

All Saints Lutheran Church Council Minutes

July 10, 2018 at 6:30 pm

Council Members: Pastor Eric Aune, Andy Bronczyk, Mike Fasching, Rhonda Fenney (absent), Christin Fugate, Kim Kurtz, Dan Ferro, Tim Sauer (absent), Jeff Schmidt, Lindsay Schroeder, Al Steinhagen, Shelley Jagow, Mike McPadden

Congregation Members: John Wolter, Darcy Gray

Synod: Craig Peterson

- III. Call meeting to order
- IV. Devotions: Eric
- V. Synod Introduction
 - a. Craig Peterson – Serving as assistant to the Bishop in Minneapolis
- VI. New Building Update – Al
 - b. Concrete floors to go in on 7/11, interior walls to be installed after that
 - c. \$50,426 currently spent in contingency (extra costs)
 - d. Volunteer labor saved approx. over \$5k thus far
- V. June Treasurer's Report
 - a. Review of graphic annual summary provided by Jeff
 - b. M&M graph
 - i. Lost money for month of June
 - ii. Some members originally planned to give to building fund, but now seeing that M&M is behind, would like to transfer those over to M&M that dates back to the beginning of the year
 1. Is this something we want to continue? If so, what limits, if any?
 - f. If within fiscal year, this has been done in the past
 - iii. Motion by Eric to "table decision and have finance decide proper course regarding retroactively moving money from one account to another when someone changes their mind regarding pledged fund allocation during a fiscal year". 2nd by Mike M.
 1. 4 in favor, 6 opposed
 - f. Motion failed
 - iv. Discussion continued to try and reach resolution. Concern was that money previously allocated to a fund is already spent (e.g., building fund). By retroactively moving all of the individual's pledge, we're really just moving money borrowed from the bank to the M&M.
 - v. Motion by Jeff to "ASL will not allow retroactive movement of money from one fund to another when a member changes their pledged allocation during a fiscal year (unless overridden by a state or federal law)." 2nd by Dan.
 1. 6 in favor, 4 opposed
 - f. Motion passes
 - vi. **Action item:** Council to discuss in August proper document for recording and preserving policies/motions such as these.
 - c. Treasurer's report review
 - i. YTD – M&M down \$27k, this time last year was down \$15k
 1. Sanctuary chairs are recorded under M&M, but it gets transferred to savings, so as to not be used for anything else
 - f. As of end of June, balance in savings is \$36k
 - g. Rummage sale & Spare a share are undesignated monies in the savings account that could be used for anything
 - h. Approximately \$24k of the balance is available to be used in savings account
 - i. There was a draw on the loan for contractor payment
 - j. Motion to approve Treasurer's report
 - i. Motion by Christin, 2nd by Eric, motion passes
 - VIII. Review & Discussion of Finance Action Item (June 27th email below)
 - a. See Appendix A below. Text in **RED** is updates from council meeting.

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- i. **Action Item:** Darcy will provide updated reporting to the Finance team, to reflect updated pledged giving amounts
 - ii. **Action item:** Al to get 'hard' date from Miller's on when we can move into new building
 - iii. **Action item:** Al to check with Miller's for possible date of picnic to celebrate updates and look at the church
- IX. Adjourn Meeting with Lord's Prayer. Motion by Lindsay, 2nd by Kim
- X. Next Meeting: August 21st, 6:30 pm, ASL South (Carquest)

Carry Over Action Items Needing Closure

Responsible	Action Item	Due Date
All	Continue to think about new ways to engage new members to increase their stewardship	On-going
Worship team/Eric	Work together to organize strategic planning in August or will meet in new fellowship area after a service in the fall	August Council Meeting
Worship/Witness	Brainstorm on new ideas for incorporating new church members	On-going
Darcy	Send quote for new chairs to Lindsay to add in with meeting notes	ASAP
ASL Council Members	Discuss starting up the mini-ministry fairs in Fall	August Council Meeting

New Action Items From This Meeting

Responsible	Action Item	Due Date	Completed?
All	Council to discuss in August proper document for recording and preserving policies/motions such as these.	August meeting	
Darcy	Provide updated reporting to Finance Team, to reflect updated giving amounts	ASAP	
Al	Get a 'hard' date for moving back into the church	ASAP	
Al	Work with Miller's to get a possible date to have the picnic at church	ASAP	
All	Discuss the change of how the pledged/non-pledged amounts are categorized and communicate to the congregation	August Council Meeting	
Finance	Finance team to create a template showing the actual methods to calculating income for the various categories (i.e., pledged giving, anticipated pledged giving, non-pledged giving).	August Council Meeting	
Finance	Determine what the average pledge per new family is over the past 5 years. <ul style="list-style-type: none"> ▪ This will help us estimate how much new income we could assign to new member growth each year. 	August Council Meeting	
Finance	Determine what our average per family pledge is for pledge families. <ul style="list-style-type: none"> ▪ Synod shared that a previous church they worked at, of similar size to ASL, had an average of around \$500 per pledged family 	August Council Meeting	
Eric	Call the top 10 families who are behind on their pledged giving to understand if a life altering event has occurred. If so, find out what we should change their pledge to.	August Council Meeting	
All Ministry Chairs	Review charters with respective teams and bring updated document to council meeting for review/approval.	August Council Meeting	

Action Items Closed Since Last Meeting

Responsible	Action Item	Due Date	Completed?
Eric	Draft letter regarding M&M deficit. Route for approvals	ASAP	Complete
Eric	Contact Andy W. to see if he can fix the sign at the church	ASAP	Complete

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Priority	Phase 1 Project Task Description	Funding Source	Estimated Cost to Church	Additional Notes
1	Maintaining a balanced M&M budget	Congregation pledges from 2017	~\$32k per month	We have been behind every month thus far in 2018
2	Maintaining a building fund of \$10k/month	Congregation pledges from 2017	\$10k per month	We have been behind every month thus far in 2018
3	New chairs for the sanctuary	Need to run a new campaign for funding?	~\$40k	Each chair costs \$187, 216 chairs Need the chair fund to total ~\$40k Need to order chairs by June 25 th to get in time. Special council meeting needed by June 3 to recommend purchase of chairs to congregation. Congregation needs two week notice for a congregational meeting.
4	New platform for front of sanctuary	Material and labor donated by Citywide Flooring and Dan Zoellmer.	\$0	Donations arranged by Eric
5	Irrigation system for the new lawn	Donated by Brian Herrmann	\$0	Eric arranged for entire system to be installed for free. Includes material and labor. 4/16 - Eric to verify donation
6	Tables for new fellowship/coffee area?			
7				

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Appendix A

ASL Council,

Below are the meeting minutes from the Finance team action item that was assigned back in April. These are the notes from after our meeting with Synod representatives (CC'd). For a reminder, the action item was:

Analyze giving and report back on causes for building fund drop and M&M trends for May council meeting

In addition, the results of this action item needs to be shared with the MIF (bank who is financing our construction project). As part of the terms of that loan, the officers are responsible for reporting any changes in the financial situation of the church. I let them know that we were reviewing our budgeting practices to ensure they were sound (see attached email). My intention is to send them this summary as I consider it the output of that action item.

Given this has taken many months, and it's hard to jump into these notes, I will provide some background as to how we got to where we are today.

Background:

Being this was my fourth year on council, I had been a part of many ministry teams, analyzed tons of data and had multiple conversations with both council members and congregational members. For lack of a better description, our financial struggles did not feel right to me given what I knew. Being the acting President and trying to fulfill the mandate as dictated by the church constitution (clause 12.05) and the MIF promissory note which I signed, I asked Jeff to get the full set of financial data. Before doing so, I also spoke with the Synod to ensure this was not against any official rules. The result of that conversation followed common sense (i.e., the less people with the data is typically better, but just make sure the data always stays confidential). My intention was to get the data, hide the names and analyze it to make sure it matched our proposed budget presented to the congregation in February. The data did not meet my expectations and as a result, we have had multiple finance meetings and countless emails in an attempt to determine how our budget is created for the annual meeting. The following notes were agreed upon by all Finance team members and used as the agenda for our meeting with the Synod on June 21. The items in bold are new content as a result of the meeting with the Synod.

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- Financial giving numbers related to our pledged giving income in Icon (our financial reporting software which keeps our official records) were improperly changed in May. We need to put checks in place so this does not happen again
 - Option 1
 - Hire a non-member, to be our financial secretary for the church and remove this responsibility from Darcy
 - We can't afford this paid position
 - It could be hard to find a non-member who would not have some type of connection to our church
 - Option 2
 - Give Icon access to the finance team to run reports
 - We need to change the standard reports in Icon to just have envelope numbers and giving information and not names, addresses...
 - **Option 3 – agreed upon at June 21 meeting**

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- The finance team decided that the staff can send out monthly reports with only the envelope numbers as identification
- Jeff is working with Icon to understand what it will cost to get a report generated in icon with just the envelope numbers (current report generates all personal information).
 - May cost money to create these reports, but should only be a 1-time fee.

Budget process discussion

- Pastor explained what the Pledged Giving number really meant.
 - Pledged giving is a combination of
 - what people actually pledged to give (i.e., pledged cards and reoccurring online giving accounts)
 - plus an additional dollar amount which is being called “anticipated pledged giving” (uses previous year’s giving total from the pledged population of people plus what the staff determined our giving growth should be for the coming year.)
- In our current 18 month M&M budget \$463,000 was marked as Pledged giving. In that number ~\$100,000 is “anticipated pledged giving” (no actual pledge commitment from a congregational member)
- Some members of the finance team believe we should not have an “anticipated pledged giving” component into our calculations
 - Prior to this discussion, nobody else on the finance team was aware that Pledged giving was derived from anything else other than pledged cards and online giving accounts.
 - Some members of the finance team believe we need to go back to the congregation and explain to them what Pledged giving really means. Explain what “anticipated pledged giving” means and how much of the current M&M budget contains “anticipated pledged giving”
 - We will follow congregational meeting processes and get feedback from the congregational council. Ultimately, it is the council who must recommend the congregational meeting after being updated on the budgeting process.
 - We decided this topic should be discussed the synod
- Potential M&M budget shortfall
 - M&M is \$22,452 short as of May 31st – **This was made up during 4th of July weekends**
 - At what point (i.e., how big of a deficit) do we look at budget reductions to help make up the shortfall?
 - We cannot borrow from the building fund to pay for short coming in the M&M fund (per Pastor, the MIF only allows us to keep a maximum of ~\$36k in the building fund once project is complete) – **Insurance comes out of building fund – utilities comes out of M&M**
 - Team agreed that taking out short term debt from a bank to cover expenses is not an option either (like what was done during the recession)
 - We do not have sufficient savings to cover typical month to month income shortfalls
 - Having no other sources of income means only option would be to not fulfill the church’s financial obligations (e.g., mortgage payments or staff compensation)
 - Pastor is a strong believer that money will come for M&M once the new addition is completed
- Topics for the Synod
 - Guidance on how to determine income for a church
 - Should we include “anticipated pledged giving” in a budget?

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- After meeting with the Synod, they agreed with the finance team's recommendation that the current method of combining "anticipated pledged" with "actual pledged" and labeling them as "pledged giving" in the annual report should not continue.
- Should we explain to the congregation what "anticipated pledged giving" means at another congregational meeting?
 - The Synod deferred this decision to the congregational council.
From the 7/10/18 Meeting:
 - **Suggestion to send letter to congregation explaining the difference in the giving and how it was worded previously, and how it will be broken out going forward, including potential wording below:**
 - **Faith giving (non-pledged)**
 - **Anticipated giving**
 - **Suggestion from Craig to possibly defer the communication of the change of these, as this is not something that will affect the giving that's coming in, just how it's reported**
 - **Several gave feedback that there have been members that commented that there are too many letters/emails going out**
 - **Suggestion from AI to send out email of positive goal to rally members of what's needed per month, with no additional communication to members about donations. Then talk more about the positive outcome with the new building being completed at Rally Sunday.**
 - **Suggestion from Dan to possibly send communication after Rally Sunday regarding transparency of the change in terms for the pledged/non-pledged giving**
 - **Action item: Will table this suggestions until August council meeting**
- Potential M&M budget shortfall
 - Recommended approach to balancing a budget (i.e., make cuts to the budget now or wait and see if more money comes in)?
 - The Synod shared personal experiences they had gone through regarding financially difficult times. They ranged from sending out emails and running special campaigns to taking personal compensation cuts to letting go of staff. Ultimately, they said it was up to the congregational council to choose the best approach for All Saints.
 - The finance team agreed to the following plan
 - If the savings account falls below \$10k, we will call a congregational meeting to get their approval for a budget change
 - This amount should give us enough time to hold a council meeting and give proper notice to the congregation
 - **Action Item:** Eric was asked to discuss with the other staff members where they would prefer a total of \$15k of compensation, between the three of them, to be reduced for the time period of three months following the congregational meeting.
 - **Action Item:** Staff to send out weekly reports to the finance team showing the savings account balance.

Other action items as a result of our meeting:

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- Finance team to create a template showing the actual methods to calculating income for the various categories (i.e., pledged giving, anticipated pledged giving, non-pledged giving).
- Finance team to determine what our average per family pledge is for pledge families.
 - Synod shared that a previous church they worked at, of similar size to ASL, had an average of around \$500 per pledged family
- Determine what the average pledge per new family is over the past 5 years.
 - This will help us estimate how much new income we could assign to new member growth each year.
- Eric to call the top 10 families who are behind on their pledged giving to understand if a life altering event has occurred. If so, find out what we should change their pledge to.

There is a lot of information in this email, so if you have any questions, please do not hesitate to ask prior to our July 10th meeting.

Regards,

Andy