

St. Luke's ELT Meeting
Monday, June 15, 2020

Members in attendance: Dave Hoag, Jerry Blessing, Jerry Neumann, Keith Cook, John Taylor, Rebecca Stork, Vickie O'Connor, Barb Erickson, and Dan Weber. Also present: Jonathan McVety.

After Pastor Dan opened the meeting with prayer, the May meeting minutes were approved.

Financial Review

May Result:

Total Expenses landed -5.6% under budget // -3.4% under last year

Total Income: -24.3% Below budget // -25.0% below last year due mainly to shutdown of schools and very limited operation of daycare due to the pandemic.

Offerings & Gifts landed 3.5% above budget and grew 6.9% vs last year

NET INCOME for the month showed a loss of -\$19,071.82 after mortgage principal pmt

YTD (July – May)

YTD Total Expenses stand -12.3% under budget // -4.9% under last year

Total Income stands -3.0% below budget // -4.8% below last year. Once again, this is due to school / daycare income dropping as a result of the pandemic.

Offerings & gifts running 6.79% above budget // 5.96% above last year

YTD NET INCOME running 478.3% above budget after mortgage principal pmt

Operations Report

Jonathan McVety submitted a report about projects around our campus (Attachment 1).

Lay Ministers Report

Recruiting efforts are underway for a Lay Minister of Prayer and a leader for Marriage Ministry. Plans are in place for meeting with Pastor Dan to review each with potential candidates.

Foundation Report

Added \$898.85 of our CD and distributed to our existing accounts. Their totals are as follows:

Endowment Account \$42,169.59

Capital Account \$2,346.78

Scholarship Account \$420.91

Ministry/Missions \$4856.71

Total \$49,793.99

Issuing a check week of June 2nd to cover grant for Sam Hoag Internship \$4800

Board changes:

Julie Kinzner accepted Board position to replace Lois Cooper.

Lois Cooper will now serve in Dave Danforth's position until his replacement is named.

Ky to ask Amy Bird to fill this position.

Dave Ramsay agreed to serve another term.

Jonathan McVety agreed to serve another term.

Discussed Scholarship Fund

St. Luke's has a scholarship fund too...looking to see if this can be combined.

Working on a letter to go out this month regarding raising money for scholarships, especially for Seminarians Sam Hoag and Dillon Weber.

Dave Ramsay announced a substantial contribution to this fund.

Discussed Dave Ramsay Financial Seminar. Roger reported the cost is \$129/person. Tabled discussion for the fall.

Dennis Hulse reported Rev. Dr. Zeigler of the Lutheran Hour Rally is Sept. 12-13th. Board agreed to financially support \$500 for this rally, and tickets will be sold for this dinner to offset the cost.

.

Pastor Report – Dan Weber

Focus continues on online services and Bible Study. Working on what reopening will look like and preparing for it. A lot of waiting. King County is in modified phase 1, and phase 2 has been modified. Phase 2 now includes 50-person onsite meetings (under age 65, not high risk). We will hold as many services as needed to meet demand. Phase 4 we can resume regular activities.

Pursuing new worship director – Halli Goolsby. She will be here June 28th (tentatively) to work with the worship teams and connect with Staff. She will be leading worship virtually this weekend.

Still busy making lots of phone calls to members and keeping people connected.

Motions

Motion for approval of the proposed FYE 20/21 budget on an interim basis until congregation voter approval scheduled tentatively for August 23, 2020.

Motion: Jerry Blessing

Second: Keith Cook

Approved

Closed in Prayer by Vickie O'Connor

Next Meetings: Monday, July 20, 2020 @6pm

Respectfully submitted by Rebecca Stork

Attachment 1:

Here is a COVID-19 influenced financial and operations update for May, 2020.

Expenses: May began our 8-week period with the Payroll Protection Program. **Per the CARES Act, currently the only way to convert our PPP loan of \$213,900 into a PPP grant is to spend this full amount for payroll, benefits, mortgage interest and utility expenses over our assigned 8-week period.**

With mortgage interest and utility expenses about \$24,000 over these two months, ($\$213,900 - 24,000 = \$189,900/2 = \$94,950$) this leaves \$94,950 over each 4-week period as our required target for personnel related costs, in order to receive full PPP loan forgiveness.

If we take the personnel costs of \$88,960 and add the custodial services payroll of \$3,661 and half of our Kindergarten teacher's moving costs through payroll of \$2,400, we come to the total of \$95,021. This amount is within \$100 of our maximum loan forgiveness of \$94,950. ($\$95,021 - 94,950 = \71) **This indicates we should qualify for the maximum loan forgiveness over the first 4-weeks of our 8-week PPP time period.**

As you can see, this CARES Act approach encourages us to spend higher amounts for our payroll related costs than we normally would spend as what we spend comes back to us in a grant. This approach is **not** how we normally monitor expenses each month to keep them as low as reasonably possible.

Even with the required PPP accounting in mind, our total May expenses came in at \$125,872 vs the budget of \$133,347 or at 94% of budget.

Net Income & Cash Flow:

- 1) Offerings and gifts: Once again **we are praising the Lord for his blessings as our offerings in May were \$95,326 vs budget of \$92,074 or 103% of budget. This amount speaks directly to the outstanding work Pastor Dan and his ministry team did with online worship, live bible study, small groups zoom sessions, emails and calls.**
- 2) Facilities Rental: Net income in May was \$2,704 vs budget of \$4,583 or 59%. Rather unexpectedly both churches we rent our Great Room paid rent while not using our facilities. YTD with facilities rentals we are at \$48,190 or 95% of the \$50,417 budget.
- 3) Childcare: Due to the C-19 pressures, we closed our Childcare program for 2-3 weeks as our attendance was very low and with teacher C-19 fatigue. We continued paying our skeleton staff as they were not furloughed, and they were very grateful. We re-opened with 4 students (we had 40 pre-coronavirus) with enrollment gradually increasing each week. Net income in May was \$7,656 vs budget of \$36,000 or 21% of budget. Expenses were 68% of budget (\$18,856 vs budget of \$27,566) for a net income loss of \$11,199. YTD net income is \$27,440 vs budget of \$60,341.
- 4) Schools: Income in May was \$10,307 or 55% of the \$18,600 budget. Expenses were \$10,078 or 52% of the \$19,251 budget for a positive net income of \$228. YTD net income for schools is \$44,207 or 120% of budget.

- 5) Operations Summary: Three operation departments combined for a net income loss of \$8,267. **YTD net income for these three departments stands at a positive \$119,837 in spite of the three challenging C-19 related months of March/April/May.**
- 6) Cash flow during C-19. The end of February, before C-19 our general fund balance was \$521,247. **The end of May the general fund is \$546,670, for an increase of \$25,423 during these very challenging three months.** YTD general fund balance increased \$131,241, starting at \$415,429 vs the end of May balance of \$546,670.

Campus Updates:

- 1) **Malkow Hall interior (ground floor main area to the ceiling) and exterior painting will likely be completed this week by L&L painters.** The building walls were in poor condition and required extensive paint preparation work with associated increased costs. I'm told this was the first full painting in up to 20 years. This building will now look more like a well maintained 50-year old building rather than a 50-year old building that should be torn down. Please note that basically no inside rooms were painted on either floor as we plan to rely on volunteers for these projects.
- 2) **Our main campus buildings and courtyards painting was started by Black Pearl professional painters last week and will also be completed this month.** We are using the same colors as originally chosen. **A big thank you to the ELT for approving this painting project,** as our St. Luke's building exterior was in serious need of power washing and painting, as shown in the pictures at the ELT meeting last month.
- 3) Lewis Jones and his assistant Aaron, our concrete contractor working on the upper ramp project, made significant progress on this ramp the past few weeks.
- 4) Our Preschool/Kindergarten teachers did an excellent job with online teaching to keep their students engaged and energized. In May I was able to spend considerable time with Mary Schuldheisz, our newly appointed Schools Administrator. **Mary brings over 25 years of LCMS education experience and education to our PS/K program and will be a significant plus. Our new Kindergarten teacher arrived from Iowa this week and is returning home to be near her mother in Seattle. Rebecca has 15 years LCMS teaching experience and is excited to be back home.**
- 5) Under the watchful eye of Director Kathryn Frostad, Childcare student attendance increased from 4 to closer to 16 in May, and we are carefully working together to gradually build this program back up to the 40 student level, with an emphasis on following WA state C-19 guidelines.
- 6) Melika and Mindy worked on our janitorial requirements during May and are doing an excellent job. More than usual cleaning/sanitizing is required during this C-19 pandemic.
- 7) **Teri did an amazing job putting the budget details together so that she and I could present the 2020/2021 budget to Pastor Dan and Dave Hoag.**
- 8) Two furnaces were repaired as they stopped working (Tim's project), we had our 5-year Pacific Fire water/fire system inspection (Tim's project), a faulty fire system circuit board was replaced, the electronics were replaced in our main Childcare door as it was malfunctioning, Dave Ramsay kindly painted several areas inside Preschool/Kindergarten, Sam Hoag is doing an excellent job on his important projects such as a new campus employee handbook and a C-19 control & recovery plan, Darnell our security guard drives by our campus 6 times a weekend as well as being here M-F for

a few hours, and our SEO projects are bringing new people to campus almost every week.

In His service,

Jonathan

Jonathan McVety
Director of Operations
St. Luke's Lutheran Church
515 S 312 St
Federal Way WA 98003
Phone: 253.941.3000
Fax: 253.941.8994