily. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of October 2016 Financial Statements

Income

For the month of October 2016, total operating income was \$106.0K. Regular offering was \$102.3K, and other income was \$3.7K. Most the other income was noisy offering \$.9K, and rental income of \$2.6K. The rental fees were from rental of the LTMC to the YMCA in the fall. Rental fees do not come in each month, but tend to come in several times a year per user.

The October 2016 financial report reflects \$20.5K average weekly offerings for the month. Our YTD weekly envelope offerings have been \$18.3K. Our average for all last year was just over \$19K per week. October had five Sundays in the month.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of October 2016, total operating expenses paid were \$90.5K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$5.3K. Overall, total expenses were \$7.4K below the October budgeted expenses per the 2016 Ministry Plan of \$97.9K.

Spending continues to be tightly managed.

- Missional expenses were \$6.2K, this was \$.9K below the budget for October. Of the spending in this category, \$5.3K is benevolence. The spending also reflects cash collected in advance for future events.
- The administration category was \$7.0K below the mission plan mainly due to the three positions not being filled. Pastor salary, housing, benefits and administration salary represent \$8.0K of the under run. We also spent \$1.8K this month interviewing a pastoral candidate.
- Operational expenses were above the ministry plan by \$.5K, most of the overrun was due to general maintenance being over by \$1.4K, due to expenses repairing the sprinkler system. The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall October cash balance was \$18.1K and increased by \$11.7K from the September balance. The operating fund had a negative balance of \$8.6K and improved by \$15.4K from September. The total of conduit funds was \$1.1K, increasing by \$1.3K from September. The unallocated fund increased \$.1K to \$24.9K. The Benevolence fund (Tithe from branching out) increased by \$.5K to \$15.6K. Branching out funds (less the tithe) have a negative balance of \$15.0K and decreased by \$5.5K.

Building Maintenance Reserve

October 2016 Report

The October maintenance reserve balance is now zero.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of October 2016, this fund balance is \$24.9K. This increased by \$.1K, from the September balance. It is effectively being used to cover the operational shortfall. It is recommended to move the unallocated reserve to the operating fund.

Branching Out Campaign

The total received as of October 31 was \$155.7K.

Campaign expenses have totaled \$5.4K. Campaign disbursements have totaled \$165.3K (this includes title of \$15.6K). The construction company is now fully paid. No significant expenditures remain to be paid.

Other Matters for Council Information

October Unpaid Bills Carried Over to October

As of the end of October, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed October payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in October. At this level, we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment monthly as we are able, until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None at this time

Financial Report – November 2016

Presented to Faith Lutheran Church Council

December 11, 2016

The Finance Ministry Team met on December 6, 2016, and covered the following items.

- Opening prayer
- Review of November 2016 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	November	Delta to Budget
Income	86.2	-.9
Expense	<u>81.8</u>	<u>-9.7</u>
Net	+4.4	+ 8.8

Cash Position	November	Change from October
Operating	-4.2	+4.4
Conduit	-.8	-1.9
Unallocated	+24.7	-.2
Benevolence Reserve	+16.1	+.5
Branching Out	<u>-10.3</u>	<u>+4.7</u>
Total	25.6	+7.5

Monthly Highlights:

- Income for November was \$86.2K.
 - Total income was down by \$19.8K vs. October and was \$.9K below the ministry plan for November. We did have a stock gift that was recorded (approximately \$18K) in the month of November. As a reminder, we had a \$21K one time gift in October, and October was a 5 Sunday month.
 - Total income averaged \$21.5 per week in November. This was very close to the overall income in October, and significantly higher than our YTD weekly income.
- Expenses paid in November were \$81.8K. This is \$9.7K below the ministry plan. Spending was down \$8.7K from what was spent in October. As a reminder, the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were \$.7K below the mission plan for the month, mainly driven by the timing of youth fees.
 - The administration category was \$8.5K below the mission plan mainly due to the two

positions not being filled.

- Operational expenses were \$.5K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- November was a good month and continued the good result in October. The key driver was the major stock gift (\$18K) received in November. We improved operating cash by \$4.4K in November, however we are negative \$4.2K year to date.
- The overall cash position improved by \$7.5K and is at \$25.6K. Operating cash flow is now back to a minimum manageable level, but it remains an ongoing concern.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the last council meeting, MIF considers us one month in arrears due to the missed payment in November of last year, we have no ability to make up that payment now.
 - Reduce benevolence payments by 50% until our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in November.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
- While we are extremely challenged, we are also Blessed by our Savior, daily. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of November 2016 Financial Statements

Income

For the month of November 2016, total operating income was \$86.2K. Regular offering was \$80.3K, and other income was \$5.9K. Most of the other income was noisy offering \$.8K, and rental income of \$5.1K. The rental fees were from rental of the LTMC to the YMCA in the fall. Rental fees do not come in each month, but tend to come in several times a year as sports seasons end.

The November 2016 financial report reflects \$20.1K average weekly offerings for the month. Our YTD weekly envelope offerings have been \$18.4K. Our average for all last year was just over \$19K per week.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of November 2016, total operating expenses paid were \$81.8K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.3K. Overall, total expenses were \$9.7K below the November budgeted expenses per the 2016 Ministry Plan of \$91.6K.

Spending continues to be tightly managed.

- Missional expenses were \$5.4K, this was \$.7K below the budget for November. Of the spending in this category, \$5.5K is benevolence. The spending also reflects cash collected in advance for future events.
- The administration category was \$8.5K below the mission plan mainly due to the two positions not being filled. Pastor salary, housing, benefits and administration salary represent \$8.0K of the under run. The only areas over budget are transaction fees over by \$844 (push pay), and leadership support \$285 (some candidate interview costs).
- Operational expenses were below the ministry plan by \$.5K, most of the under run was due to general maintenance. We were slightly over budget in Audio Visual due to two months of invoices from our IT support company. The actuals also reflect a mortgage payment of \$15.0 K. This is equal to what has been budgeted for the mortgage in 2016.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall November cash balance was \$25.6K and increased by \$7.5K from the October balance. The operating fund had a negative balance of \$4.2K and improved by \$4.4K from October. The total of conduit funds was -.8K, decreasing by \$1.9K from October. The unallocated fund decreased by \$.2K to \$24.7K. The Benevolence fund (Tithe from branching out) increased by \$.5K to \$16.1K. Branching out funds (less the tithe) have a negative balance of \$10.3K and increased by \$4.7K.

Building Maintenance Reserve

The November maintenance reserve balance is now zero.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of November 2016, this fund balance is \$24.7K. This decreased by \$.2K, from the October balance.

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It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of November was \$161.0K.

Campaign expenses have totaled \$5.4K. Campaign disbursements have totaled \$165.9K (this includes title of \$16.1K). No significant expenditures remain to be paid.

Other Matters for Council Information

November Unpaid Bills Carried Over to November

As of the end of November, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed November payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in November. At this level, we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment monthly as we are able, until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None at this time

Financial Report – December 2016

Presented to Faith Lutheran Church Council

January 29, 2016

The Finance Ministry Team met on January 10, 2017, and covered the following items.

- Opening prayer
- Review of December 2016 financial statements
- Discussion of current financial position
- Adjustment of 2017 financial statement format
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	December	Delta to Budget
Income	113.2	-17.7
Expense	<u>99.8</u>	<u>6.3</u>
Net	+13.4	-24.0

Cash Position	December	Change from November
Operating	9.2	+13.4
Conduit	.6	+1.3
Unallocated	24.4	-.3
Benevolence Reserve	17.4	+1.3
Branching Out	<u>1.6</u>	<u>+11.9</u>
Total	53.2	+27.6

Monthly Highlights:

- Income for December was \$113.2K.
 - Total income was up by \$27K vs. November and was \$17.7K below the ministry plan for December. As a reminder, we had a \$18K one time gift in November, and December was a 4 Sunday month.
 - Total income averaged \$28.3K per week in December. This was a significant improvement to the overall income in November, and significantly higher than our YTD weekly income.
- Expenses paid in December were \$99.8K. This is \$6.3K above the ministry plan. Spending was up by \$18.0K from what was spent in November. As a reminder, the ministry plan had the associate pastor and one additional staff position budgeted for the entire year.
 - Missional expenses were \$5.6K above the mission plan for the month, mainly driven by Christmas decorations, special music performances, and Christmas youth events.
 - The administration category was \$6.0K below the mission plan mainly due to the two

positions not being filled.

- Operational expenses were \$6.7K above the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- December was a good month and continued the good result in November. The key driver was the year end giving as we normally experience (Thank you God!). We improved operating cash by \$13.4K in December a big improvement. The one negative, in operating income versus expenses, we were negative for the full year by \$16.5K (total income 16.5K less than total expenses).
- The overall cash position improved by \$27.6K and is at \$53.2K. Operating cash flow is now back to a minimum manageable level, but it remains an ongoing concern.
- As discussed in previous Council meetings, we continue to employ the following strategies to maintain sufficient operating funds to sustain our ministry:
 - As noted earlier, we are making the lower \$15K (\$8 K in principal and \$7 K in interest) monthly mortgage payment. We will maintain this level of mortgage payments until the land is sold, at which time we will pay down the mortgage with the full amount of the proceeds and renegotiate a new and much lower payment schedule. This lowered payment has now been accepted and documented by the Mission Investment Fund for the next three years. As reviewed with council in the last council meeting, MIF considers us one month in arrears due to the missed payment in December of last year, we have no ability to make up that payment now.
 - Reduce benevolence payments by 50% until our cash position allows us to resume those payments in full. The 5% going directly to the ELCA will continue to be paid as was done in December.
 - Considering our cash situation, we have made a prioritized list of which bills to pay in the following order: (1) Payroll, (2) Utilities, (3) ELCA Benevolence, (4) Credit Card Bills, (5) Mortgage Payment, (6) Required Maintenance Expenses, (7) Other Mandatory Bills, (8) Discretionary Program Expenses.
- While we are extremely challenged, we are also Blessed by our Savior, daily. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of December 2016 Financial Statements

Income

For the month of December 2016, total operating income was \$113.2K. Regular offering was \$108.3K, and other income was \$4.9K. Most the other income was noisy offering \$1.4K, and FLDS tithe of \$2.4K.

The December 2016 financial report reflects \$27.1K average weekly offerings for the month. Our YTD

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weekly envelope offerings have been \$19.1K. Interestingly, the regular envelope offering for the entire year was \$400 higher this year than last year.

Kari (Operations Director) and Scott (Accountant) will continue to coordinate closely to make sure bank balances remain positive, paying bills in a prioritized manner. The Finance Ministry Team will communicate with them and respond appropriately as circumstances dictate.

Expenses

For the month of December 2016, total operating expenses paid were \$99.8K. This amount reflects the reduced debt service payment of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$5.6K. Overall, total expenses were \$6.3K above the December budgeted expenses per the 2016 Ministry Plan of \$93.5K.

Spending continues to be tightly managed.

- Missional expenses were \$15.1K, this was \$5.6K above the budget for December. Of the spending in this category, \$7.2K is benevolence (ELCA and Noisy). The other significant spending in this category as guest performance fees for the festival of carols (\$1.6K), Christmas decorations (\$1.4K), and several holiday youth events supported by the church (\$2.6K).
- The administration category was \$6.0K below the mission plan mainly due to the two positions not being filled. Pastor salary, housing, benefits and administration salary represent \$8.0K of the under run. The areas over budget are transaction fees over by (\$.4K) (push pay), copier costs (\$1.6K), and continuing education (\$1.0K).
- Operational expenses were above the ministry plan by \$6.7K. We were over budget in Audio Visual (\$+4.0K) due to two months of invoices from our IT support company and some repairs/reconfiguration of the audio systems in the LTTM Center. General maintenance was also over budget (+\$1.8K) due to restriping the parking lot. The actuals also reflect a mortgage payment of \$15.0 K.

Financial Trends - Trailing Thirteen Months

The attached report includes a chart/graph depicting financial trends for three key financial categories (offerings, expenses and net income/loss) during the trailing thirteen months (to include same month last year). In most cases, the peaks and dips reflect expected seasonal ebb and flow.

Cash Balances

The overall December cash balance was \$53.2K and increased by \$27.6K from the November balance. The operating fund had a POSITIVE balance of \$9.2K and improved by \$13.4K from November. The total of conduit funds was \$.6K, increasing by \$1.3K from November. The unallocated fund decreased by \$.3K to \$24.4K. The Benevolence fund (Tithe from branching out) increased by \$1.3K to \$17.4K. Branching out funds (less the tithe) has a POSITIVE balance of \$1.6K and increased by \$11.9K.

Building Maintenance Reserve

The December maintenance reserve balance is now zero.

To the extent practicable, additions to this reserve are planned to be resumed in the future and continue until it is restored to an appropriate level (to be recommended by the Finance Team). Due to our current financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of December 2016, this fund balance is \$24.4K. This decreased by \$.3K, from the November balance. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of December was \$174.1K.

Campaign expenses have totaled \$5.4K. Campaign disbursements have totaled \$167.2K (this includes tithes of \$17.4K). Ending cash balance \$1.6K. No significant expenditures remain to be paid.

Other Matters for Council Information

December Unpaid Bills Carried Over to January

As of the end of December, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed December payment last year. I have instructed the accountant to continue to make one payment per month, unless instructed by the council.

Debt Service Program

We did make a payment of the revised monthly mortgage obligation in the amount of \$15 K to MIF in December. At this level, we are still paying \$8 K in principal to go with the \$7 K in interest. We will continue to make this payment monthly as we are able, until the 3.5-acre parcel of excess land is sold. At that time, we will pay down the mortgage with the full amount of the proceeds and renegotiate a new payment schedule.

Finance Ministry Team Action Items

None at this time