

Financial Report – January 2017

Presented to Faith Lutheran Church Council

February 12, 2017

The Finance Ministry Team met on February 7, 2017, and covered the following items.

- Opening prayer
- Review of January 2017 financial statements
- Discussion of current financial position
- Audit report for 2015
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	January	Delta to Budget
Income	102.6	+ 3.4
Expense	<u>85.1</u>	<u>-13.4</u>
Net	+17.4	+16.8

Cash Position	January	Change from December
Operating	26.7	+17.5
Conduit	.8	+.3
Unallocated	24.3	-.1
Benevolence Reserve	17.8	+.4
Branching Out	<u>5.0</u>	<u>+3.4</u>
Total	74.6	+21.5

Monthly Highlights:

- Reporting change. We have made a minor change in the detailed financial statements. We have included a new set of categories to track fees (income) for events. In prior years, we have netted the income received for fees in the matching expense line. This caused distortion in the expense lines (some months we would have negative expense). The finance team feels this is a better representation of the financials.
- Income for January was \$102.6K.
 - Total income was down by \$12.1K vs. December and was \$3.4K above the ministry plan for January. We did receive in January the second half (\$21K) of the large gift (\$42K) we have discussed in the past. We received the first half of that gift in November of 2016.
 - Total income averaged \$20.5K per week in January. This was a drop off from the significant December average of 28.3K.
- Expenses paid in January were \$85.1K. This was \$13.4K below the ministry plan. Spending was down by \$14.7K from what was spent in December.

- Missional expenses were \$11.6K below the mission plan for the month. As with last year we have budgeted the second pastor and contemporary music position for the entire year. We are also understaffed on one full time position AV, and several part time positions.
- Operational expenses were \$1.8K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- January was a good month and continued the very good result in December. The key driver was the second portion of the large gift (Thank you God!). We improved operating cash by \$17.5K in January a big improvement.
- The overall cash position improved by \$21.5K and is at \$74.6K. 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 January 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 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.
- 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 January 2017 Financial Statements

Income

For the month of January 2017, total operating income was \$101.1K. Regular offering was \$94.8K, and other income was \$6.39K. Most the other income was noisy offering \$.8K, and rental income of \$5.5K.

Activities Income, (the new category of income), recorded income of \$1.5K. Most this income (\$1.1K) was for event fees for high school youth events. This will show up as expense later in the year.

The January 2017 financial report reflects \$19K average weekly offerings for the month. January was a 5 week months.

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 January 2017, total operating expenses paid were \$85.1K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$5.0K. Overall, total expenses were \$13.4K below the January budgeted expenses per the 2017 Ministry Plan of \$98.5K.

Spending continues to be tightly managed.

- Missional expenses were \$6.2K, this was \$1.1K above the budget for January. Of the spending in this category, \$5.9K is benevolence (ELCA and Noisy).
- The administration category was \$12.7K 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. Administrative salaries are also under budget due contemporary worship leader position and the AV position being open. The areas over budget are telephone, Copier, and Payroll services. Kari is checking on the copier costs as the expected savings have not materialized.
- Operational expenses were below the ministry plan by \$1.8K. We were over budget in Audio Visual (\$1.6K) and general maintenance (\$1.2K). Running slightly over on utilities for the month. 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 January cash balance was \$74.6K and increased by \$21.5K from the December balance. The operating fund had a positive balance of \$26.7K and improved by \$17.5K from December. The total of conduit funds was \$.8K, increasing by \$.3K from December. The unallocated fund decreased by \$.1K to \$24.3K. The Benevolence fund (Tithe from branching out) increased by \$.4K to \$17.8K. Branching out funds (less the tithe) has a positive balance of \$5.0K and increased by \$3.4K.

Building Maintenance Reserve

The January 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 January 2017, this fund balance is \$24.3K. This decreased by \$.1K, from the December balance. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of January was \$177.4K.

Campaign expenses have totaled \$5.4K. Campaign disbursements have totaled \$167.2K (this includes tithes of \$17.4K). Ending cash balance \$5.0K. No significant expenditures remain to be paid.

Other Matters for Council Information

January Unpaid Bills Carried Over to January

As of the end of January, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed January 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 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 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 – February 2017

Presented to Faith Lutheran Church Council

April 1, 2017

The Finance Ministry Team met on March 6, 2017, and covered the following items.

- Opening prayer
- Review of February 2017 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	February	Delta to Budget
Income	68.7	-20.2
Expense	<u>81.8</u>	<u>-9.9</u>
Net	-13.1	-10.3

Cash Position	February	Change from January
Operating	13.6	-13.1
Conduit	.7	-.1
Unallocated	21.3	-3.0
Benevolence Reserve	18.9	+1.1
Branching Out	<u>16.4</u>	<u>+11.4</u>
Total	70.9	-3.7

Monthly Highlights:

- Income for February was \$68.7K.
 - Total income was down by \$33.9K vs. January and was \$20.2K below the ministry plan for February. We did receive in January the second half (\$21K) of the large gift (\$42K) we have discussed in the past. We received the first half of that gift in November of 2016. In addition, January was a 5-week month.
 - Total income averaged \$17.2K per week in February. This was a drop off from the January average of 20.5K.
 - No matter how you cut it, February was not a good income month and reverses a very positive trend in December and January.
- Expenses paid in February were \$81.8K. This was \$9.9K below the ministry plan. Spending was down by \$3.3K from what was spent in January.
 - Missional expenses were \$7.9K below the mission plan for the month. As with last year we have budgeted the second pastor and contemporary music position for the entire year. We are also understaffed on one full time position AV, and several part time positions.

- Operational expenses were \$1.9K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- Expenses will increase moving forward as we have filled the AV position on the staff.
- February was not a good month and reverses the good December and January. This will need to be monitored closely to see if this was just an anomaly or reversion back to 2016 giving levels. We consumed \$13.1K in operations cash in February, and almost completely reversed the January operations cash improvement.
- On a bit brighter note the overall cash position only declined by \$3.7K due to a strong month in branching out contributions. Overall cash flow is now at a minimum manageable level, but the operating fund level of cash remains an ongoing concern. The unallocated reserve reduction was the \$3.0K support the council approved at the January council meeting for Briarwood.
- 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 February 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 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.
- 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 February 2017 Financial Statements

Income

For the month of February 2017, total operating income was \$67.9K. Regular offering was \$65.8K, and

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other income was \$2.1K. Most the other income was noisy offering \$.7K, and rental income of \$1.2K.

Activities Income, (the new category of income), recorded income of \$.7K. Most this income was for event fees for high school youth events. This will show up as expense later in the year.

The February 2017 financial report reflects \$16.5K average weekly offerings for the month. February was a 4-week month. This is a reduction from \$18.4K in January, however without the special gift, giving would have been \$14.8K per week in 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 2017, total operating expenses paid were \$81.8K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$3.4.0K. Overall, total expenses were \$9.9K below the February budgeted expenses per the 2017 Ministry Plan of \$91.7K.

Spending continues to be tightly managed.

- Missional expenses were \$6.9K, this was \$1.0K above the budget for February. Of the spending in this category, \$4.1K is benevolence (ELCA and Noisy).
- The administration category was \$9.9K 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. Administrative salaries are also under budget due contemporary worship leader position and the AV position being open. The areas over budget are Copier, continuing education, and Payroll services. Kari is checking on the copier costs as the expected savings have not materialized.
- Operational expenses were below the ministry plan by \$1.9K. We were under budget in all major categories of expense in February. 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 February cash balance was \$70.9K and decreased \$3.7K from the January balance. The operating fund had a positive balance of \$13.6K and decreased by 13.1K from January. The total of conduit funds was \$.7K, decreased by \$.1K from January. The unallocated fund decreased by \$3.0K to \$21.3K. The Benevolence fund (Tithe from branching out) increased by \$1.1K to \$18.9K. Branching out funds (less the tithe) has a positive balance of \$16.4K and increased by \$11.4K.

Building Maintenance Reserve

The February 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

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financial situation, this is unlikely to happen for some time.

Unallocated Reserve

As of February 2017, this fund balance is \$23.3K. This decreased by \$3.0K, from the January balance. It is effectively being used to cover the operational shortfall. The reduction in the unallocated reserve in February was the council approved \$3.0K urgent support of Briarwood.

Branching Out Campaign

The total received as of the end of February was \$188.7K.

Campaign expenses have totaled \$5.4K. Campaign disbursements have totaled \$166.9K (this includes tithe of \$17.4K). We did receive a refund for the stand for the baptismal Font in the month of February of \$1.7K. Ending cash balance is \$16.4K. No significant expenditures remain to be paid. The finance team did discuss the plan to distribute the tithe to the FLDS, this has been deferred to see how cash comes in the next several months.

Other Matters for Council Information

February Unpaid Bills Carried Over to February

As of the end of February, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed September 2015 payment. 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 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 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 – March 2017

Presented to Faith Lutheran Church Council

April 20, 2017

The Finance Ministry Team met on April 4, 2017, and covered the following items.

- Opening prayer
- Review of March 2017 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	March	Delta to Budget
Income	75.3	-14.8
Expense	<u>86.2</u>	<u>-9.3</u>
Net	-10.9	-5.5

Cash Position	March	Change from February
Operating	2.7	-10.9
Conduit	.9	+1
Unallocated	22.2	+9
Benevolence Reserve	19.8	+9
Branching Out	<u>24.6</u>	<u>+8.1</u>
Total	70.2	-.7

Monthly Highlights:

- Income for March was \$75.3K.
 - Total income was up by \$6.6K vs. February and was \$14.8K below the ministry plan for March. February was a 4-week month.
 - Total income averaged \$18.8K per week in March. This was an increase from the February average of 17.2K.
 - March showed some improvement from February, but we continue to run below the ministry plan for income. We are running behind by \$31.6K for the first quarter.
- Expenses paid in March were \$86.2K. This was \$9.3K below the ministry plan. Spending was up by \$4.4K from what was spent in February.
 - Missional expenses were \$8.0K below the mission plan for the month. As with last year we have budgeted the second pastor and contemporary music position for the entire year. We are also understaffed on one full time position AV, and several part time positions.
 - Operational expenses were \$1.3K below the ministry plan. The actuals reflect a

mortgage payment of \$15.0 K.

- Expenses will increase moving forward as we have filled the AV position and the outreach position on the staff.
- March was not a great month but income did increase slightly from February. This will need to be monitored closely. We consumed \$10.9K in operations cash in March, and reduced the operating cash balance by \$6.5K from the December 2016 ending balance.
- On a bit brighter note, the overall cash position only declined by \$.7K due to continued strong contributions to the Branching Out campaign. Overall cash flow is now at a minimum manageable level, but the operating fund level of cash 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 March 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 March.
 - 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 March 2017 Financial Statements

Income

For the month of March 2017, total operating income was \$74.1K. Regular offering was \$71.4K, and other income was \$2.7K. Most the other income was noisy offering \$1.7K, and rental income of \$1.0K.

Activities Income, (the new category of income), recorded income of \$1.1K. Most this income was for

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event fees for high school youth events. This will show up as expense later in the year.

The March 2017 financial report reflects \$17.9K average weekly offerings for the month. March was a 4-week month. This is an increase from the \$16.5K received in February, an increase of \$1.4K 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 March 2017, total operating expenses paid were \$86.2K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$3.6K. Overall, total expenses were \$9.3K below the March budgeted expenses per the 2017 Ministry Plan of \$95.4K.

Spending continues to be tightly managed.

- Missional expenses were \$9.1K, this was \$2.7K above the budget for March. Of the spending in this category, \$5.3K is benevolence (ELCA and Noisy).
- The administration category was \$10.7K 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. Administrative salaries are also under budget due contemporary worship leader position and the AV (partially for the month of March) positions being open. The areas over budget are publicity, and rotary club dues (misc. expense). Kari is checking on the copier costs as the expected savings have not materialized.
- Operational expenses were below the ministry plan by \$1.3K. We were over budget in Audio Visual (\$1.9K), due to two invoices (February and March) from techno gizmo. All other expense categories were under budget in March. The operational expenses 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 March cash balance was \$70.2K and decreased \$.7K from the February balance. The operating fund had a positive balance of \$2.7K and decreased by \$10.9K from February. The total of conduit funds was \$.9K, increased by \$.1K from February. The unallocated fund increased by \$.9K to \$22.2K. The Benevolence fund (Tithe from branching out) increased by \$.9K to \$19.8K. Branching out funds (less the tithe) has a positive balance of \$24.6K and increased by \$8.1K.

Building Maintenance Reserve

The March 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 March 2017, this fund balance is \$22.2K. This increased \$.9K, from the February balance. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of March was \$197.8K.

Campaign expenses have totaled \$5.4K. Campaign disbursements have totaled \$167.8K (this includes tithes of \$19.8K). Ending cash balance is \$24.6K. No significant expenditures remain to be paid. The finance team did discuss the plan to distribute the tithes to the FLDS, this has been deferred to see how cash comes in the next several months.

Other Matters for Council Information

March Unpaid Bills Carried Over to March

As of the end of March, all outstanding invoices have been paid. As identified earlier, MIF considers us one month in arrears due to the missed September 2015 payment. 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 March. 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 – April 2017

Presented to Faith Lutheran Church Council

May 7, 2017

The Finance Ministry Team met on April 4, 2017, and covered the following items.

- Opening prayer
- Review of April 2017 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Closing prayer

Financial Summary:

Income/Expense (k\$)	April	Delta to Budget
Income	94.7	-4.5
Expense	<u>97.3</u>	<u>-7.6</u>
Net	-2.6	-3.1

Cash Position	April	Change from March
Operating	--	-2.6
Conduit	-.7	-1.7
Unallocated	23.2	+1.0
Benevolence Reserve	20.3	+.5
Branching Out	<u>29.4</u>	<u>+4.8</u>
Total	72.2	+2.0

Monthly Highlights:

- Income for April was \$94.7K.
 - Total income was up by \$19.4K vs. March and was \$4.5K below the ministry plan for April. April was a 5-week month with Easter.
 - Total income averaged \$18.9K per week in April. This was a very slight increase from the March average of 18.8K.
 - April showed a good improvement from March, but we continue to run below the ministry plan for income. We are running behind by \$36.0K for the first four months.
- Expenses paid in April were \$97.386.2K. This was \$7.6K below the ministry plan. Spending was up by \$11.1K from what was spent in March.
 - Missional expenses were \$6.3K below the mission plan for the month. As with last year we have budgeted the second pastor and contemporary music position for the entire year. This budget underrun has started to become smaller as we have hired the video position and the outreach position.

- Operational expenses were \$1.3K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- April was a good month on the income side. This will need to be monitored closely. We consumed \$2.6K in operations cash in April, and reduced the operating cash balance by \$9.1K from the December 2016 ending balance.
- On a brighter note, the overall cash position increased by \$2.0K due to continued strong contributions to the Branching Out campaign. Overall cash flow is now at a minimum manageable level, but the operating fund level of cash 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 April 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 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.
- 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 April 2017 Financial Statements

Income

For the month of April 2017, total operating income was \$93.3K. Regular offering was \$91.0K, and other income was \$2.3K. Most the other income was noisy offering \$.9K, and rental income of \$1.2K.

Activities Income, (the new category of income), recorded income of \$1.4K. Most this income was for event fees for high school youth events (\$.6K) and in April donations for Easter lilies (\$.8K). The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

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The April 2017 financial report reflects \$18.2K average weekly offerings for the month. April was a 5-week month. This is an increase from the \$17.9K received in March, and \$16.5K received in February.

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 2017, total operating expenses paid were \$97.4K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.7K. Overall, total expenses were \$7.6K below the April budgeted expenses per the 2017 Ministry Plan of \$105.0K.

Spending continues to be tightly managed.

- Missional expenses were \$10.2K, this was \$3.2K above the budget for April. Of the spending in this category, \$5.6K is benevolence (ELCA and Noisy). The one notable item is the cost of the Easter Lilies was \$2.2K (included in the total of \$10.2K). The donations (recorded as income), covered \$.8K of the total cost.
- The administration category was \$9.5K 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. Administrative salaries are now slightly over budget due the AV position being filled and the outreach position being filled. The areas of the budget are close to budget.
- Operational expenses were below the ministry plan by \$1.3K. We were over budget in Audio Visual (\$1.1K), due purchasing a computer for the AV position. The first month of the quarter is when we pay building and liability insurance, this causes the expense for the month to increase substantially. The positive is it was budgeted that way so we have minimal budget variance. The operational expenses 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 April cash balance was \$72.2K and increased 2.0K from the March balance. The operating fund now has a zero balance and decreased by \$2.7K from March. The total of conduit funds was a -\$0.7K, this decreased by \$1.7K from March. The conduit fund can go negative due to fund transfers from the day school for payroll. The unallocated fund increased by \$1.0K to \$23.2K. The Benevolence fund (Tithe from branching out) increased by \$.5K to \$20.3K. Branching out funds (less the tithe) has a positive balance of \$29.4K and increased by \$4.8K.

Building Maintenance Reserve

The April 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.

April 2017 Report

Unallocated Reserve

As of April 2017, this fund balance is \$23.2K. This increased \$1.0K, from the March balance. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of April was \$203.3K.

Campaign expenses have totaled \$5.5K. Campaign disbursements have totaled \$168.4K (this includes tithes of \$20.3K). Ending cash balance is \$29.4K. We will use \$2.4K of branching out to cover the cost of the window film to go on the windows between the sanctuary and narthex. No other significant expenditures remain to be paid. The finance team did discuss the plan to distribute the tithes to the FLDS, this has been deferred to see how cash comes in the next several months.

Other Matters for Council Information

April Unpaid Bills Carried Over to April

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 2015 payment. 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 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 – May 2017

Presented to Faith Lutheran Church Council

June 11, 2017

The Finance Ministry Team met on June 8, 2017, and covered the following items.

- Opening prayer
- Review of May 2017 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Insurance Claim
- Fiscal Year alignment with Day School
- Closing prayer

Financial Summary:

Income/Expense (k\$)	May	Delta to Budget
Income	86.4	-2.5
Expense	<u>93.0</u>	<u>-1.6</u>
Net	-6.6	-.9

Cash Position	May	Change from April
Operating	-6.6	-6.6
Conduit	1.1	+1.8
Unallocated	22.4	-.8
Benevolence Reserve	19.8	-.5
Branching Out	<u>29.8</u>	<u>+.4</u>
Total	66.5	-5.7

Monthly Highlights:

- Income for May was \$86.4K.
 - Total income was down by \$8.3K vs. April and was \$2.5K below the ministry plan for May. April was a 5-week month with Easter.
 - Total income averaged \$21.6K per week in May. This was an increase from the April average of 18.9K.
 - May was a pretty good month with income averaging \$21.6K per week, but we continue to run below the ministry plan for income. We are running behind by \$36.0K for the first five months.
- Expenses paid in May were \$93.0K. This was \$1.6K below the ministry plan. Spending was down by \$4.4K from what was spent in April.
 - Missional expenses were \$2.1K below the mission plan for the month. As with last year we have budgeted the second pastor and contemporary music position for the entire year.

This budget underrun has started to become smaller as we have hired the video position and the outreach position.

- Operational expenses were \$.4K above the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- May was a pretty good month on the income side. This will need to be monitored closely. We consumed \$6.6K in operations cash in May, and reduced the operating cash balance by \$15.8K from the December 2016 ending balance.
- The overall cash position decreased by \$5.7K in the month due to the operating fund usage of \$6.6K of cash. The branching out growth slowed as we paid for the window film, and the new lectern in the month. Overall cash flow is now at a minimum manageable level, but the operating fund level of cash 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 September of 2015 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 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.
- 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 May 2017 Financial Statements

Income

For the month of May 2017, total operating income was \$84.4K. Regular offering was \$81.3K, and other income was \$3.1K. Most the other income was noisy offering \$1.1K, and rental income of \$1.4K.

Activities Income, (the new category of income), recorded income of \$2.0K. All this income was for VBS. The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

The May 2017 financial report reflects \$20.3K average weekly offerings for the month. This is an increase from the \$18.0K average YTD April.

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 2017, total operating expenses paid were \$97.4K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.7K. Overall, total expenses were \$7.6K below the May budgeted expenses per the 2017 Ministry Plan of \$105.0K.

Spending continues to be tightly managed.

- Missional expenses were \$6.2K, this was very close to budget for the month. Of the spending in this category, \$5.3K is benevolence (ELCA and Noisy).
- The administration category was \$1.9K 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. Administrative salaries are now over budget due the AV position being filled and the outreach position being filled. Administration salaries are now over by \$6.0K per month.
- Operational expenses were above the ministry plan by \$.4K. We were over budget in Audio Visual (\$.7K), due purchasing a computer for the outreach position. The operational expenses 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 May cash balance was \$66.5K and decreased 5.7K from the April balance. The operating fund was now has a negative balance and decreased by \$6.6K from April. The total of conduit funds was \$1.1K, this increased by \$1.8K from April. The conduit fund can go negative due to fund transfers from the day school for payroll. The unallocated funds decreased \$.8K to \$22.4K. The Benevolence fund (Tithe from branching out) decreased by \$.5K to \$19.8K. As a reminder, the board approved providing the day school with \$1,000 of funds to make an endowment deposit. Branching out funds (less the tithe) has a positive balance of \$29.8K and increased by \$.4K.

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.

Unallocated Reserve

As of May 2017, this fund balance is \$22.4K. This decreased by \$.8K, from the April balance. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of May was \$208.2K.

Campaign expenses have totaled \$5.5K. Campaign disbursements have totaled \$172.9K (this includes tithes of \$20.8K). Ending cash balance is \$29.8K. No other significant expenditures remain to be paid. The finance team did discuss the plan to distribute the tithe to the FLDS, this has been deferred to see how cash comes in the next several months.

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 2015 payment. 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 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

Review the feasibility of moving the church fiscal year to align with the day school. The finance team needs some time to study this issue in collaboration with the day school finance team. Several items have been raised on timing, and the detail of the day school financial reporting. Matt Engelmann has the action to assemble a team to work the issue.

Financial Report – June 2017

Faith Lutheran Church Council

Submitted July 23, 2017

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

- Opening prayer
- Review of June 2017 financial statements
- Discussion of current financial position
- Recommendation on cash situation
- Insurance Claim
- Fiscal Year alignment with Day School
- Closing prayer

Financial Summary:

Income/Expense (k\$)	June	Delta to Budget
Income	76.4	-12.5
Expense	<u>91.7</u>	<u>-.4</u>
Net	-6.6	-12.9

Cash Position	June	Change from May
Operating	-21.8	-15.2
Conduit	-.5	-1.6
Building Fund	231.9	+231.9
Unallocated	22.4	0
Benevolence Reserve	20.5	+.7
Branching Out	<u>36.0</u>	<u>+6.2</u>
Total	288.6	222.1

Monthly Highlights:

- Income for June was \$76.4K.
 - Total income was down by \$10.0K vs. May and was \$1.5K below the ministry plan for June. May was a 4-week month.
 - Total income averaged \$19.1K per week in June. This was a decrease from the May average of 21.6K.
 - June was a lower month with income averaging \$19.1K per week, but we continue to run below the ministry plan for income. We are running behind by \$51.1K for the first six months of the ministry plan.
- Expenses paid in June were \$91.7K. This was \$.4K below the ministry plan. Spending was down by \$1.3K from what was spent in May.
 - Missional expenses were \$2.1K above the mission plan for the month. The staffing

June 2017 Report

increases have brought the total spending very close to the overall ministry spending plan.

- Operational expenses were \$2.5K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- June was a weak month on the income side. This will need to be monitored closely. We consumed \$15.2K in operations cash in June, and reduced the operating cash balance by \$31.1K from the December 2016 ending balance.
- The overall cash position increased by \$222.1K in the month. This was almost entirely due to receipt of the insurance check for the roof damage due to the hail storm earlier this year. Overall cash flow looks very good, however we need to continue to monitor the operating funds carefully.
- 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 2015 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 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.
- 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 June 2017 Financial Statements

Income

For the month of June 2017, total operating income was \$76.4K. Regular offering was \$71.2K, and other income was \$2.3K. Most the other income was noisy offering \$.9K, and rental income of \$.8K.

Activities Income, (the new category of income), recorded income of \$2.9K. All this income was for VBS. The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

The June 2017 financial report reflects \$17.8K average weekly offerings for the month. This is a slight decrease increase from the \$18.2K average YTD June.

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 2017, total operating expenses paid were \$91.7K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$3.6K. Overall, total expenses were \$.4K below the June budgeted expenses per the 2017 Ministry Plan of \$92.1K.

Spending continues to be tightly managed.

- Missional expenses were \$8.7K, this was over budget for the month as two noisy items were paid in the month, a VBS costs were recorded in the month. Of the spending in this category, \$5.3K is benevolence (ELCA and Noisy).
- The administration category was \$1.2K 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. Administrative salaries are now over budget due the AV position being filled and the outreach position being filled. Administration salaries are now over by \$5.0K per month.
- Operational expenses were below the ministry plan by \$.4K. We were over budget in Audio Visual (\$1.1K), general maintenance was under plan by \$3.5K. The operational expenses 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 June cash balance was \$288.6K and increased by 222.1K from the May balance. The operating fund now has a negative balance and decreased by \$15.2K from May. The total of conduit funds is negative by \$.5K, this decreased by \$1.6K from May. The conduit fund can go negative due to fund transfers from the day school for payroll. The unallocated funds had no change and has a \$22.4K balance. The Benevolence fund (Tithe from branching out) decreased by \$.7K to \$20.5K. Branching out funds (less the tithe) has a positive balance of \$36.0K and increased by \$6.2K.

Building Maintenance Reserve

The June maintenance reserve balance now has a balance of \$231.9K.

The maintenance reserve balance is due to receipt of insurance proceeds to cover the cost of repairing the church roof. The roof was damaged in the spring hail storm. 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 2017, this fund balance is \$22.4K. This did not change in the month of June. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of June was \$215.2K.

Campaign expenses have totaled \$5.5K. Campaign disbursements have totaled \$173.7K (this includes tithes of \$21.5K). Ending cash balance is \$36.0K. No other significant expenditures remain to be paid. The finance team did discuss the plan to distribute the tithe to the FLDS, this has been deferred to see how cash comes in the next several months.

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 2015 payment. 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 approximately \$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

Review the feasibility of moving the church fiscal year to align with the day school. The finance team needs some time to study this issue in collaboration with the day school finance team. Several items have been raised on timing, and the detail of the day school financial reporting. Matt Engelmann has the action to assemble a team to work the issue.

Financial Report – July 2017

Faith Lutheran Church Council

Submitted August 15, 2017

The Finance Ministry Team met on July 9, 2017, and covered the following items.

- Opening prayer
- Review of July 2017 financial statements
- Discussion of current financial position
- Insurance Claim
- Fiscal Year alignment with Day School
- Closing prayer

Financial Summary:

Income/Expense (k\$)	July	Delta to Budget
Income	88.8	-10.4
Expense	<u>101.0</u>	<u>+2.2</u>
Net	-12.2	-12.6

Cash Position	July	Change from June
Operating	-34.1	-12.2
Conduit	-1.7	-1.2
Building Fund	234.9	+3.0
Unallocated	32.0	+9.6
Benevolence Reserve	21.0	+5
Branching Out	<u>40.6</u>	<u>+4.6</u>
Total	292.7	+4.2

Monthly Highlights:

- Income for July was \$88.8K.
 - Total income was up by \$12.4K vs. June but was \$10.4K below the ministry plan for July. July was a 5-week month.
 - Total income averaged \$17.8K per week in July. This was a decrease from the June average of 19.1K.
 - July was a lower month with income averaging \$17.8K per week. We continue to run below the ministry plan for income. We are running behind by \$61.5K for the first seven months of the ministry plan.
- Expenses paid in July were \$101.0K. This was \$2.2K above the ministry plan for July. Spending is heaviest in the first month of the quarter due to insurance payments that come due at that time. Spending increased by \$9.3K from what was spent in June.
 - Missional expenses were \$6.5K above the mission plan for the month. The staffing

July 2017 Report

increases have brought the total spending very close to the overall ministry spending plan.

- Operational expenses were \$4.3K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- July was a weak month on the income side. This will need to be monitored closely. We consumed \$12.3K in operations cash in July, and reduced the operating cash balance by \$43.3K from the December 2016 ending balance.
- On a slightly more positive note, we were in a similar position last year. At this point in 2016 the operating fund cash balance was -\$35.7K versus this year -\$43.3K.
- The overall cash position increased by \$4.2K in the month. This was due to 1) receipt of an additional check for the day school canopy damage due to the hail storm earlier this year, 2) a gift deposited into the unallocated reserve 3) continued growth in the branching out and benevolence reserve balance 4) offsetting the operating fund deficit. Overall cash flow looks good, however we need to continue to monitor the operating funds carefully.
- 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 2015 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 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.
- 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 July 2017 Financial Statements

Income

For the month of July 2017, total operating income was \$87.0K. Regular offering was \$85.7K, and other income was \$1.3K. Most the other income was noisy offering \$.6K, and rental income of \$.2K.

Activities Income, (the new category of income), recorded income of \$1.8K. This income was for VBS and the golf outing. The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

The July 2017 financial report reflects \$17.1K average weekly offerings for the month. This is a slight decrease from the \$18.1K average YTD July.

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 2017, total operating expenses paid were \$101.0K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.8K. Overall, total expenses were \$2.2K above the July budgeted expenses per the 2017 Ministry Plan of \$98.8K.

Spending continues to be tightly managed.

- Missional expenses were \$11.5K, this was over budget for the month as VBS expenses were recorded in July. Of the spending in this category, \$5.4K is benevolence (ELCA and Noisy).
- The administration category was \$.7K above the mission plan. We are under budget due to the pastor position not being filled, however the other staff area are running over now that the AV position and the outreach position being filled. Administration salaries are now over by \$5.0K per month.
- Operational expenses were below the ministry plan by \$4.3K. We were under budget in Audio Visual \$1.7K, general maintenance was under plan by \$2.7K. The operational expenses 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 July cash balance was \$292.7K and increased by 4.2K from the June balance. The operating fund now has a negative balance of -\$34.2K and increased (got worse) by \$12.2K from June. The total of conduit funds is negative by \$1.7K, this increased (got worse) by \$1.2K from June. The conduit fund can go negative due to fund transfers from the day school for payroll. The unallocated funds (\$32.0K) increased by \$9.6K due to an unallocated gift received in the month of July. The Benevolence fund

(Tithe from branching out) increased by \$.5K to \$21.0K. Branching out funds (less the tithe) has a positive balance of \$40.6K and increased by \$4.6K.

Building Maintenance Reserve

The July maintenance reserve balance now has a balance of \$234.9K.

The maintenance reserve balance is due to receipt of insurance proceeds to cover the cost of repairing the church roof. The roof was damaged in the spring hail storm. 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 2017, this fund balance is \$32.0K. This did not change in the month of July. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of July was \$220.3K.

Campaign expenses have totaled \$6.0K. Campaign disbursements have totaled \$173.7K (this includes tithe of \$21.5K). Ending cash balance is \$40.6K. No other significant expenditures remain to be paid. The finance team did discuss the plan to distribute the tithe to the FLDS, this has been deferred to see how cash comes in the next several months.

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 2015 payment. 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 approximately \$8K in principal to go with the \$7K 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

Review the feasibility of moving the church fiscal year to align with the day school. The finance team needs some time to study this issue in collaboration with the day school finance team. Several items have been raised on timing, and the detail of the day school financial reporting. Jerry Gray is working with the day school team to improve timing for inclusion in the main FMC finance report.

Financial Report – August 2017

Faith Lutheran Church Council

Submitted September 20, 2017

The Finance Ministry Team met on September 11, 2017, and covered the following items.

- Opening prayer
- Review of August 2017 financial statements
- Discussion of current financial position
- Insurance Claim
- Fiscal Year alignment with day school
- Closing prayer

Financial Summary:

Income/Expense (k\$)	August	Delta to Budget
Income	71.7	-17.1
Expense	<u>100.6</u>	<u>+7.8</u>
Net	-28.9	-24.9

Cash Position	August	Change from July
Operating	-63.0	-28.9
Conduit	-.7	+1.0
Building Fund	234.9	0
Unallocated	32.0	0
Benevolence Reserve	21.3	+3
Branching Out	<u>43.4</u>	<u>+2.8</u>
Total	267.9	-24.8

Monthly Highlights:

- Income for August was \$71.7K.
 - Total income was down by \$17.1K vs. July and was \$17.1K below the ministry plan for August. Overall income for the month was very weak and will need to be addressed.
 - Total income averaged \$17.9K per week in August. This was a flat from the July average of 17.8K. The ministry plan calls for \$22.2K per week in August.
 - August was a very low month with income averaging \$17.9K per week. We continue to run well below the ministry plan for income. We are running behind by \$78.6K (total income) for the first seven months of the ministry plan.
- Expenses paid in August were \$100.6K. This was \$7.8K above the ministry plan for August. Spending was \$.4K below what was spent in July.
 - Missional expenses were \$1.7K above the mission plan for the month. The staffing increases have brought the total spending very close to the overall ministry spending plan.

August 2017 Report

- Operational expenses were \$6.2K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- August was a very weak month on the income side. This will need to be brought to the attention of the congregation soon. We consumed \$28.9K in operations cash in August, and reduced the operating cash balance by \$72.2K from the December 2016 ending balance.
- The overall cash position decreased by \$24.8K in the month. This is a very poor result and will need to be addressed with the congregation. Overall cash flow looks good, however with out the insurance money in the balance, our net cash balance would be \$33.0K. Cash management will now be a critical item.
- 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 2015 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 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 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 August 2017 Financial Statements

Income

For the month of August 2017, total operating income was \$66.3K. Regular offering was \$65.0K, and other income was \$1.3K. Most the other income was noisy offering \$.8K, and rental income of \$.6K.

Activities Income, (the new category of income), recorded income of \$5.4K. This income was for youth activities and the golf outing. The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

The August 2017 financial report reflects \$16.3K average weekly offerings for the month. This is a significant decrease from the \$17.9K average YTD August.

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 2017, total operating expenses paid were \$100.6K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$3.3K. Overall, total expenses were \$7.8K above the August budgeted expenses per the 2017 Ministry Plan of \$92.8K.

Spending continues to be tightly managed.

- Missional expenses were \$7.1K, this was over budget for the month as we purchased the banners for the sermon series. Of the spending in this category, \$4.0K is benevolence (ELCA and Noisy).
- The administration category was \$.4K below the mission plan for the month. We are under budget due to the pastor position not being filled, however the other staff areas are running over now that the AV position and the outreach position are filled. Administration salaries are now over by \$5.0K per month.
- Operational expenses were above the ministry plan by \$6.2K. The overage was driven by AV being over by \$7.4K. We were over budget in Audio Visual due to the web site redesign, and purchase of camera equipment and microphones now being used in advance of the new equipment now on order. The operational expenses 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 August cash balance was \$267.9K and decreased by \$24.8K from the July balance. The operating fund now has a negative balance of -\$63.0K and increased (got worse) by \$28.9K from July. The total of conduit funds is negative by \$.7K, this decreased (got better) by \$1.0K from July. The conduit fund can go negative due to fund transfers from the day school for payroll. The unallocated funds are at \$32.0K, and did not change in August. The Benevolence fund (Tithe from branching out) increased by \$.3K to \$21.3K. Branching out funds (less the tithe) has a positive balance of \$43.4K and

August 2017 Report

increased by \$2.8K.

Building Maintenance Reserve

The August maintenance reserve balance now has a balance of \$234.9K. This had no change from last month.

The maintenance reserve balance is due to receipt of insurance proceeds to cover the cost of repairing the church roof. The roof was damaged in the spring hail storm.

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 2017, this fund balance is \$32.0K. This did not change in the month of August. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of August was \$223.3K.

Campaign expenses have totaled \$6.4K. Campaign disbursements have totaled \$173.6K (this includes tithe of \$22.3K). Ending cash balance is \$43.4K. The council has approved the video system at a cost of \$33.3K. This will be funded out of the branching out campaign. The finance team has discuss the plan to distribute the tithe to the FLDS, this has been deferred to see how cash comes in the next several months.

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 2015 payment. 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 approximately \$8K in principal to go with the \$7K 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

Review the feasibility of moving the church fiscal year to align with the day school. The team feels that we could incorporate the day school financials without changing the church fiscal year. The finance team will continue to study the issue in collaboration with the day school finance team.

Matt will reach out to the Audit committee to discuss progress on the 2016 audit.

Financial Report – September 2017

Faith Lutheran Church Council

Submitted October 15, 2017

The Finance Ministry Team met on September 9, 2017, and covered the following items.

- Opening prayer
- Review of September 2017 financial statements
- Discussion of current financial position
- Insurance Claim
- Fiscal Year alignment with day school
- Closing prayer

Financial Summary:

Income/Expense (k\$)	September	Delta to Budget
Income	83.3	-5.6
Expense	<u>94.4</u>	<u>-.4</u>
Net	-11.1	-5.2

Cash Position	September	Change from August
Operating	-74.1	-11.1
Conduit	-.8	-.1
Building Fund	234.9	0
Unallocated	32.7	+7
Benevolence Reserve	25.3	+4.0
Branching Out	<u>31.5</u>	<u>-12.1</u>
Total	249.3	-18.6

Monthly Highlights:

- Income for September was \$83.3K.
 - Total income was up by \$11.6K vs. August and was \$5.6K below the ministry plan for September. Overall income for the month improved from August, but continues to be below the ministry plan. September was basically complete prior to the congregation meeting, October will be a test to see the response from the congregation.
 - Total income averaged \$20.8K per week in September. This was up \$2.9K from the August average of 17.9K. The ministry plan calls for \$22.2K per week in September.
 - We continue to run well below the ministry plan for income. We are running behind by \$84.3K (total income) for the first nine months of the ministry plan.
- Expenses paid in September were \$94.8K. This was \$.4K below the ministry plan for September. Spending was \$5.8K below what was spent in August.
 - Missional expenses were \$1.9K above the mission plan for the month. The staffing

September 2017 Report

increases have brought the total spending very close to the overall ministry spending plan.

- Operational expenses were \$2.3K below the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- September was better than August, but still running behind on the income side. The congregational meeting was held on the last Sunday of the month, so any impact to the message will be seen in October. We consumed \$11.1K in operations cash in September, and reduced the operating cash balance by \$83.3K from the December 2016 ending balance.
- The overall cash position decreased by \$18.6K in the month. The cash results include paying for the \$16.6K down payment for the camera system. Overall cash flow looks good, however without the insurance money in the balance, our net cash balance would be \$14.4K. Cash management will now be a critical item.
- 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 2015 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 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, daily. Through continued Gratitude, Faith, Prayer, and Diligence we will see our way through the challenges. Please pray for a positive result from the congregation to the budget update.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of September 2017 Financial Statements

Income

For the month of September 2017, total operating income was \$73.8K. Regular offering was \$73.2K, and other income was \$.6K. Most the other income was noisy offering \$583.

Activities Income, (the new category of income), recorded income of \$9.5K. This income was for youth activities and the golf outing. The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

The September 2017 financial report reflects \$18.3K average weekly offerings for the month. This is an improvement of the \$16.3K average in August and is slightly above the \$17.9K average YTD September.

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 2017, total operating expenses paid were \$94.4K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$3.6K. Overall, total expenses were \$.4K below the September budgeted expenses per the 2017 Ministry Plan of \$94.8K.

Spending continues to be tightly managed.

- Missional expenses were \$9.4K, this was over budget for the month as the cost of the golf tournament was paid in September (income for the golf was recorded in income above). Of the spending in this category, \$3.7K is benevolence.
- The administration category was \$1.1K below the mission plan for the month. We are under budget due to the pastor position not being filled, however the other staff areas are running over now that the AV position and the outreach position are filled. Administration salaries are now over by \$5.0K per month.
- Operational expenses were below the ministry plan by \$2.3K. The underrun was driven by the general maintenance category being under by \$2.1K. The operational expenses 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 September cash balance was \$249.3K and decreased by \$18.6K from the August balance. The operating fund now has a negative balance of \$74.1K and increased (got worse) by \$11.1K from August. The total of conduit funds is negative by \$.8K, this increased (got worse) by \$.1K from August. The conduit fund can go negative due to fund transfers from the day school for payroll. The unallocated

funds are at \$32.7K, and increased by \$.7K in September. The Benevolence fund (Tithe from branching out) increased by \$4.0K to \$25.3K. Branching out funds (less the tithe) has a positive balance of \$31.3K and decreased by \$12.1K (We had contributions into branching out cash of \$4.5 and we made the deposit of \$16.6K on the camera system for a net of -12.1K).

Building Maintenance Reserve

The September maintenance reserve balance now has a balance of \$234.9K. This had no change from last month.

The maintenance reserve balance is due to receipt of insurance proceeds to cover the cost of repairing the church roof. The roof was damaged in the spring hail storm.

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 2017, this fund balance is \$32.7K. This increased by \$.7K in the month of September. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of September was \$228.4K.

Campaign expenses have totaled \$6.4K. Campaign disbursements have totaled \$190.7K (this includes tithe of \$22.8K), also in the month of September we paid the down payment for the camera system of \$16.6K. Ending cash balance is \$31.3K. The council has approved the video system at a cost of \$33.3K. This will be funded out of the branching out campaign.

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 2015 payment. 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 approximately \$8K in principal to go with the \$7K 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

Review the feasibility of moving the church fiscal year to align with the day school. The team feels that we could incorporate the day school financials without changing the church fiscal year. The finance team will continue to study the issue in collaboration with the day school finance team.

Matt will reach out to the Audit committee to discuss progress on the 2016 audit.

September 2017 Report

Financial Report – October 2017

Faith Lutheran Church Council

Submitted November 18, 2017

The Finance Ministry Team met on November 9, 2017, and covered the following items.

- Opening prayer
- Review of October 2017 financial statements
- Discussion of current financial position
- Insurance Claim
- Improving check security with the Bank
- Closing prayer

Financial Summary:

Income/Expense (k\$)	October	Delta to Budget
Income	92.0	-7.2
Expense	<u>109.3</u>	<u>8.1</u>
Net	-17.4	-15.3

Cash Position	October	Change from September
Operating	-91.5	-17.4
Conduit	-.6	+.2
Building Fund	229.9	-5.0
Unallocated	33.0	+.3
Benevolence Reserve	15.8	-9.5
Branching Out	<u>35.0</u>	<u>+3.7</u>
Total	221.5	-27.8

Monthly Highlights:

- Income for October was \$92.0K.
 - Total income was up by \$8.7K vs. September and was \$7.2K below the ministry plan for October. Overall income for the month improved from September, but continues to be below the ministry plan. October was a five week month, and showed limited improvement in giving after the congregation meeting in late September.
 - Total income averaged \$18.4K per week in October. This was down \$2.4K from the September average of 20.8K. The ministry plan calls for \$19.8K per week in October.
 - We continue to run well below the ministry plan for income. We are running behind by \$91.5K (total income) for the first ten months of the ministry plan.
- Expenses paid in October were \$109.3K. This was \$8.1K above the ministry plan for October. Spending was up \$14.9K than was spent in September. The first month of the quarter spending is always higher than average, as property insurance, and workers compensation insurance are due.

- Missional expenses were \$6.5K above the mission plan for the month. The staffing increases have brought us over the ministry plan for the month of October.
- Operational expenses were \$1.6K above the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- October was better than September, but still running behind on the income side. We need to see how the congregation responds to the appeal at the annual meeting held on November 12. We consumed \$17.4K in operations cash in October.
- The overall cash position decreased by \$27.8K in the month. The cash results include paying for two benevolence items approved by the council, Briarwood Golf (\$5.0K) and ELCA YAGM (\$5.0K). Overall cash looks good, however without the insurance money in the balance, our net cash balance would be a negative \$8.4K. Response from the congregation to close the gap is critical!
- 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 2015 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 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. Please pray for a positive result from the congregation to the budget update.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of October 2017 Financial Statements

Income

For the month of October 2017, total operating income was \$92.0K. Regular offering was \$84.6K, and other income was \$5.7K. Most the other income was a transfer from the benevolence reserve to cover the Briarwood golf tournament \$5.0k, and noisy offering of \$.7M.

Activities Income, (the new category of income), recorded income of \$1.7K. This income was for youth activities and disciple connections. The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

The October 2017 financial report reflects \$16.9K average weekly offerings for the month. This is slightly below the \$17.8K average YTD October.

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 2017, total operating expenses paid were \$109.3K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$4.2K. Overall, total expenses were \$8.1K above the October budgeted expenses per the 2017 Ministry Plan of \$101.3K. Of this \$8.1K delta, \$5.0K was the Briarwood gold sponsorship

Spending continues to be tightly managed.

- Missional expenses were \$12.8K, this was over budget for the month as Briarwood sponsorship was paid in October. Of the spending in this category, \$9.9K is benevolence (ELCA, Briarwood, Noisy).
- The administration category was \$.3K below the mission plan for the month. We are under budget due to the pastor position not being filled, however the other staff areas are running over now that the AV position and the outreach position are filled. Administration salaries are now over by \$5.0K per month.
- Operational expenses were above the ministry plan by \$1.6K. The overrun was driven by the general maintenance category, We had a number of repairs that needed to be made (Doors at LTTM and Plumbing repairs). The operational expenses 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 October cash balance was \$221.5K and decreased by \$27.8K from the September balance. The operating fund now has a negative balance of \$91.5K and increased (got worse) by \$17.4K from September. The total of conduit funds is negative by \$.6K, this decreased (got better) by \$.2K from September. The conduit fund can go negative due to fund transfers from the day school for payroll. The unallocated funds are at \$33.0K, and increased by \$.3K in October. The Benevolence fund (Tithe from branching out) decreased by \$9.5K to \$15.8K, this was to cover Briarwood golf tournament, and the ELCA YAGM support approved by the council. Branching out funds (less the tithe) has a positive balance of \$35.0K and increased by \$3.7K. The final payment for the camera system will come out of that fund in November.

Building Maintenance Reserve

The October maintenance reserve balance now has a balance of \$229.9K.

The maintenance reserve balance is due to receipt of insurance proceeds to cover the cost of repairing the church roof. The roof was damaged in the spring hail storm.

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 2017, this fund balance is \$33.0K. This increased by \$.3K in the month of October. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of October was \$232.5K.

Campaign expenses have totaled \$6.4K. Campaign disbursements have totaled \$191.1K (this includes tithe of \$23.3K). Ending cash balance is \$35.0K. The council has approved the video system at a cost of \$33.3K. This will be funded out of the branching out campaign. Half of the video system was paid in September, the second half payment for the video system will be made in November.

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 2015 payment. 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 approximately \$8K in principal to go with the \$7K 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

Review the feasibility of moving the church fiscal year to align with the day school. The team feels that we could incorporate the day school financials without changing the church fiscal year. The finance team will continue to study the issue in collaboration with the day school finance team.

Matt will reach out to the Audit committee to discuss progress on the 2016 audit.

Financial Report – November 2017

Faith Lutheran Church Council

Submitted December 19, 2017

The Finance Ministry Team met on December 11, 2017, and covered the following items.

- Opening prayer
- Review of November 2017 financial statements
- Discussion of current financial position
- Insurance Claim
- Closing prayer

Financial Summary:

Income/Expense (k\$)	November	Delta to Budget
Income	105.3	+16.4
Expense	<u>102.4</u>	<u>+10.0</u>
Net	+2.9	+ 6.4

Cash Position	November	Change from October
Operating	-88.6	+2.9
Conduit	-1.7	-1.1
Building Fund	229.9	0
Unallocated	33.0	0
Benevolence Reserve	16.2	+4
Branching Out	<u>22.0</u>	<u>-13.0</u>
Total	210.7	-10.8

Monthly Highlights:

- Income for November was \$105.3K.
 - Total income was up by \$13.3K vs. October and was \$16.4K ABOVE the ministry plan for November. Overall income for the month improved from October, and showed a positive response to the message delivered at the congregation meeting. We still have a year to date income underrun and have a significant deficit to make up in the month of December.
 - Total income averaged \$26.3K per week in November. This was up \$7.9K from the October average of 18.4K.
 - We continue to run well below the ministry plan for income. We are running behind by \$75.1K (total income) for the first eleven months of the ministry plan.
- Expenses paid in November were \$102.4K. This was \$10.1K above the ministry plan for November. Spending was down slightly (\$6.9K) from October. October is a heavy spend month as the first month of the quarter spending is always higher than average, as property insurance, and workers compensation insurance are due.

- Missional expenses were \$7.4K above the mission plan for the month. The staffing increases have brought us over the ministry plan for the month of November.
- Operational expenses were \$2.5K above the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- November was better than October, and we covered all expenses for the month, but we are still running behind on the income side. We need further improvement on the income side in December to see if we can close the gap further. We generated \$2.9K more cash than we used for the month of November.
- The overall cash position decreased by \$10.8K in the month. The cash results include paying the second (and final) installment for the camera system. The camera system payment in November was \$16.6K. Overall cash looks good, however without the insurance money in the balance, our net cash balance would be a negative \$19.2K. Response from the congregation to close the gap in December is critical!
- 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 2015 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. Please pray for a positive result from the congregation to the budget update.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of November 2017 Financial Statements

Income

For the month of November 2017, total operating income was \$105.2K. Regular offering was \$90.1K, and other income was \$15.1K. Most the other income was \$12.5K from YMCA for rental income that was received in November. Noisy offering was an additional \$2.0K.

Activities Income, (the new category of income), recorded income of \$.1K. This income was for youth activities and disciple connections. The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

The November 2017 financial report reflects \$22.5K average weekly offerings for the month. This is significantly above the \$18.2K average YTD November.

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 2017, total operating expenses paid were \$102.4K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$5.2K. Overall, total expenses were \$10.0K above the November budgeted expenses per the 2017 Ministry Plan of \$92.4K.

Spending continues to be tightly managed.

- Missional expenses were \$13.5K, this was over budget for the month by \$8.8K. Of the spending in this category, \$7.2K is benevolence (ELCA, and Noisy). We also had costs to rebrand Reach Kids to Faith Kids (\$1.7K), and a deposit for the summer youth event next summer (\$3.8K).
- The administration category was \$1.4K below the mission plan for the month. We are under budget due to the associate pastor position not being filled, however the other staff areas are running over now that the AV position and the outreach position are filled. Administration salaries are now over by \$5.4K per month.
- Operational expenses were above the ministry plan by \$2.5K. The overrun was driven by the Audio-Visual category (\$1.8K) due to new projector bulbs. The general maintenance category was also over (\$1.1K) mainly due to repairing the LTTM doors. The operational expenses 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 November cash balance was \$210.7K and decreased by \$10.8K from the October balance. The operating fund now has a negative balance of \$88.6K and decreased (IMPROVED) by \$2.9K from October. The total of conduit funds is negative by \$1.7K, this increased (got worse) by \$1.1K from

November 2017 Report

October. The conduit fund can go negative due to fund transfers from the day school for payroll. The unallocated funds are at \$33.0K, and had no change in November. The Benevolence fund (Tithe from branching out) increased by \$.4K to \$16.2K. Branching out funds (less the tithe) has a positive balance of \$22.0K and decreased by \$13.0K, this reduction was due to paying the final payment for the camera system (\$16.6K).

Building Maintenance Reserve

The November maintenance reserve balance is \$229.9K, and did not change in November.

The maintenance reserve balance is due to receipt of insurance proceeds to cover the cost of repairing the church roof. The roof was damaged in the spring hail storm.

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 2017, this fund balance is \$33.0K. This did not change in the month of November. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of November was \$236.6K.

Campaign expenses have totaled \$6.4K. Campaign disbursements have totaled \$208.2K (this includes tithe of \$23.7K). Ending cash balance is \$22.0K. The council has approved the video system at a cost of \$33.3K. This will be funded out of the branching out campaign. Half of the video system was paid in October, the second half payment for the video system was paid in November.

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 2015 payment. 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 approximately \$8K in principal to go with the \$7K 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

Matt will reach out to the Audit committee to discuss progress on the 2016 audit.

Financial Report – December 2017

Faith Lutheran Church Council

Submitted January 16, 2018

The Finance Ministry Team met on January 11, 2018, and covered the following items.

- Opening prayer
- Review of December 2017 financial statements
- Discussion of current financial position
- Insurance Claim
- Closing prayer

Financial Summary:

Income/Expense (k\$)	December	Delta to Budget
Income	185.9	+52.0
Expense	<u>125.6</u>	<u>+28.8</u>
Net	+60.3	+23.2

Cash Position	December	Change from November
Operating	-28.3	+60.3
Conduit	- .6	+1.1
Building Fund	284.0	+54.1
Unallocated	33.3	+.3
Benevolence Reserve	16.5	+.3
Branching Out	<u>25.3</u>	<u>+3.3</u>
Total	330.1	+119.4

Monthly Highlights:

- Income for December was \$185.9K.
 - Total income was up by \$80.6K vs. November and was \$52.0K ABOVE the ministry plan for December. Overall income for the month improved from November, and showed a fantastic response to the message delivered at the congregation meeting.
 - Total income averaged \$37.2K per week in December. This was up \$10.9K from the November average of 26.3K.
 - The gap to the operating income segment of the ministry plan of \$1,154,099 was \$64,920. We raised \$241,481 in the last 8 weeks of the year versus our target of \$306,401.
- Expenses paid in December were \$125.6K. This was \$28.8K above the ministry plan for December. Spending was up \$23.2K from November. December is a heavy spend month with the Christmas services and any year end activity.
 - Missional expenses were \$19.7K above the mission plan for the month. The staffing increases have brought us over the ministry plan for the month of December. In addition

the staff gifts were recorded in December.

- Operational expenses were \$9.1K above the ministry plan. The actuals reflect a mortgage payment of \$15.0 K.
- December was significantly better than November, and we covered all expenses for the month, and made a significant recovery to our full year goals, but not quite a complete recovery on the income side. We generated \$60.3K more cash than we used for the month of December.
- The overall cash position improved by \$119.4K in the month. In addition to the operating fund increase of \$60.3, an additional insurance check for \$54.1K was received in December. All other cash items increased slightly for the month of December. Overall cash looks good, however without the insurance money in the balance, our net cash balance would be only \$46.1K.
- 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 2015 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. Please pray for a positive result from the congregation to the budget update.
- **GOD IS GOOD ALL THE TIME!**

Detailed Summary of December 2017 Financial Statements

Income

For the month of December 2017, total operating income was \$184.1K. Regular offering was \$177.2K, and other income was \$6.9K.

Activities Income, (the new category of income), recorded income of \$1.9K. This income was for youth activities and disciple connections. The expense for these items will show up in the expenses section, in some cases (youth events) in future months.

The December 2017 financial report reflects \$35.4K average weekly offerings for the month. This is significantly above the \$19.8K average for the full year. December had 5 Sundays, and the year had 53 Sundays!

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 2017, total operating expenses paid were \$125.6K. This amount reflects debt service of \$15.0K. It also includes 5% benevolence/mission support payment, equal to \$9.2K. Overall, total expenses were \$28.8K above the December budgeted expenses per the 2017 Ministry Plan of \$96.9K.

Spending continues to be tightly managed.

- Missional expenses were \$21.7K, this was over budget for the month by \$12.2K. Of the spending in this category, \$10.8K is benevolence (ELCA, and Noisy). We also had costs for the Marty Party, gifts for guests, Poinsettias, and cost for the mission trip.
- The administration category was \$7.4K above the mission plan for the month. We are under budget due to the associate pastor position not being filled, however the other staff areas are running over now that the AV position and the outreach position are filled. Administration salaries are now over by \$5.4K per month. The council also approved the year end bonus that was recorded in the Administration category.
- Operational expenses were above the ministry plan by \$9.1K. The overrun was driven by the Audio-Visual category (\$9.5K) the majority of this was for new TV's across the campus as well as some past due invoices from Techno Gizmo and Fellowship one.

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 \$330.1K and increased by \$119.4K from the November balance. The operating fund finished the year with a negative balance of \$28.3K and decreased (IMPROVED) by \$60.3K from November. The total of conduit funds is negative by \$.6K, this decreased (improved) by \$1.1K from November. The conduit fund can go negative due to fund transfers from the day school for

December 2017 Report

payroll. The unallocated funds are at \$33.3K, and had +.3K change in December. The Benevolence fund (Tithe from branching out) increased by \$.3K to \$16.5K. Branching out funds (less the tithe) has a positive balance of \$25.3K and increased by \$3.3K.

Building Maintenance Reserve

The December maintenance reserve balance is \$284.0K, and increased by \$54.1K, as we received additional money from the insurance company for the roof repair.

The maintenance reserve balance is due to receipt of insurance proceeds to cover the cost of repairing the church roof. The roof was damaged in the spring 2017 hail storm.

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 2017, this fund balance is \$33.3K, and increased by \$.3K in the month of December. It is effectively being used to cover the operational shortfall.

Branching Out Campaign

The total received as of the end of December was \$240.2K.

Campaign expenses have totaled \$6.4K. Campaign disbursements have totaled \$208.5K (this includes tithe of \$24.0K). Ending cash balance is \$25.3K. The video system approved by the council has been installed and completely paid for.

Other Matters for Council Information

December Unpaid Bills Carried Over to December

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 2015 payment. 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 approximately \$8K in principal to go with the \$7K 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

Matt has connected with Steve on the Audit committee to discuss progress on the 2016 audit.

Recommended YE Financial Adjustments:

- 1) Move \$1,500 from unallocated reserve to Benevolence to restore YAGM shortfall.
- 2) Move \$28,343.89 from unallocated reserved to operating to clear the shortfall.