

# Financial Annual Report



Clockwise from top left: Grace Giving Tree, Trunk or Treat, Habitat for Humanity, God's Work our Hands, Children's Christmas Program Center: Catechism Youth Service Project.



# Grace Lutheran Church Mission Statement

God has created us as a ministry of grace in the heart of Andover. He...

**Welcomes** us into a personal relationship with Jesus Christ as Lord through the transforming power of the Holy Spirit.

**Encourages** us to grow in our discipleship through worship, learning, and fellowship;

**Equips** us to share this ministry of grace and love through serving others; and

**Sends** us into the world to do his will.



This report shows how we shared in God's grace with the generous gifts from the congregation.

There are many facts, figures, and photos that tell about the financial health of Grace in 2018. Behind each part of this report is the bigger, more important story. It is the story of how God is working in our lives, in our neighborhoods, and our world.

**Regarding Grace's 2018 finances, I think the phrase "all's well that ends well" is appropriate. And Grace did end well.** Both income and expenses for the year came in below projections. With the departure of Grace's pastoral staff in 2017, along with the departure of other staff, it was not surprising that some people reacted to this by stepping back from or away from the congregation. This impacted offerings. This is not uncommon during a time of congregational transition. But while offerings were below projections, expenses were also below projections. This was due to various factors, including staff's attention to managing expenses and the delay in hiring a new Director of Outreach. But we finished the year strong due to Grace's generosity. Many gave generously throughout the year and at year's end. December offerings were very substantial as many were able to fulfill the regular offerings they intended to give, and many made additional year-end gifts. Grace ended the year in the black and in healthy financial shape to begin the new year. Thank you!

**Our fall stewardship appeal was *Take Another Step...or a Leap!*** Many people did exactly that. Congregational households were invited to submit Estimate of Giving cards to show how they intended to grow in their giving as a faith practice. They were also invited to indicate a specific dollar amount they intended to give going forward. Except for capital appeals, the practice of submitting these kinds of cards has not been part of Grace's fall stewardship emphasis for many years. Therefore, expectations were modest for how many households would submit cards. But many did, and many indicated they were planning to grow their giving. Based on these numbers, we were able to add \$30,000 to Grace's 2019 projected offerings above and beyond what we received in 2018. Again, thank you!

**Grace has two portable buildings located on our property that are used for various programs: Sunday School, catechism, youth, and local ministry outreach programs such as Family Promise.** We have an interim use permit for these portables from the City of Andover which expires December 31, 2019. The City required Grace to have a plan to remove these portables by the end of 2019. Leaders have been working with a construction company on plans to add to Grace's current building to compensate for the loss of these portables. **We intended to launch a capital campaign in 2019 to raise money for this new construction. That plan has now changed.**

**Many years ago, Grace purchased property on Nightingale and 151<sup>st</sup> Lane NW with a vision that it might become a second site to conduct worship, youth & family ministry, and community outreach, in addition to the Round Lake site.** To date, those plans have not materialized. We are uncertain what the future holds regarding these two sites. There are three distinct possibilities:

1. Focus on the Round Lake property and sell the Nightingale property.
2. Build a new facility on the Nightingale site and sell the Round Lake property.
3. Continue with the original plan of building a second site at the Nightingale property and conduct programming and/or worship at both sites.

**Grace's leadership (including me as interim pastor) believes your new senior pastor needs to be in place before this decision is made which will significantly impact the future of the congregation and community.** The new pastor will need time to



get to know, pray, and discern with the congregation what the best decision for Grace might be.

**Possible timeline for a new plan** – Arriving by fall 2019, the new pastor should have a year to get to know the congregation and community before an official discernment process would begin regarding the future of Grace's two properties. This discernment process could take at least six months – from fall 2020 until spring 2021. A decision to invest in the Round Lake site could mean a capital fund drive and new construction to replace the portables might realistically be completed by the end of 2022. On the other hand, a decision to sell the Round Lake site and build a new facility on the Nightingale site would require Grace's continued use of the Round Lake site, including portables, during construction. Completion of a new Nightingale facility could not be completed by the end of 2022.

**In consideration of the above, Grace has requested an additional 4-year interim use permit for our Round Lake portables when the current permit expires.** Based on preliminary conversations with City representatives, we are very hopeful this extension will be granted. We should know within the next few months after representatives of Grace meet with the Planning and Zoning Commission and then with the City Council. Therefore, no capital appeal is planned for 2019 for the purpose of new construction at our Round Lake site. When the time is right and the new pastor is in place, a capital appeal to support whatever decision is made should also be more successful.

– Pastor Bruce Arnevik, Interim Senior Pastor



# President's Report



Happy New Year 2019! As you read this message, we will be a few weeks into another new year. I hope this will be a year filled with God's blessings for you and your family!

When I reflect on the year 2018, the word "TRANSITION" comes to mind as I think of our congregation at Grace. Pastor Bruce, installed as our Interim Senior Pastor last February, joined Pastor Hahn to lead us

spiritually during this time of change. The Transition Team formed last spring and through studies, surveys, and many conversations, the team helped us to discern who we are and what we hope to become as a congregation. They also helped to identify what needs to be considered in the process of seeking a new Senior Pastor for Grace.

In October, a Call Committee was formed with the specific task of calling a new Senior Pastor. When you read this message, they will have completed their work on the Ministry Site Profile, which is the document that will be reviewed by potential candidates considering a call to Grace. Bishop Ann Svennungsen of the Minneapolis Area Synod will have met with us as well to listen to what our hopes and dreams are as a congregation.

The Call Committee will begin interviewing potential candidates this spring with the plan of calling a new Senior Pastor sometime this summer or fall. Let me extend a special "thank you" to all who have served or are serving on the Transition Team and Call Committee, the church staff supporting these groups, and you, the congregation, who have provided critical feedback and prayers.

All of this activity has taken place as we continue active, meaningful worship and continue to educate our children and youth through Sunday School, Catechism and Bible School, as well as our adults through SALT programs. Our love of pursuing ministry, locally and around the world continues to be vibrant; we hired Debbie Jorgens, Director of Outreach Ministries, this past summer. It has been a great year to be part of the Grace community!



First Communion

Although 2018 has been a year of transition, we have continued to grow and thrive as a congregation. God is ever present and leading us in everything that we do. Praise be to God!

As we begin 2019, this will be a year of "new beginnings" as we call our next Senior Pastor for Grace Lutheran. Or, as Pastor Bruce might say, call a "stable pastor" for Grace. God will continue to guide us in the call process and lead us spiritually as a congregation!

Blessings,

Scott Christensen / Vision Board President



Choir sings during worship



## May Annual Meeting

Minutes from the Annual Meeting

The Annual Congregational Meeting of Grace Lutheran Church was opened Saturday, May 19th after the 5:00 service and closed Sunday, May 20th after the 10:30 service. President Doug Hanson presided over the proceedings. The church voted for two members to replace outgoing board members, Doug Hanson and Deb Stang.

Dave Trapp and Carla Renner received the most votes and will begin a three-year term as of June 1, 2018, through June 2021.

Chad Hadler will continue as appointed to fill the vacated seat of Deb Shepard, who resigned her position.

Respectfully submitted by Lynn Noren, Grace Lutheran Vision Board Secretary.



## Account Verification - 2018 Audit

### Annual Expense and Revenue

Beginning Balance 1/1/2018	\$ 91,165
Total Deposits or Transfers	\$ 1,493,064
Total Withdrawal or Transfers	\$ <1,502,191>
Ending Balance 12/31/2018	\$ 82,039
Outstanding Deposits as of 12/31/2018	\$ 5,701
Outstanding Checks as of 12/31/2018	\$ < 9,301>
General Ledger Balance as of 12/31/2018	\$ 78,438

### Dedicated Fund Breakdown

Beginning Balance 1/1/2018	\$ 58,131
Deposits	\$ 232,294
Withdrawal	\$ <222,702>
Ending Balance 12/31/2018	\$ 67,723
Outstanding Deposits as of 12/31/2018	\$ 13,293
General Ledger Balance 12/31/2018	\$ 81,016

### Financial Security Fund (Thrivent #1)

Beginning Balance 1/1/2018	\$ 26,864
Interest Earned	\$ 67
Withdrawal	\$ < -0- >
Ending Balance 12/31/2018	\$ 26,931

### Financial Security Fund (Thrivent #2)

Beginning Balance 1/1/2018	\$ 64,101
Interest Earned	\$ 192
Deposit	\$ < -0- >
Withdrawal	\$ < -0- >
Ending Balance 12/31/2018	\$ 64,293

All accounts appeared to be in order. Balances were reconciled and transactions were well documented. A sample of monthly bank statements for the accounts, deposit slips, the paid invoice file, and the checking account check register were all examined.

Submitted by Deb Corey, Mike Russell and Ed Stang

Date: 1/17/2019

A signed copy is available in the office.

## Benevolence & Noisy Offerings

<b><u>Worldwide Outreach ELCA</u></b>	
ELCA Worldwide Disaster	\$ 1,945
Feed My Starving Children	\$ 1,227
Abandoned Children in Haiti	\$ 1,333
African Children Today	\$ 401
Grace 4 Rakai	\$ 380
Lutheran Disaster Relief	\$ 946
<b>Contribution:</b>	<b>\$ 6,232</b>
<b><u>Community Outreach</u></b>	
Families In Need	\$ 3,115
Habitat for Humanity	\$ 367
Eagle's Healing Nest Veterans Home	\$ 961
Family Promise	\$ 624
Faith Partnership with Sand Creek	\$ 734
Stepping Stones	\$ 263
Other	\$ 2,199
<b>Contribution:</b>	<b>\$ 8,263</b>
<b>NOISY OFFERINGS TOTAL</b>	<b>\$ 14,495</b>
<b><u>Benevolence</u></b>	
ELCA -Minneapolis Area Synod	\$ 40,000
LSS - Lutheran Social Services	\$ 4,500
Other	\$ 13,120

### IN KIND DONATIONS:

- 88 Stepping Stone Gift Bags donated at Christmas
- 6 families (19 people) received Grace Giving Tree gifts
- 10 Families were blessed with Adopt a Family Christmas Gifts
- 22 Food Baskets received by Sand Creek families for Thanksgiving and Christmas
- Grab 2 Project -Over \$400 in school supplies donated for Sand Creek
- Grab 2 Project - \$1,723 donated to Our Abandoned Children in Haiti
- Love of Grace Bazaar raised \$3,000 for The Sheridan Story (supplying weekend meals for families in need). \$500 for Robin's Nest Sewing Center in Haiti. And \$900 to purchase children's Bibles at Grace.
- Oktoberfest Silent Auction raised \$670 for The Sheridan Story and \$670 for Hurricane Relief through Lutheran Disaster Response.

### 2017 Free 2B Grace Fund Benevolence Tithe (Given in 2018)

Family Promise of Anoka County	\$3,240
Hope 4 Youth	\$3,610
Grace 2 Haiti	\$2,870
Grace 4 Rakai	\$2,624
<b>Total</b>	<b>\$12,344</b>

**Free 2B Grace Tithe vote will be held in 2018** **\$ 6,243**

### 2018 Mortgage Payment Information

Principal paid	\$79,814
Interest paid	\$26,338
<b>Total</b>	<b>\$106,152</b>

## Membership Statistics



### New Members

Adults	15
Children	3

Membership	1098
Confirmed	25
Baptized Children	10
Baptized Adults	0

Weddings	1
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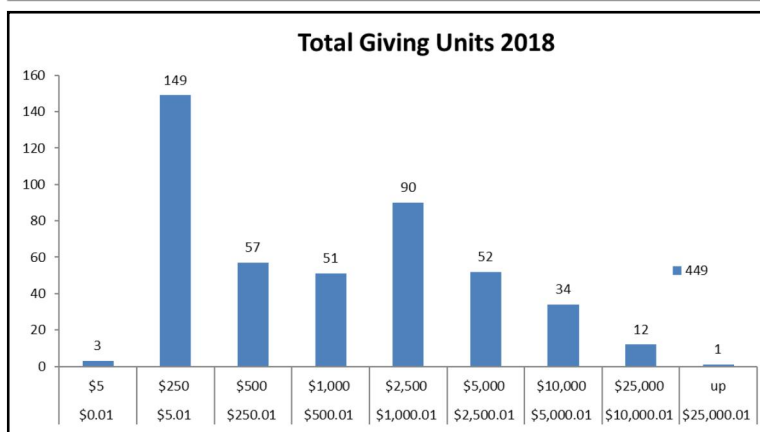
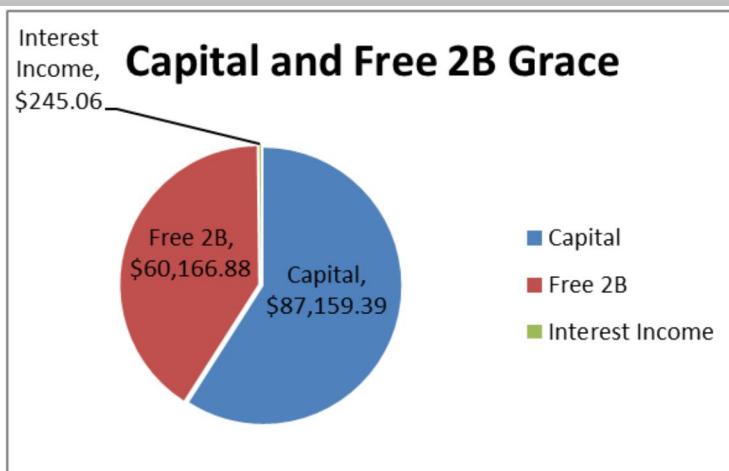
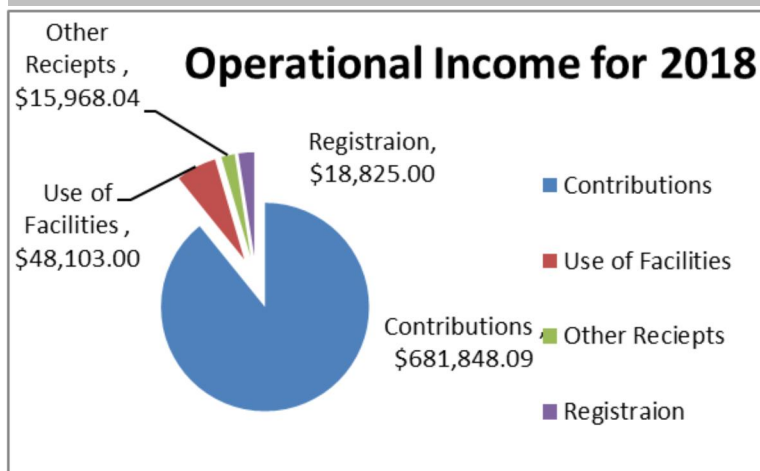
Funerals	11
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Trunk or Treat 2018



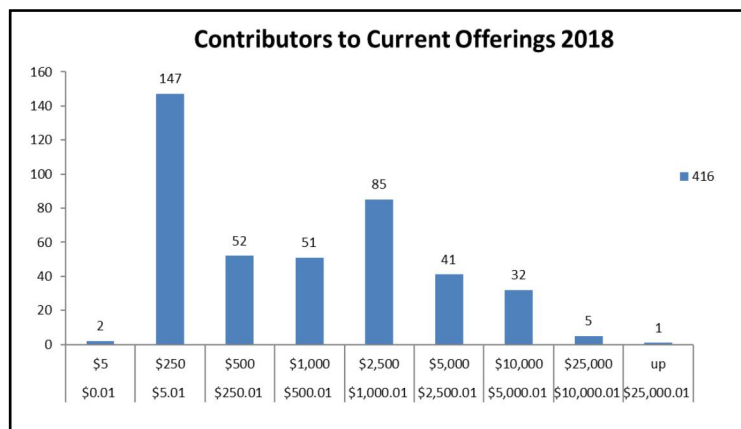
# How did Grace receive income in 2018?



ELCA Youth Gathering Houston



Praise Team sings during worship



The tables and charts above show how Grace received income in 2018. The majority of income at Grace comes from contributions made electronically or in the plate on Sundays. We receive about 41% of offerings electronically and 59% in the plate or by mail.

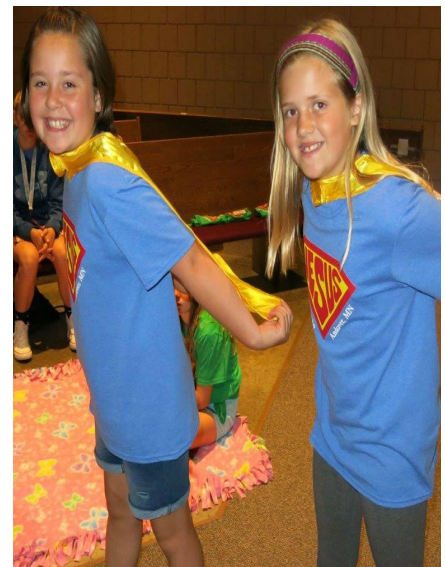
Grace saw a decline in the total number of contributors from 538 to all funds in 2017 to 449 in 2018. This is common. On a positive note, Grace had a successful stewardship campaign in October of 2018. Many family units have made a financial commitment to grow in their giving at Grace in 2019. We used their increased financial commitment to help us determine our Current Contributions for 2019.

In spite of the decrease in the number of contributors in 2018 (see back of page 8 for giving), giving in most areas is very similar to 2013 with a significant change in attendance.

If you have questions about the 2018 finances or budget, please contact Kate Morphew in the church office.

# Offerings and Revenue 2018

	2018 Actual	2018 Budget	2019 Budget
<b>Contributions</b>			
Current	681,848.09	745,000.00	712,800.00
Sunday School	523.98	1,300.00	0.00
Easter/Lent	15,234.56	17,500.00	15,500.00
Thanksgiving	1,197.00	1,100.00	1,200.00
Christmas	12,783.87	17,000.00	13,900.00
Noisy Offerings	14,495.14	20,000.00	15,100.00
<b>Sub Total</b>	<b>726,082.64</b>	<b>801,900.00</b>	<b>758,500.00</b>
<b>Use of Facility</b>			
Day Care	45,000.00	45,000.00	46,500.00
Other	3,103.00	2,500.00	3,020.00
<b>Sub Total</b>	<b>48,103.00</b>	<b>47,500.00</b>	<b>49,520.00</b>
<b>Registrations</b>	<b>18,825.00</b>	<b>17,050.00</b>	<b>18,800.00</b>
<b>Other Receipts</b>			
Other Receipts	4,768.01	2,200.00	2,310.00
Olson Trust	11,200.00	15,000.00	12,400.00
<b>Sub Total</b>	<b>15,968.01</b>	<b>17,200.00</b>	<b>14,710.00</b>
<b>Total</b>	<b>808,978.65</b>	<b>883,650.00</b>	<b>841,530.00</b>



VBS 2018 — Hero Central

## Summary of 2018 Operational Budget Expenses



Catechism Small Group

	2018 Actual	2018 Budget	2019 Budget
Benevolence	\$72,555.87	\$80,190.00	\$75,850.00
Administrative	\$45,668.92	\$61,700.00	\$50,110.00
Worship	\$4,673.12	\$6,900.00	\$6,750.00
Stewardship	\$225.35	\$1,400.00	\$800.00
Education	\$7,647.89	\$11,600.00	\$11,850.00
Music	\$2,131.89	\$3,150.00	\$3,350.00
Outreach Ministry	\$493.98	\$1,400.00	\$1,800.00
Fellowship	\$3,897.33	\$7,750.00	\$6,970.00
Property	\$68,375.71	\$68,150.00	\$70,550.00
Youth	\$8,190.63	\$9,575.00	\$8,600.00
Personnel	\$586,388.14	\$631,835.00	\$604,900.00
<b>Total</b>	<b>\$800,248.83</b>	<b>\$883,650.00</b>	<b>\$841,530.00</b>

## Giving Comparison 2013-2018

	2013	2014	2015	2016	2017	2018
Current	\$680,115.05	\$703,752.37	\$714,219.96	\$764,747.07	\$747,976.92	\$681,848.09
Other	\$36,369.59	\$33,264.12	\$31,394.72	\$43,723.93	\$29,926.51	\$29,739.41
Capital	\$87,383.50	\$80,332.00	\$76,329.00	\$78,834.66	\$84,658.50	\$87,159.39
Free 2B	\$183,539.00	\$187,271.50	\$192,495.00	\$154,222.66	\$123,138.00	\$60,166.88
<b>*Total:</b>	<b>\$987,407.14</b>	<b>\$1,004,619.99</b>	<b>\$1,014,438.68</b>	<b>\$1,041,528.32</b>	<b>\$985,699.93</b>	<b>\$858,913.77</b>

\* These numbers do not include noisy offerings.