

Finance Committee Meeting

May 9, 2022

Attending: Wade Huseth, Tyler Gold, Gary Schmuhl, Diane Wenzel, Rick Blum, Sara McCormack

Not Attending: Nan Schilling, Greg Vlack, Kris Schmuhl, Sara Ritter.

The meeting began at 6 with an opening prayer from Wade.

Wade started out with expectations for the meeting, which was to give guidance to Rick as he brought the budget to the board. However, it was noted that we only had 3 committee members in attendance, and that it might not be a good idea to recommend the budget tonight, especially since we will meet again in June a week before the next board meeting.

Financial Statement and Dashboard Review:

Wade explained the revenue and spending trends continue. Surplus about the same as last month. Rick said the Easter offering was the best in at least 5 years.

Continue Discussion of FY 23 Budget

The discussion began with a look at the \$360,000 increase in spending proposed. Wade asked Rick whether he was able to identify onetime costs?

Rick said he found that about \$75,000 (which includes resurfacing the parking lot) of the increase would be considered onetime costs. However, efforts to label some of the 6 proposed new hires as Limited Term Employees (LTE) to make them onetime costs did not sit well with staff. Tyler agreed, and said staff saw the need to have a longer commitment, since much of the next year will be focused on training new employees.

Tyler wondered if the best thing to do for the board was to give them 3 options on the budget: One with all the spending included, one with some of it included, or one with none of it.

President Sara McCormack warned from her time in sales that if you present people with 3 options, they will inevitably pick the middle one. She said unless that's what you want, don't give them 3 options.

Wade asked then what is this increased spending for? Answers included investment in the church and implementation of the Strategic Plan.

The focus then turned to Wade's Cash Flow Analysis, which was updated with new budget numbers. It shows the church not having enough reserves to cover expenses by second quarter of FY24 (October 2023.) However, Wade mentioned the analysis didn't factor in two things: the removal of \$75,000 in onetime spending in FY24, along with the reduction of the mortgage.

He believes that because of that, you can assume that if this spending was approved for FY 23, the onetime funds are not spent again in FY 24, and even if giving doesn't increase, you won't reduce your reserves in a dangerous way until April 2024.

However, Wade also said that if we ask the congregation for an increase of \$360,000 in FY 23, we're going to be asking a lot. (and Wade mentioned he would be the one at the podium

presenting it to the congregation.) Wade's angst is the risk. It's risky to bring on that much salary. It's harder to let people go than to bring them on.

Sara reiterated the money is necessary to implement the strategic plan.

Wade says we're looking at having a surplus of more than \$200,000 this year. He thinks it would be good to message to the congregation that because of that, we're going to use that surplus to pay for the 3 most high-profile positions, ideally for 2 years.

Rick said he's telling staff that they can start look to fill these positions starting tomorrow. He asked whether that would be OK? He wasn't told no. However, he was told he should mockup the 2022 surplus to pay for the salary increase.

Wade also asked Rick to go back to Little Blessings and find a way to make sure their budget doesn't show a deficit. (Presently, it shows a deficit of around \$8500).

The next scheduled Finance meeting is June 13. Sara McCormack noted that that is the same day a special meeting of the board is being called so they can see the Strategic Plan. The group decided we would move up the Finance meeting next month to 5 p.m. to accommodate the other meeting. At that meeting, the committee would hope to make a general recommendation to approve the budget.

Between now and then, Wade asked for Rick and Diane to work on three items:

- *Separate out the one-time items.*
- *Get LBPS to breakeven.*
- *Mockup the 2022 surplus to pay for salary increase.*

Roof –

Finally, Wade asked about the need to replace the roofs at both campuses. Rick said he and Rick Thomas would be meeting with a contractor about the Madison roof next Monday, which would be the highest priority of the two.

Wade said the big question before Finance would be how to pay for them. Rick said the current estimate to replace either would be around \$100,000 but we will find out next Monday if inflation may result in higher costs.

Wade said there are two obvious places to pay for the roof: use the 2021 Surplus (Around \$241,000) or raise money through the upcoming Capital Campaign.

Wade's suggestion -use the 2021 campaign surplus for the roofs. Use 2022's surplus to implement the strategic plan.

That way, if you want to ask for \$1M in the Capital Campaign this fall to take care of the mortgage, you can say we've taken care of the other things first.

The meeting ended at 7:05 with the Lord's Prayer.