

Bethany Lutheran Church Council Report

1. Reported By: Joel Halvorson
2. Organization: Bethany Lutheran Church
3. Date: July 25, 2011
4. Report Purpose and Scope:
End of year adjustments for FY 2010/11
5. Summary for Council:

The good news is that the General Fund ended the fiscal year in a positive position with \$5k more in receipts than expenses. I would recommend that the surplus remain in the General Fund as we are still in a negative cash position for the General Fund, which is addressed below.

The FC Savings - Program fund is overdrawn by \$5,427 primarily due to additional program-related expenditures approved during the year. With a balance of \$15k in the FC Savings - Outreach fund I would recommend that the balance be covered by the Outreach fund.

The Education M fund was used for Pastor Rouse, Pastor Dewey and our summer internship program. It is overdrawn by \$1,573. There is currently nearly \$6k in the Pastors Discretionary fund which could be used for this purpose.

Although we were able to cover expenses in 2010/11, there remains a cash deficit for the General Fund of nearly \$87,000. In previous years, the Council has taken action to address annual deficits in the General Fund (e.g., we transferred more than \$120k from the Bequest Fund to cover the shortfall in 2009/10) but the Council has not previously addressed the cash deficit which stems from General Fund obligations going back 10 years. As shown in the table below and on the attached historical summary of receipts and expenses for the General Fund, this deficit first developed 10 years ago during the building program.

Year	EOY Balance	Change
2000	\$210,979	
2001	\$130,267	-\$80,712
2002	\$45,114	-\$85,153
2003	-\$160,422	-\$205,536
2004	-\$215,849	-\$55,427
2005	-\$67,163	\$148,686
2006	-\$92,252	-\$25,089
2007	-\$66,945	\$25,307
2008	-\$58,202	\$8,743
2009	-\$65,613	-\$7,411
2009/2010	-\$64,308	\$1,305
2010/2011	-\$86,831	-\$22,523

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The primary reason for the deficit was the use of the General Fund cash to pay for remodeling and other aspects of the building program that were not covered by the construction loan. The remodeling expense was primarily for the BECC area including the west parking lot and the roof replacement, which was a late addition to the construction plan and not included with the original project expense. At the recommendation of the auditors, a significant portion of the remodeling/maintenance aspect of the building program was expensed to the General Fund and not capitalized and funded with our loan balance. As we have been able to cover a significant portion of this deficit over the past 10 years but not all of it, the Executive Committee recommends that this deficit be eliminated at this time with a transfer from the BECC Unrestricted Fund, which currently has a cash balance of nearly \$160,000. The primary reasons for this action include:

1. Provide clarity and the ability to more effectively manage the current financial status of the General Fund including both income/expense as well as overall cash position.
 2. Come to closure on the General Fund deficit so that we can focus the Council's planning efforts on debt reduction and support of the General Fund going forward.
 3. Initiate a conversation regarding future deficits and the steps that Council should take to address such issues in the future.
6. Detailed Plans or Next Steps:
Entertain two motions to approve (1) the annual adjustments for FC Savings and Education M and (2) the one-time adjustment to eliminate the General Fund cash deficit.

TOTAL OFFERINGS	July(*)	August	September	October	November	December	January(*)	February(*)	March(*)	April(*)	May(*)	June(*)	TOTAL
2001	\$141,627	\$123,591	\$149,646	\$125,920	\$139,233	\$280,128	\$150,449	\$144,173	\$119,738	\$187,259	\$119,666	\$111,658	\$1,793,088
2002	\$135,708	\$140,572	\$157,232	\$122,754	\$134,729	\$313,173	\$146,219	\$132,463	\$183,863	\$109,366	\$151,871	\$163,850	\$1,891,801
2003	\$112,212	\$179,590	\$136,891	\$131,841	\$169,763	\$344,265	\$183,699	\$129,635	\$178,110	\$169,884	\$125,654	\$166,145	\$2,027,689
2004	\$128,473	\$179,105	\$170,596	\$177,736	\$134,590	\$293,492	\$165,057	\$164,894	\$150,746	\$162,888	\$135,901	\$122,995	\$1,986,473
2005	\$143,652	\$127,188	\$141,166	\$158,558	\$165,518	\$346,610	\$207,111	\$149,464	\$179,571	\$120,948	\$146,806	\$128,706	\$2,015,297
2006	\$148,918	\$138,059	\$128,225	\$188,831	\$157,062	\$376,334	\$179,687	\$150,478	\$148,479	\$194,053	\$129,613	\$125,253	\$2,064,991
2007	\$178,598	\$129,048	\$183,122	\$121,233	\$154,752	\$456,086	\$161,290	\$175,825	\$144,511	\$193,623	\$135,937	\$138,187	\$2,172,209
2008	\$130,614	\$172,401	\$135,562	\$147,501	\$188,592	\$344,623	\$157,169	\$135,414	\$230,966	\$148,774	\$146,138	\$151,930	\$2,089,684
2009	\$112,269	\$168,860	\$130,220	\$124,356	\$165,642	\$289,319	\$155,378	\$142,599	\$166,964	\$168,718	\$170,802	\$138,778	\$1,933,905
2010	\$111,911	\$146,662	\$137,388	\$151,133	\$141,737	\$282,000	\$144,779	\$142,178	\$161,360	\$149,402	\$158,114	\$171,594	\$1,898,258
2011							\$148,325	\$148,093	\$159,391	\$173,319	\$155,629	\$176,893	

TOTAL EXPENSES	July(*)	August	September	October	November	December	January(*)	February(*)	March(*)	April(*)	May(*)	June(*)	TOTAL
2001	\$137,739	\$175,853	\$111,816	\$146,910	\$164,379	\$177,587	\$121,134	\$116,711	\$142,913	\$169,244	\$172,361	\$151,751	\$1,788,398
2002	\$173,358	\$128,550	\$163,225	\$136,317	\$282,039	\$360,471	\$115,460	\$151,630	\$146,604	\$124,714	\$161,517	\$130,311	\$2,074,196
2003	\$177,806	\$161,652	\$152,090	\$154,941	\$182,382	\$212,563	\$163,640	\$178,169	\$160,537	\$181,044	\$197,152	\$169,460	\$2,091,436
2004	\$166,039	\$171,185	\$140,576	\$138,829	\$159,109	\$123,561	\$180,373	\$179,107	\$186,457	\$196,607	\$170,153	\$174,477	\$1,986,473
2005	\$115,480	\$148,678	\$148,786	\$161,766	\$163,781	\$215,006	\$161,125	\$152,507	\$157,124	\$167,233	\$162,782	\$165,685	\$1,919,953
2006	\$174,703	\$158,323	\$156,776	\$173,585	\$157,802	\$189,024	\$185,065	\$175,788	\$184,038	\$192,482	\$170,842	\$153,630	\$2,072,059
2007	\$178,599	\$168,317	\$178,423	\$177,008	\$193,403	\$206,337	\$169,773	\$185,126	\$174,384	\$183,931	\$171,057	\$177,040	\$2,163,399
2008	\$179,815	\$170,654	\$172,611	\$182,110	\$176,200	\$197,638	\$169,432	\$186,329	\$185,924	\$179,456	\$169,296	\$203,265	\$2,172,730
2009	\$173,202	\$180,636	\$160,807	\$176,114	\$172,701	\$196,390	\$167,571	\$156,741	\$154,200	\$156,801	\$156,134	\$156,876	\$2,008,173
2010	\$141,970	\$165,167	\$150,955	\$159,833	\$156,213	\$185,000	\$165,057	\$163,103	\$174,031	\$154,252	\$162,846	\$167,433	\$1,945,860
2011							\$161,340	\$156,528	\$167,987	\$162,917	\$160,558	\$172,026	