Finance Committee Minutes

July 14, 2025

Attending: Rick Blum, Tyler Gold, Sara Ritter, Gary Schmuhl, Adam Frey (online)

Quick recap

The meeting began by focusing on reviewing the church's financial status and discussing the annual budget, which showed a surplus despite lower-than-expected contributions. The group reviewed a draft annual report presentation and discussed a proposed building maintenance fund, learned about a pause in the fundraising campaign and talked about establishing new gift policies and a new endowment fund instead. The conversation ended with discussions about facility repairs, fund distribution policies, and changes to household financial assistance, with plans to review these matters further at upcoming meetings.

The meeting began at 6:34 p.m. with a prayer from Gary Schmuhl

Church Financial Review and Budget

The meeting focused on reviewing the church's financial status and discussing the annual budget. Rick presented the financial dashboard, noting that the church is operating with a surplus due to money received from the IRS for an Employee Retention Tax Credit (ERTC), but is still below the FY 25 budgeted revenue by about $134,000 without mortgage interest. He explained that actual contributions for the year were lower than expected, at $1.642 million, which is below the $1.688 million estimate used for next year's budget projections. Despite this, Rick decided not to revise the budget or emphasize the percentage decrease, citing the church's reserves and upcoming estate gift money as sufficient cushions against any potential shortfall.

Annual Report Draft Review

Rick presented a draft of his upcoming annual report and campaign presentation, which includes budget estimates of $2.4 million in income and $2.37 million in expenses for the next year. He encountered some technical difficulties sharing his screen but eventually managed to display his slides, which began with a quote from last week's Old Testament lesson. Rick said he plans to use this presentation as the basis for his annual report presentation in two weeks and sought feedback on its content and delivery.

Building Maintenance and Budget Review

The board discussed a $2 million building maintenance and improvement plan, which was recommended by the interim task force. Due to difficulties in recruiting volunteer leaders for a fundraising campaign, the board decided to pause the campaign and instead asked Rick, Tyler and the Finance Committee to set up a new gift policy and an endowment fund for facility improvements. The board also reviewed the budget, which includes personnel changes, such as reducing Pastor Sheryl's hours and not hiring a youth director (Which was in the FY25 Budget), while also increasing staff by 0.37 FTE and hiring a new administrative assistant.

Church Fundraising Campaign Planning Update

Rick explained that while the church is not conducting a fundraising campaign this fall, giving will remain a focus, with plans to launch a campaign in the fall of 2026 after preparing through next year. He noted the need to address several items, including selecting a new generosity chair to replace Heather Allen, who has stepped down, and deciding what to do with the $4,000 already paid to GSB for campaign work. Rick also plans to create visual aids, such as charts and graphs, to illustrate the church's financial situation, particularly highlighting flat contributions over the past seven years despite rising expenses.

Aubrey Fowler Trust Fund Distribution

Rick discussed the distribution of funds from the Aubrey Fowler trust, noting that $130,000 each had been received by Allied Drive and the Good Shepherd food pantry, with the foundation receiving twice that amount. He suggested placing the funds in a custodial fund within the foundation, allowing for larger disbursements without the usual 5% restriction, and mentioned that the church is not equipped to manage large sums of money for profit. Rick read from Bethel's policy, explaining that custodial funds can make withdrawals at any time and in any amount, with advance notice typically given for large expenditures.

Facility Repairs and Gift Policy

The committee also talked about facility repairs and gift policies. Rick explained that while the current budget only allocated $50,000 for repairs, they plan to tap into a reserve fund or foundation money for larger repairs in the future, estimating using $50,000 to $100,000 for the next fiscal year. The group also discussed developing a gift policy, with Rick mentioning they will create a version aiming to have it ready by October.

Estate Gift Allocation Policy Discussion

Rick discussed the handling of estate gifts, explaining that two recent gifts, which should have gone to the foundation due to their unrestricted nature, were instead received by the church. He said we could create a policy where gifts over $100,000 would be automatically allocated. Rick also shared insights from Luther Memorial's foundation, which manages three custodial accounts for their departments, but noted the risk of sending a message to donors to the church that their contributions are not needed. Rick agreed to draft a gift policy for review and suggested that messaging would be crucial in maintaining donor generosity.

LBPS Update

Rick mentioned that the effort to create an after-school program for the fall in Madison did not proceed as planned due to insufficient enrollment, but summer and fall numbers for Little Blessings in Madison were better than the previous year. Verona's enrollment for fall is full.

Hoff Fund Policy Change Discussion

The group discussed a proposed change to the Hoff Fund policy, which currently restricts assistance to church members. Pastor Dara requested allowing active non-member participants to receive funds at the discretion of the outreach director and her. The group expressed concerns about potential risks and the need to inform donors about any changes. Sara asked how "Active participants" – can be measured? She said there needs to be something documentable, rather than leaving it up completely to the discretion of the two leaders. Going forward, that may lead to unfair giving, depending on who's in those positions in the future. The group agreed to work on the language of the policy change and consider it at the next meeting, scheduled for September.

Church Fund Policy Expansion Plan

The group discussed changing the church fund policy from "members only" to "members and active non-member participants." Rick proposed establishing objective metrics to define active participation, such as time-based volunteering criteria, to ensure fair eligibility determination. They agreed that while the outreach team would handle fund decisions, there should be a clear process for non-members to request assistance, potentially involving Sarah as an intermediary. **Tyler made a motion to recommend these changes to the board, including the creation of metrics by the outreach director and pastor of mission outreach within 60 days. Sara seconded. The motion passed unanimously.**

Policy Review and Meeting Planning

Tyler proposed reviewing the household financial assistance policy, suggesting a potential increase in the amount provided, and planned to include this on the September agenda for further discussion. Tyler was tasked with drafting a mock-up of a gift policy, and Rick and Tyler discussed presenting facts and figures at the Annual meeting. Rick noted that the recent congregation meeting after Sunday's 9 a.m. worship was less challenging than anticipated, with only a few questions raised, and confirmed that no finance committee meetings would be held in August unless an emergency arose.

Next steps

- Tyler to draft a mock-up of a possible gift policy.
- Board to act on recommendations from finance to modify HOFF fund.
- Rick to present financial information at the annual meeting.
- Tyler to present financial information at the Congregational Life Conversation after Sunday's 10 a.m. service. Rick will be present after the 6 p.m. service.
- Rick and Tyler will create charts and graphs for the annual meeting presentation.
- Rick to ask Diane W. about the current balance in the HOF fund.
- Finance Committee to review HOFF fund policy and amount limits in September.
- Director of Outreach and Pastor of Mission and Outreach to develop metrics for defining active non-member participants for HOF fund eligibility.
- No Finance Committee meeting to be held in August unless an emergency arises.