

GSLC Finance Meeting

Monday, May 10th - 6 p.m. via Zoom

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

Lois started the meeting with a devotional at 6:01.

The minutes from April have been circulated. Nothing to add.

Financial Statement & Dashboard Review led by Rick and Diane

Results YTD

The revenue number was higher on average but not a typical Easter surge. Three hundred people showed up for Easter outside at the Verona campus. Giving has been steady. Spending on the whole on LBPS keeps growing, which makes the revenue side look better. Good news - this morning Debra, director of LBPS, found out the preschool is getting another grant which can be used till April 2022. This grant can be used for enrichment activities and wages.

Nothing from Oak Bank on the PPP loan repayment yet. The SBA is overworked at this time. The bank will keep us posted.

Giving trends

Weekly giving in 2020 compared to 2019 - Our giving has migrated into the capital giving side. Church attendance for Mother's Day with two services was at the current allowed in-person capacity. Good news is that the online attendance dipped to about half.

Wade's comments on the Forecast: The top half is divided into General without LBPS. LBPS has its own P&L. The intent is to run LBPS at breakeven at worst. It was pointed out in the Beyond Campaign section under mortgage balance that April through June FY 2021, you'll see another reduction to the mortgage from the Beyond Campaign. The assumption is that the current giving levels would continue through the campaign, however, folks are paying faster than the three-year time period. Wade will keep updating this and see what it does to our forecast. The Beyond Campaign ends fiscal 2023.

Review and Discuss Budget

Fiscal 2022 budget - We are estimated to have a little more money, but budgeting the same. Long term, we need to make some significant changes. Our contribution estimate is \$1.47 million. Total Estimated income \$1.759,348 (doesn't include estate gift money) designated for fiscal 2022. Revenue will increase slightly as we come out of the pandemic. The committee feels that the church will need to be more intentional in talking about giving. We may see increased giving from holidays and loose offerings when holding in-person church services but possibly not back to pre-pandemic levels. Is it time to look into hiring a development director?

Below are highlighted items from Rick's slides and discussion:

- Expenses - Fiscal 2022: Total Estimated expenses \$1,939,729
- **Included:** Assoc. music director (starting in January)
- Video Production coordinator (part-time)
- Re-amortization of the mortgage in January. The Board will need to approve another amortization.
- A new server is needed, beginning of computer replacements (we have 35 computers). There is money for a new server (\$12,000)
- Money to pay for consultant for Strategic Plan.
- **Not included:** Interim Pastor (\$7,000 in for guest pastors). At least bring some help in for church services.
- New copiers - we are on the fourth year of the contract. We are hoping to manage with one more year on a service-only plan.
- Synod contribution cut 50% (\$10,000).
- New equipment shed can be pushed back another year, other maintenance items. There is money in this budget for a re-surface of the Madison parking lot in 2022.
- Little Blessing Preschool for Fiscal 2022:
 - As of now, their budget is balanced.
 - Assumptions: 12 students in Verona preschool, 24 in 4K
 - Eight projected enrollments in Madison
 - Reducing staffing at Madison campus due to fewer students, less pandemic relief
 - Doesn't include grant money.

Observation from the committee regarding LBPS: How many students could be added without the expense number going up? If another four students at five days a week were added, there is an additional \$16,000/week in revenue without adding expenses.

The committee noted a concern about the cash flow. What will be the plan when we get to the end of 2022 unless we find some revenue solutions? The revenue has gone down even before the pandemic. We probably need to spend the next year talking about how to survive without the estate gift money. The new Strategic Planning Committee will be made aware of this situation.

The committee is in favor of letting the congregation know about the situation. It's prudent to shoot for a balanced budget by 2022/2023. It's the issue of spending. We don't have the reserves to weather a deficit next year, even though the staff continues to do their best to keep expenses in check. It was recommended to Rick that for June's meeting, he bring a list of what do we have to eliminate.

Below is the text from an email sent by Wade after our committee meeting:

Here are the recommendations I noted from the meeting last night. Please provide additions or edits. I will share these comments and recommendations at the Exec Comm meeting on Monday.

1. The committee was very complimentary of the work done by Rick & Diane on the budget. All numbers were well reasoned and presented in a way that made it easy to analyze.
2. The committee noted that the trend of operating deficits is not sustainable. Analysis shows that expenses in the FY22 budget are down \$278,000 from the last "normal year," which is commendable but likely cannot remain that way while still meeting the needs of the church. In the past couple of years, deficits and the FY22 budgeted deficit have been filled by two estate gifts and the PPP loan.
3. The committee recommends that the Board put focus on raising revenue in order to shrink the budget deficit. Committees such as the Generosity committee and the new Strategy Committee should be aware of the needs in this area. A coordinated plan should be developed to address this area beginning early in FY22.
4. The committee asked Rick to prepare a "Plan B" list of things that would need to be cut from the budget if giving trends are not meeting the budgeted revenue for FY22.
5. The committee recommends that the Board and staff work to create a budget with no operating deficit by FY23. Doing so will allow future estate gifts and surpluses to be used to fulfill the goals and dreams of the church.

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

Next meeting: Monday, June 14th, 6 p.m.

Respectfully submitted,

Nan Schilling - Member of Finance Committee