

GRACE LUTHERAN CHURCH COUNCIL MEETING MINUTES
Tuesday, March 27, 2012
5:30 pm



Members Present: Carole Ryan, Christine McGraw, Vicki Braddock, Joyce Eggleston, Rachel Zippwald, Bob Eggink, Jill Nugent, Jon Timmons, Ken Beaulieu, Pastor Chris Tweitmann
Staff Present: John Heideman, Betty Wardle
Staff Absent: Janie Andrich

I. Call to Order

- a. Carole Ryan called the meeting to order at 6:32 pm

Opening Prayer

- a. Jon Timmons opened the meeting in prayer.

III. Prayer Requests and Affirmations

- a. Prayers for Arlene Buss, who has cancer.
- b. Prayers for Bob Crook suffering from a kidney stone.
- c. Prayers for Cynthia DuBois with stage 4 cancer.
- d. Prayers for Mary Cox with stage 4 pancreatic cancer.
- e. "Pray for the Horn" — prayers for the horn of Africa during April.
- f. Praise for Christine McGraw's brother & sister-in-law who are expecting a baby.
- g. Prayers for the 30 hour famine with participation by our youth.
- h. Prayers for Grace Holy Week services.
- i. Prayers for the ocean baptisms on April 7th.
- j. Prayers for Holy Communion orientation on March 31st.

IV. Secretary's Report

- a. Minutes of the February Council Meeting were approved via email.

V. Acceptance of Ministry Team Minutes

- a. Minutes were received from Adult Education & Spiritual Formation.
 - 1. Team is going "great guns"
 - 2. Everyone is looking forward to Pastor Chris' teaching/discussion time on Sunday mornings. Dates will be 4/22, 5/20 & 6/17.

VI. Treasurer's Report

- a. February Treasurer's Report was approved
(attached)

VII. School Report & Acceptance

- a. A written Superintendent's Report was presented
(attached)

VIII. Approval of Consent Agenda

- a. Reaching Out team requested that we take the April "5th Sunday mission offering" on

Sunday, April 15th. They recommend that the offering will be disbursed as follows: One half to assist with the needs of a shelter for immigrant mothers and soldiers in the Israeli army. The travelers will be taking these items with them to Israel. One half to Ken Reichert for desert discipleship training and church planting.

Motion was presented to approve the consent agenda item. Motion was approved.

IX. Business Administrator's Report

a. John Heideman presented a written report (attached)

X. Old Business

a Decision regarding Crystal's request to expand Care Connections.

John Heideman met with Crystal Orr and Fred Luhman regarding Care Connection's relationship with Grace.

- Care Connections agreed that they could eliminate the \$7,000 from Grace in their next budget.
- Care Connections had a van donated to them and they no longer need the Grace bus
- Care Connections is not planning to be open at Grace 5 days a week at the present time, but would like to keep the option open.
- Communication and accountability were discussed.
- John Heideman was invited to Care Connections board meetings and Crystal offered to attend Grace council meetings if requested.

b. Participation in 3DM

3DM seminar was held March 19-22 at Lutheran Church of the Good Shepherd in Torrance. Pastor Chris, Christine McGraw, Dave Nugent and Carole Ryan attended.

- It was a good experience.
Everyone was excited about what was offered.
- 3DM is not a "program", but a change in philosophy — a structure to model our church and lives around things that Jesus modeled.
- This will take time — it is evolution, not revolution.
- More detailed information will be presented at the next meeting.

c. Update on Grace Diners

1. Jill and Dave Nugent have joined Grace Diners and are working on ways to include more **10:30** attendees.

d. Outreach Cart

The information Center is not welcoming for visitors. A suggestion was made to create a welcome cart.

1. The outreach cart is currently on hold.

e. World Mission Prayer League Dinner

Karen Merkel was previously informed that she would not be able to hold the WMPL dinner at Grace on Sunday afternoon next year because of the conflict with Good News Ministry.

1. Karen called Carole Ryan and asked the council to reconsider their decision.

2. Discussion ensued regarding balancing the needs of the two groups

Motion presented: Grace will offer 2 options for the World Mission Prayer League Dinner in March, 2013. 1) Use Hope Hall on a Saturday afternoon, rather than Sunday.

2) Use the Grace school multi-purpose room and kitchen for the dinner on a Sunday. The room would also be available to the group for set-up on the Saturday before.

Motion Approved

XI. New Business

a. Participation in Harvest Crusade

Harvest Crusade has invited Grace to participate in following up with people who attend the Crusade in August.

1. Grace would be given names of people who completed commitment cards at the Crusade. Our responsibility would be to contact those people in the next few days after the Crusade. Training would be provided by their staff.

b. Budget

1. We have an immediate shortfall in our current budget. Discussion ensued regarding cuts to be made between now and the end of the fiscal year.

2. John Heideman and Rachel Zippwald were empowered to create a proposal to trim \$20,000 off of our current budget.

3. Pastor Chris was empowered to make the congregation aware of the shortfall.

4. Plan will be finalized when the Council meets again on April 10.

5. Preliminary discussion regarding cuts in next fiscal year's budget.

6. John Heideman passed out worksheets for each Council member to prepare their budget recommendations for next year.

XII. Closing Prayer

a. Joyce Eggleston closed the meeting in prayer

XV. Adjournment

a. Meeting was adjourned at 9:25 pm

Next regular council meeting will be held Tuesday, April 10, 6:30 PM in Hope Hall

Respectfully Submitted,
Christine McGraw
Council Secretary

Treasurer's Report for Month ending February 2012

<i>Church Balance Sheet</i>	2012	2011
Church General Fund balance	\$ 81,013.05	\$ 125,347.05
Church Payroll Fund balance	\$ 371.49	\$ 398.41
Petty Cash	\$ 400.00	\$ 400.00
Restricted Fund balance	<u>\$ 76,378.70</u>	\$ 45,253.69
Campus Improvement balance included in restricted acct	\$ 28,600.77	<u>\$ 28,600.77</u>
Total in all church accounts	\$ 158,163.24	\$ 199,999.92

Real Estate loan balance	\$ 488,984.86	\$ 499,483.28
Foundation balance	\$ 64,032.91	\$ 45,505.34

<i>Church Income Statement</i>	YTD 2012	Budget 2012	YTD 2011	Budget 2011
Total Giving/Program Income	5,683,074.06	5,768,368.96	5,747,684.14	\$ 822,684.04
Total Expenses	5,680,339.55	5,748,991.06	5,710,678.39	\$ 808,981.28
Loan/Principal reduction*	\$ 6,928.31	\$ n/a	\$ n/a	\$ n/a
Total net gain/loss	\$ (4,193.80)	\$ 19,377.90	\$ 37,005.75	\$ 13,702.76
**Adj gain after salary accrual	\$ (12,793.80)			

*the principal reduction to the loan is included in the budget figures, but in order to follow generally accepted accounting principles, it cannot be expensed in the YTD Peachtree expense figures. Therefore, it will show up as a separate reduction to the Peachtree report. **Salary accruals of \$8,600 for the church and \$23,679.46 for the school are deducted due to reversals done in July 2011.

Giving was under budget by \$12,739.15. A loss of (\$3,307.79) was not projected for the month of February — we expected a gain of \$3,357.10 so we are further under budget than expected. The problem is that year to date income is less than projected so we have an overall loss (after adjustments) of (\$12,793.80) rather than a gain of \$19,377.90 so year to date we are behind \$32,171.70. John Heideman has done some forecasting and expects that we will end up with a loss of (\$39,233.83) if we do nothing to cut back on expenses. While the ministries are doing a good job of holding down expenses (everything is under budget), our revenue is not what is expected, and we are going to have to make cuts before year end if we are going to break even. You can see that losses are covered by our ever-shrinking general fund bank account. We cannot continue on this path and are going to have to make some hard choices. We have cut ministries to the bare bones, and the only areas we have not touched are benevolence (missionaries) and staffing. We need to discuss cuts in these areas.

Alpha ended up on a somewhat positive note as it cost \$131.04 to put on (both sessions). However, some of the income came from restricted funds, and that restricted account had all of its money go into the general fund, so next year Alpha will cost more unless we do away with the "day away" retreat. Foundation investments are up again in one month due to gains in the stock market. That should be a gain on asset posted somewhere (not sure where) which could adjust down our overall loss but it is not enough to entirely offset it.

<i>School Balance Sheet</i>	2012	2011
School General Fund balance	\$ 149,010.03	\$ 85,419.51
Restricted Fund balance	0.00	\$ 351.65
PTF Fund balance	\$ 17,358.01	\$ 24,774.21
Total cash in all school accounts	\$ 166,368.04	\$ 110,545.37

Scrip Inventory	\$ 910.00	\$ 2,700.00
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<i>School Income Statement</i>	YTD 2012	Budget 2012	YTD 2011	Budget 2011
Total Revenue	\$ 1,706,617.02	\$ 1,736,416.48	\$ 1,896,671.67	\$ 2,003,116.02
Total Expenses	<u>\$ 1,640,402.17</u>	<u>\$ 1,761,938.84</u>	<u>\$ 1,974,577.52</u>	<u>\$ 1,939,604.85</u>
Total net gain/loss	\$ 66,214.85	\$ (25,522.36)	\$ (77,905.85)	\$ 63,511.17
**Adj gain after salary accrual	\$ 42,535.39			

Comments to School balance sheet and income statement

The cash position of the school is improving and is certainly better than last year. Deferred tuition (prepaid for the year) and deferred registration fees (deposits for next school year) viewed against cash in the bank now shows a positive figure. Total deferred tuition and registration fees are \$120,824.31 against cash in the bank of \$149,010.03. However, the next OVSD lease payment of \$54,899.50 is due 4/1/12 and this is the time the school needs to build cash to cover that expense. Ending Scrip of approximately \$900 (cards in the box) versus the balance sheet total of \$2,700 still needs to be adjusted and will be done so prior to year end. Salary accrual reversals (July 2011) change a \$66,214.85 net income gain into a net income gain of \$42,535.39. The school is beating budget which expected a loss of \$25,522.36 at this same time. If the school continues with their administration furlough days and cost cutting measures, they should end at a breakeven. Overall donations to the school are year to date short by \$13,599.86. If the school or preschool does a fundraiser, that may be offset. Preschool income year to date for Site 1 is over \$8,192.71 but short \$24,107.24 at Site 2. I thought both sites were budgeted for equal income amounts but the budget shows Site 1 YTD income budget is \$254,322 while Site 2 YTD income budget is \$272,658. This will need to be examined for accuracy. The school is doing a great job at holding down the line in Administration expenses, Facilities expenses (although technology and computer expenses are higher than expected), and Salary Expense (the result of furlough days). Utilities expenses (phone and water) are higher than expected but according to Janie the school received a reimbursement from their phone grant, so next month the report should be different. By the end of February 2012 the preschool enrollment should be reviewed to see if additional students enroll and if the gap in preschool income will close in the next 5 months. Expenses continue to be monitored closely. The school is to be commended for holding tight with the budget and making it work.

Business Administrators Report

March 2012

John Heideman

Notes: OCCCCO

I have met again with Fred Luhman, Crystal, and Rhonda with their new OCCCCO budget submission for 2012-13 budget. In negotiating their budget, we agreed on several new proposals to be included within the next Grace budget. Grace will no longer be asked to provide the \$7,000 ministry subsidy to the program. In return, OCCCCO has relinquished the bus to Grace, and Grace will now be responsible for the upkeep (\$1,900), should we decide to keep it. The new budget still calls for the program to operate 3 days per week, but the advisory boards hope is to expand to 5 days per week, beginning January 1, 2013.

In response to the Executive Committee asking for clear communication and accountability, the group has agreed to invite myself to be a part of their advisory board meetings, or allow Crystal to attend Council meetings.

Financial: (copied from Treasurers report)

Giving was under budget by \$12,739.15. A loss of (\$3,307.79) was not projected for the month of February — we expected a gain of \$3,357.10 so we are further under budget than expected. The problem is that year to date income is less than projected so we have an overall loss (after adjustments) of (\$12,793.80) rather than a gain of \$19,377.90 so year to date we are behind \$32,171.70. John Heideman has done some forecasting and expects that we will end up with a loss of (\$39,233.83) if we do nothing to cut back on expenses. While the ministries are doing a good job of holding down expenses (everything is under budget), our revenue is not what is expected, and we are going to have to make cuts before year end if we are going to break even.

Budget Schedule and Strategy:

The March Council meeting will include a report on preliminary budget projections, as well as the budget packet for each Ministry team to take back to committee for 2012-13 budget proposals. Each area of ministry will be asked to return a draft proposal for the April Council meeting. John H. will be glad to meet with any group that needs assistance. The final budget will need approval from Council at the May Council meeting, and then will be sent to a congregational meeting in early June.

- *Early March Executive Committee meeting:*

Approve detailed budget schedule, and begin to strategize ministry and staffing priorities

which will be discussed at March Council meeting.

- *March Ministry Team* meetings should allow time for prayer and planning of top priorities in team's area of ministry responsibility.
- *March Council meeting:*
Council develops mission and ministry goals; sets priorities. Discuss staffing.

Council is given direction for planning April ministry team meetings.

- *Early April:*

Ministry teams receive financials through March, with projections through the end of June.

Ministry areas are asked to prioritize ministry/ mission objectives, and submit requests for funding top priority programs/projects. Every dollar requested must include a written detail of purpose, and connection to the overall Grace mission. No items are automatically renewed based on history.

- *April Council Meeting:* First look at proposed budget
- *May: Final Council approval on budget, and Cottage meetings.*

Facilities:

- There have been several separate occurrences of vandalism around the church property. Last week, several light fixtures were broken out on the east side of the JOY building, and a small fire was attempted at the Montessori school, but did little damage. The police were called for a report. Again today, a car window was smashed out in the "little gym" parking lot, near the Fed X building.
- Carried-over items include: sacristy painting / repairs, Cry Room, and deferred maintenance projects. The painting of the Sanctuary ceiling remains on the to-do list. I have recently spoken with Dave Nugent about the Sanctuary ceiling painting, and he feels he could get the job done inexpensively, with a large work group from the church. The group would assist with all prep taping, papering, trim work, and then an outside sprayer would come in to spray acoustic paint.
- We (Admin team) are still gathering data for repairs and re-sealing of second floor decking.
- Installed new gutters on Preschool building (Site #1)
- Ordered new projector for Sanctuary (left screen) \$3,902.
- The issue of blinds for Hope Hall came to my attention, after others discussed possible solutions for a long period of time. Rick W. and I have been experimenting with possible options to blocking the sun from the south windows. At this point in time, the sun is far enough northward, that it does not seem to be an issue. I will continue to look at low priced solutions. The old "curtains" are still available, but are in poor condition, and lack any of the previous hardware, which make them useless.

Admin. / HR

- Our Payroll Manager has resigned for new, full time position. Linda is training Elsa and I in the basics of the position so the transition may be seem-less. I am still considering options for filling the position, or absorbing the work internally.
- I continue working closely with school administration in all areas of human resources, facility planning and management, financial management, and legal compliance. The school is also making good strides in analyzing the quality of the program, and ways to convey the value being received

Projects still in various stages of completion:

- Organization Charts and Job Descriptions
- Policy and Procedures (Employee and Office)

I meet on a regular basis with Janie, Rick, Steve, Pastor Chris, Linda, and Elsa. I will continue with regular meeting times with the School Admin Team, Admin. Team, Exec. Comm., Council, and Treasurer.

Respectively submitted,

John Heideman
Business Administrator