

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 NTNL 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.