

Treasurer/Finance Report

As the Treasurer and Finance Committee work closely together, it makes sense to combine the two reports. Together with Pastor Karen, the Treasurer and Finance Committee oversee and advise Council on the financial status of the church, plan for the church's financial future and provide guidance on effective use of the financial gifts that God has blessed us with.

One of the most important activities for 2020 was the preparation of the documents to secure the government approval for the Payroll Protection Program loan. This activity resulted in LCR receiving a loan of \$56,200. We are currently in the process of having this loan "forgiven" and fully expect to have that confirmed in the first quarter of 2021.

Other activities this year included:

- Transferred the accounting responsibility for the Youth and Scrip financials to Cheryl Cieczka. Working closely with Cheryl, we ensured a smooth transfer of duties and complete understanding of the process. This move allowed for the reporting to be done in the Shepherd's Staff system. The financials will still be reported separately from our general church funds. Please see the Youth/Scrip Reporting section for more detail. In addition, proper controls can be monitored more easily.
- Currently reviewing and cleaning up the bank accounts and credit cards. This helps to improve controls and simplify reporting. This is expected to be completed in January 2021.
- Reviewed and documented the contents of the LCR Safety Deposit Box.
- Working with Tony Baumgardt, prepared and documented Pastor Kelly's salary package.
- Reviewed proposed purchases for the carpet replacement, air purification system, copy machine, water heater, and the worship computer.
- Monitored all monthly financials and recommended any needed changes.
- Prepared and presented 2021 budget.

Operating Fund Financial Summary

	2021 Proposed Budget	2020 Actual	2020 Budget	2019 Actual
Total Operating Income	\$498,500	\$482,636	\$500,500	\$526,092
Operating Expenses:				
Benevolence	40,040	46,540	40,040	51,330
Programs	52,825	31,956	55,025	45,980
Staff	342,612	266,795	331,619	322,862
Facilities	71,208	67,753	73,800	81,690
Total Operating Expenses	\$506,685	\$413,044	\$500,484	\$501,862
Net Operating Income/(Loss)	(\$8,185)	\$69,592	\$16	\$24,230
Restricted Funds:				
Operating Fund Reserve	(8,185)	19,302	0	3,000
Facilities Fund Reserve	0	25,522	0	15,230
Facilities Maintenance	0	11,008	16	6,000
Insurance Provision	0	13,760	0	0
Total Restricted Funds	(\$8,185)	\$69,592	\$16	\$24,230
Net Income	\$0	\$0	\$0	\$0

2020 Ending Balance
\$48,805
\$194,613
\$24,774
\$25,760
\$293,951

2020 Year End Review:

2020 was clearly a very unique year. From a financial perspective, we were very blessed. Our income was \$482,636 compared to budget of \$500,500 or a \$17,864 shortfall. The shortfall was primarily the result of lower general envelope giving of \$8,572 (or 1.8%). The remaining shortfall of \$9,392 was split nearly equally between specific church holidays and loose/misc giving. Our expenses were \$413,044 or \$87,440 favorable to budget. Expenses were lower in Programs, Staff and Facilities due to reduced activity resulting from COVID-19 this year. The majority of the difference in Staff expense was the budgeted to hire our Associate Pastor in July but we did not hire Pastor Kelly until December. This, combined with reductions in many positions due to COVID-19 activity, resulted in a much lower Staff expense. It is important to note that while we budgeted for 8% benevolence, given our blessings this year, we approved an additional benevolence of \$6,500 resulting in 9.6% of total income (this does not include the gifts given by the Youth or Endowment). This left us with \$69,592 in operating income which we moved into the restricted funds as shown above. The ending balance in the four funds totals \$293,951.

As a reminder, the restricted funds are set up for the following:

Operating Fund Reserve: The Operating Fund Reserve is for future times when there is an income shortfall. The Payroll Protection Program was designed to help with type of situation as well. Many non-profits (and companies) need reserves like this to help cover critical expenses in difficult years. We need to be prepared for times when the government cannot provide us with the financial help. In those difficult years, the upcoming budget should be adjusted to reflect the realistic planned income.

Facilities Fund Reserve: This fund is set up to save for large building and grounds planned expense needs. This is for projects that are not part of the operating budget.

Facilities Maintenance: This fund is specifically for unplanned/emergency building and grounds needs that cannot be covered within the operating budget.

Insurance Provisions: With the large changes in healthcare costs, this fund provides a reserve for potential needs of medical/dental insurance for our ministry staff. With two Pastors at this time, this is a very important fund.

2021 Budget:

Our 2021 projected income is \$2,000 below what we budgeted for 2020. This reflects the fact that loose offerings will likely continue to be lower than usual given we will not likely be “back to normal” until second quarter or later. It is also important to point out that our 2021 budgeted income is \$15,864 above what our 2020 actual income. We will need to watch our income closely to ensure we cover our expenses this year.

With 2020 being such an unusual year, many of the 2020 actual expenses cannot be used as a reference for 2021 expenses. Therefore you will see that our 2021 budget closely mirrors the 2020 budget since the 2020 budget was prepared with the anticipation of a “normal” year. Benevolence remains at 8% of our total Operating Income (you can see the supported organizations in the detailed financial section). Programs and Facilities remained very similar to 2020 budget. The largest difference is with Staff. As you remember, at our 2020 Congregational meeting we approved to call an Associated Pastor and we explained the Staff expenses would be higher than the combined Intern and Youth positions.

For 2020, your Finance Committee included: Dawn Jacobson (Lead), Leah Krueger (Treasurer), Kim Mohalley, Paul Rossmann, Mary Schinkowitch, and Jay Weiss.

Respectively submitted by:

Leah Krueger (Treasurer) and Dawn Jacobson (Lead Finance Committee)