

Finance Meeting

Monday, April 12 6 p.m. via Zoom

Attending: Wade Huseth, Rick Blum, Diane Wenzel, Deb Simon, Lois O'Rourke, Jeff Kuchenbecker, Sara McCormack, Diane Wenzel, Greg Vlack; Not Attending: Nan Schilling, Wendy Johnson, Tyler Gold

Wade started the meeting with prayer at 6:05.

Minutes – The committee reviewed the minutes of the meetings for the last three months.

January – *nothing*.

February - need to add members to the minutes.

March – *nothing*.

Wade asked whether they needed to be formally approved. Lois says formal approval isn't necessary, but it's important to review to make sure that it reflects.

Financial Statements and Dashboard Review – The statements continue to show a growing gap between revenue and expenses. Wade threw it to Rick B., who talked about the analysis he had done of revenue sources and giving patterns over the past year.

Lois asked whether anything specifically was causing the deficit?

Rick said there's nothing new or alarming about the revenue shortfall. In fact, he said revenue between March 2020 and March 2021 was flat. However, he has described the revenue problem as being consistently under expenses and revenue estimates.

Rick also noted that for last year's budget, we used exact revenue numbers from April 2019-March 2020 as the basis for our revenue estimates. That period from April 2020-March 2021 just ended, and shows us bringing in \$120,000 less in revenue than that same period the year before. He also mentioned that if you look at our intent to give numbers, the amount of money intended, or pledged, in 2021 is appx. \$120,000 less than in 2020, so that number makes sense.

Lois asked whether the grant money a part of the contributions number. Wade explained the answer is yes, but the grant money is broken out to show how much has been contributed this year.

Wade asked where does recruiting new members fall in the committee process?

Rick said it falls on all committees, and that right now, we have no committee devoted solely to evangelism.

Sara M. said the responsibility falls to both the Hospitality and Strategic Planning Committee.

Lois said it's a balancing act of reducing revenue and increasing people.

Sara M. said there's another problem: younger people willing to give, not willing to pledge.

Rick said other ways of narrowing the gap could be to end up with less worship services as we come out of the pandemic. He also said he could bring help, in the form of a consultant, to increase revenue for a general campaign.

Greg agreed we might have to be proactive.

Wade asked whether there were other revenue sources to consider? He also asked whether we needed to consider doing a major fundraising event. He urged the committee, and the church, to think differently.

(At this point, Rick apologizes for the dogs barking in the background.)

Greg mentioned that when his kids went to High Point Christian School they had a yearly fundraiser that included a silent auction and a live auction that generated a lot of excitement. It's a lot of work but drove enthusiasm.

Wade asked whether we would get a bump from Easter? Rick said he expected one, but wasn't clear how big it would be, and expected it to be smaller than last year, when people were responding to concerns specifically about the pandemic.

Forecast review and preliminary budget guidance –

Deb said the cash forecast line compared to expenses is the part that jumps off to me.

Lois believes contributions are down because of pandemic. She liked Wade's comments about growing members.

Sara mentioned that the strategic planning committee meets tomorrow.

Wade did point out that the revenue gap would be even worse if expenses hadn't been reduced this year due to the pandemic. He forecasts that we will spend \$200,000 less than expected in Fiscal 2021. However, he commented that if we increase expenses next year back to budgeted forecasts as we come out of the pandemic, there could be tough choices to make as that will cause a big budget deficit.

Sara said it may be beneficial to kill their daring to dream language when talking about revenue.

Jeff asked whether any analysis has been done of how long we can go before we have to cut something major. He's been in other organizations where they've gotten to that point. He has a nagging feeling that we finance needs to have a recommendation that if we don't turn it around, we should have a plan that allows us to know what levers we would pull ahead of time instead of waiting for the crisis, and then coming up with a plan.

Lois said it may have to be staff related vs. program related.

Sara said the salesperson in me says we don't have an expenses problem, we have a revenue problem.

Wade says one of the big changes is Little Blessings Pre-school. It normally runs a profit. This year it's running a deficit,

Commented [HW1]: The forecast tells us when we'll potentially have to do something major. I think Jeff's comment was more about IF we have to cut something major, we should think about what levers we would pull ahead of time instead of waiting for the crisis and then coming up with a plan.

Commented [RB2R1]: I put new wording in there that I think reflects what you were talking about.

Commented [RB3R1]:

Rick says going forward it's a realistic understanding for the church to expect LBPS to run at a break even level at the very least in 2021-2022.

Jeff mentioned that in terms of a big event, something like an auction is hard to sustain after a while.

Sara said if we did a silent auction, it has to be for something specific.

Rick did remind the committee that we have some concrete examples of the generosity of church members in the past year for specific events, including Keeping Neighbors Connected at Christmas, and the Gofundme for Pr. Joe around Holy Week..

Update - Committee recruitment –

Wade said I'd like to meet in person for the budget in May, but I can't because I will be out of town. I think we should keep Zoom as an option at all time, and plan to meet consistently in Madison.

He mentioned that 3-4 committee members have said they will likely stay through June, but will be leaving the committee at that point, so we need to keep recruitment. He asked for any recruiting ideas? Sara McCormack threw out Bill Shager who is Exec. VP at Saris. (at the board meeting next week, board member Angie Rieger said she knew Bill and would be willing to connect her and Wade.)

Rick jumped in and reminded everyone that despite all the concerns raised here tonight, we have a lot to celebrate at Good Shepherd. Specifically, if you had told him last April 12 that our revenue would only be down about 7% and that most of our congregation followed us online, he would be thrilled.

Jeff also said that there are a lot of good things happening. He said crises lead to innovation, and that that can be accomplished very well.

Sara reminded the committee that the COVID-19 Task force recommended, and the board has approved increasing capacity increasing to 100 in Verona and 150 in Madison. For those that want to, people will be allowed to gather again. Staff also given flexibility to make decisions on their own to deal with the pandemic.

We ended with the Lord's Prayer at 7:02.

Next meeting: Monday, May 10, 6 p.m.

Respectfully submitted,

Rick Blum – Clerk/Director of Administration