

SOUTHWOOD LUTHERAN CHURCH

ANNUAL MEETING, 2021

AGENDA

FEBRUARY 21, 2021

CALL TO ORDER: PRESIDENT: DENISE MEYER

OPENING PRAYER: PASTOR GREG OLSON

APPROVAL OF AGENDA

APPROVAL OF MINUTES: JANUARY 26, 2020 ANNUAL MEETING

NOMINATING COMMITTEE REPORT: DENISE MEYER

ELECTION OF CHURCH COUNCIL MEMBERS – Joel Barjenbruch, Sharon Harms, Jenna Huttenmeier, Erik Wichita

ELECTION OF ENDOWMENT FUND TRUSTEES – Dale Niebuhr, Shari Rector

TREASURER'S REPORT: LINDA WHITMIRE

ADOPTION OF 2021 ANNUAL BUDGET: LINDA WHITMIRE

RESOLUTION TO APPROVE SALE OF 40TH STREET LAND: LINDA WHITMIRE

ELECTION OF 2021 NOMINATING COMMITTEE: DENISE MEYER

Kay Anderson, Joel Barjenbruch, Andy Hunzeker, Shawn Meister, Denise Meyer

PRESIDENT'S REPORT

ADJOURNMENT

CLOSING PRAYER: PASTOR MICHAEL RYAN

ANNUAL MEETING, 2020
SOUTHWOOD LUTHERAN CHURCH
JANUARY 26, 2020

CALL TO ORDER: President Kay Anderson
OPENING PRAYER: Pastor Greg Olson

APPROVAL OF AGENDA: Motion was made and seconded to approve the agenda for the Annual Meeting. Motion carried.

APPROVAL OF MINUTES: Motion was made and seconded to approve the minutes as presented. Motion carried.

NOMINATING COMMITTEE REPORTS: Motion was made and seconded to approve the following slates. Motion carried.

ELECTION OF CHURCH COUNCIL MEMBERS: Charlie Francis, reporting for the Nominating Committee, presented the slate of candidates for election to the Church Council. The following members were elected: Brian Boesiger, Larry Buchmann, Jill Hurlbut, Cullen Robbins and Linda Whitmire.

ELECTION OF ENDOWMENT FUND TRUSTEES: Charlie Francis, reporting for the Nominating Committee, presented the slate of candidates for election for the Trustees for the Southwood Lutheran Endowment Fund. The following members were elected: Lori Buchmann, Dale Niebuhr and Sara Weyeneth.

TREASURER'S REPORT: Linda Whitmire presented the Treasurer's Report. Motion was made and seconded to approve the 2019 Treasurer's report. Motion carried.

ADOPTION OF 2020 ANNUAL BUDGET: Linda Whitmire presented the 2020 Annual Budget. Linda Whitmire fielded questions. Motion was made and seconded to approve the proposed 2020 Annual Budget. Motion carried.

ELECTION OF 2019 NOMINATING COMMITTEE: Kay Anderson, reporting for the Church Council, presented the slate of candidates for election to the Nominating Committee: Tom Blankenau, Jill Hurlbut, Jason Pauling, Linda Whitmire and Erik Wichita. Motion was made and seconded to approve the proposed slate. Motion carried.

PRESIDENT'S MESSAGE: Kay Anderson's message focused on humility. Gratefulness to God for humble servants in our church, parishioners and staff. Southwood has been a blessing to her and her life. She thanked Southwood members for allowing her to serve as president of the church council.

A motion to adjourn the meeting was made and seconded. Motion carried.

Meeting was closed with a prayer by Pastor Jessica Kingsborough.

Respectfully submitted,
Jill Hurlbut

Nominating Committee Report for Church Council

The Nominating Committee has selected these members of Southwood as nominees for the vacancies on the Church Council. Each nominee was asked to complete an information sheet in which they were asked the same information. They provided the following information:

Joel T. Barjenbruch-Financial Advisor. Joel has been a member of Southwood for 10 years. His service to Southwood Lutheran Church includes being on the Ministry Advisory Board, serving on the Church Council and being an instructor for the Baptism Class. Joel's service in the community includes serving at Matt Talbot Kitchen. "What do you see as the greatest challenges and opportunities for Southwood Lutheran?" *"Continuing to provide a safe, community event for worshipping during the pandemic. Engaging our youth to continue to grow in their faith beyond high school and transitioning to college/adulthood with God at the center of their lives."*

Sharon L. Harms-Director of Radiology, Radiation Oncology and GI Specialties for Bryan Medical Center. Sharon has been a member of Southwood for 8 years. Her service to Southwood Lutheran Church includes volunteering as an usher, greeter, participating in the Giving Tree and serving on the Finance & Facilities Board. Sharon's other church service includes being a greeter, a Sunday School Teacher, Midweek Teacher, Christmas Program Co-Director, nursery attendant, serving as a Deacon/Deacon Board, being a member of a Building Project Team (for building a new church) and singing in choir. Her community service includes being a member of Southeast Community College Radiology Advisory Board, American Legion Post 105, volunteering at Matt Talbot Kitchen and the Gathering Place and participating in the Memorial Day Service in Adams, NE. "What do you see as the greatest challenges and opportunities for Southwood Lutheran?" *"Challenges - Emerging from the pandemic and redeveloping consistent member attendance. Balancing growth of the congregation and facilities with financial obligations. Setting priorities in this regard so Southwood is able to attract new members and provide appropriate spaces. Developing a strategy for replacement of the senior pastor when Pastor Greg retires. Opportunities - Membership growth with the housing expansions in Lincoln, Hickman, and other surrounding areas. Helping our membership and our community recover (mind, body, spirit) from the pandemic. There are many people hurting, but hesitant to ask for help. Will be important to develop more opportunities to reach out and help those who need it most. Recruiting more volunteers to support the church services and the community. Continuing to support global missions (financially and via mission trips) as we recover from the pandemic."*

Jenna G. Huttenmaier-Academic Advisor & Career Specialist, UNL's Computer Science and Engineering Department. Jenna has been a member of Southwood for 4 years. Her service to Southwood Lutheran Church includes serving as a greeter, usher, funeral team member, backpack volunteer, 50th Anniversary Committee member, daily devotion writer and communion assistant. Jenna's other church service includes volunteering at the Gathering Place and Matt Talbot Kitchen and participating in Southwood Serves and the Giving Trees. Jenna's community service includes being a hotline volunteer for Resolve and past volunteer at Capital Humane Society and Hearts United for Animals. "What do you see as the greatest challenges and opportunities for Southwood Lutheran?" *"I think getting people back to church safely and consistently in 2021 will be one of our greatest challenges. We'll need to find ways to motivate the congregation and help them remember the benefits of weekly in-person worship while ensuring their safety. I don't know what Southwood's financial situation is at the moment, but I imagine there are shortfalls after a year like 2020. Eventually, we'll have a large task in replacing Pastor Greg. He's been the heart of our church for decades so this will be no small feat. I'm sure there are other challenges that I'm not aware of, but I look forward to working together to solve them."*

Erik M. Wichita-Technology Executive (Lead Operations and Transformation at Fiserv). Erik has been a member of Southwood for 22 years. His service to Southwood Lutheran Church includes being a past member of the Ministry Advisory Board, is a current daily devotion writer and has participated in Southwood Serves. Erik's other church service includes speaking at past Sunday services, being a DELVE mentor and Ad Hoc Committees. "What do you see as the greatest challenges and opportunities for Southwood Lutheran?" *"Opportunities-Build, further lean into our inclusive, mission-based theme. Further expand our online content, studies and platforms to reach people where they are. Challenges-The headwind of a me-first culture spilling into me-first faith, Christian pluralism (too many choices proclaiming as "right"). Opportunity and challenge – Gracefully transitioning leadership."*

Nominating Committee Report for Endowment Fund Trustees

These members of Southwood have agreed to be nominees for Endowment Fund Trustee. They were asked to complete an information sheet in which they provided the following information:

Dale K. Niebuhr-Retired accountant, auditor and risk manager. Dale has been a member of Southwood for 12 years. His service to Southwood includes being a Men's Breakfast leader, offering counter, Backpack Transport coordinator and small group participant. His other church service includes volunteering for Gathering Place, Matt Talbot & Kitchen Outreach and Food Distribution and going on mission trips to Honduras and Tanzania.

Sharilyn K. Rector-Retired. Sharilyn has been a member of Southwood for 20 years. Her service to Southwood includes being a communion assistant, volunteering at Southwood Central and Education Station, helping with the First Communion workshop for kids, backpacks for Saratoga, LPS Food Pantry at Bryan, serving on the Tanzania Scholarship Committee, participating in two mission trips to Tanzania, volunteering at the Gathering Place, office receptionist volunteer and the Mourning Hope Christmas Event. Sharilyn's other church service includes being a small group participant, grief support group and Renewed Hope participant. Her community service includes being a TeamMate mentor, a member of Kiwanis Club of Lincoln Southeast, serving on the Kiwanis Board of Directors, Program Chair-Terrific Kids, Program participant-Cedars Backpacks for school supplies and Randolph School backpacks.

SOUTHWOOD LUTHERAN CHURCH
REPORT ON INTERNAL FINANCIAL PROCEDURES

We reviewed certain internal financial procedures for 2019 for Southwood Lutheran Church. Procedures performed and any suggestions for the financial procedures are as follows:

- One deposit per month was randomly selected. Deposits included electronic fund transfers. All deposits selected were traced to the corresponding bank statement. Church service deposits were checked for accuracy and a sample of contribution amounts were matched to the contributor record control sheets. No exceptions noted.
- The deposit procedures were reviewed with the Director of Administration/Finance. Control procedures include dual controls and rotation of duties. Procedures were deemed adequate.
- One check or withdrawal per month was randomly selected. Reviewed invoices for proper account coding and payment approval. The check or withdrawal was traced to the corresponding bank statement and any check was reviewed for an approved signee. No exceptions noted.
- All monthly bank statements were reviewed. Monthly checking account bank reconciliations were performed in a timely manner. Agreed bank reconciliation amounts to the monthly financial statements. No exceptions. Bank reconciliations were reviewed with evidence of the review present. One exception noted.
- The money market account includes designated and restricted funds. Designated and restricted funds are accounted for and reconciled within the Church's accounting software. Reviewed the accounting detail, no exceptions noted.
- The loan payment activity for 2019 was reviewed. The lender statement was compared to the monthly financial statements. Also traced debt payments to approved budget amounts. No exceptions noted.
- Scanned insurance policies for adequacy of coverage and policies. Agreed policy amounts to annual financial statements. No exceptions noted.
- Reviewed quarterly payroll tax returns, W-2 and 1099 forms. Compared W-2 forms to quarterly payroll tax returns. Reconciled gross wages and employer payroll tax expense on annual financial statements to payroll records. Traced approved pastor housing allowance to pastor W-2 forms. No exceptions noted.
- The minutes of Church council were reviewed. Traced any financial matters noted with no exceptions.
- We noted two disbursements that were authorized by an internal email. One was partially substantiated with details of the cash transaction. Although improved we recommend controls be considered regarding this practice such as a threshold where board approval or an invoice be required. The Director of Administration/Finance indicated that they are moving to wire transfers instead of cash funding. This change will improve the controls over cash transactions.

Pat Meyer

Pat Meyer

Cheryl Meyer

Cheryl L. Meyer

Southwood Lutheran Church
Statement of Net Assets
Thursday, December 31, 2020

| | General Fund | Designated Funds | Missions Fund |
|---|----------------------|-----------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 648,918 | | \$ 348,520 |
| Contingency Fund | | \$ 10,753 | |
| Building/Grounds Repairs/Maintenance Fund | | \$ 215,949 | |
| Equipment Replacement Fund | | \$ 13,182 | |
| Other Dedicated Funds | | \$ 161,770 | |
| Furniture and equipment | 1,387,826 | | |
| Land and buildings | 7,988,240 | - | |
| Total Assets | \$ 10,024,984 | \$ 401,654 | \$ 348,520 |
| Liabilities | | | |
| American National Notes | \$ 1,487,562 | \$ - | |
| Other | - | - | |
| Total Liabilities | 1,487,562 | - | |
| Net Assets | | | |
| Unrestricted | 8,537,422 | - | |
| Temporarily restricted | - | 401,654 | \$ 348,520 |
| Total Net Assets | 8,537,422 | 401,654 | 348,520 |
| Total Liabilities and Net Assets | \$ 10,024,984 | \$ 401,654 | \$ 348,520 |

Southwood Lutheran Church
Statement of Revenue and Expenses, Actual and Budget, General Fund
For the Year Ended December 31, 2020

| | Annual Budget | Y-T-D Actual | Percentage of Actual to Budget |
|---|----------------------|---------------------|---|
| Revenues | | | |
| Plate offerings and other giving | \$ 3,240,000 | * \$ 3,185,550 | 98.32% |
| Expenses | | | |
| Exec Committee/Council | | | |
| Personnel Costs | 1,916,515 | 1,794,011 | 93.61% |
| ELCA/Synod support | 175,000 | 175,000 | 100.00% |
| Total Exec Committee/Council | 2,091,515 | 1,969,011 | 94.14% |
| Ministry Board | | | |
| Hospitality | 70,500 | 12,365 | 17.54% |
| Youth | 49,000 | 17,847 | 36.42% |
| Children & Family | 48,900 | 32,143 | 65.73% |
| Worship and music | 76,400 | 40,519 | 53.04% |
| Adult Education | 9,500 | 4,194 | 44.15% |
| Total Ministry Board | 254,300 | 107,068 | 42.10% |
| Mission Board | 100,000 | 59,688 | 59.69% |
| Care Board | 12,750 | 3,145 | 24.67% |
| Finance & Facilities Board | | | |
| Administration/Office | 123,580 | 110,554 | 89.46% |
| Building & Grounds | 366,800 | 319,247 | 87.04% |
| Debt Service | 400,000 | 399,999 | 100.00% |
| Total Finance & Facilities Board | 890,380 | 829,800 | 93.20% |
| Total Expenses | 3,348,945 | 2,968,712 | 88.65% |
| Net Revenues Over (Under) Expenses | \$ (108,945) | \$ 216,838 | |

* Includes a tax credit of \$76,816

Southwood Lutheran Church
Dedicated Mission Fund Activity
For the month ended December 31, 2020

| Mission Fund | Beginning Balance 1/1/20 | 2020 Income | 2020 Expenses | Ending Balance 12/31/20 |
|----------------------------|-----------------------------|----------------|------------------|----------------------------|
| Mission | 137,575 | 218,296 | 214,261 | 141,610 |
| Schools (Christmas) | 29,376 | 555 | 29,931 | - |
| Community Mission | 0 | 52,020 | - | 52,020 |
| Hunger | 7,928 | 7,530 | 10,531 | 4,927 |
| Global Mission | 2,438 | 31,165 | 32,300 | 1,303 |
| Honduras | 1,210 | 17,404 | 16,927 | 1,687 |
| Honduras Medical Clinic | 55,654 | | | 55,654 |
| Honduras Agriculture | 1,892 | | | 1,892 |
| Tanzania | 6,400 | 11,000 | 15,831 | 1,569 |
| Tanzania School | 35,180 | 100 | | 35,280 |
| Tanzania Scholarships | 52,908 | 95,994 | 96,320 | 52,582 |
| Travel | 2,252 | 13,769 | 16,021 | - |
| Total Fund Balances | 332,813 | 447,833 | 432,122 | 348,524 |

2021 Budget Narrative

The Church Council proposes that the Congregation approve the 2021 Budget as presented. General fund giving is projected to increase about 4.8% over actual 2020 giving. This budget will allow us to continue the high quality of Southwood programs. Specific items include:

- **Staff** – Southwood could not keep the high quality of worship, ministry, mission and care without our dedicated staff.
- **Programming** – The pandemic has allowed us to find new ways to do ministry! This budget allows us to continue our online worship and Christian education post-pandemic.
- **Building** –As our building gets older, we have increased maintenance costs. This budget allows us to set aside money for unexpected repairs and some building and grounds improvements.
- **Mission** – We continue to pay the administrative costs of Mission through the general fund. This includes costs for Southwood Serves, staff travel, travel insurance, trip scholarships, and ongoing support for our pastors in Honduras and Tanzania.
- **50th Anniversary Gift** – The budget includes \$100,000 for gifts to Mission partners to celebrate our 50th anniversary.
- **Debt Payments** – We continue to pay down our debt. We currently owe \$1.5 million.
- **Planned Budget Deficit** – This proposed budget shows a deficit of about \$225,000. However, we have approximately \$650,000 in our cash reserve that will cover the deficit, if needed.

Southwood Lutheran Church
Statement of Budget Revenue and Expense
For the Year 2021

| | <u>2020 Budget</u> | <u>2020 Actual</u> | <u>2021 Budget</u> | Percentage Change 2020 Actual verses 2021 Budget |
|------------------------------------|---------------------|--------------------|---------------------|---|
| Revenues | | | | |
| Total Income | <u>3,240,000</u> | <u>3,185,550</u> * | <u>3,260,000</u> | <u>2.3%</u> |
| Expense | | | | |
| Executive Committee/Council | | | | |
| Staff | 1,916,515 | 1,794,011 | 1,973,417 | 10.0% |
| ELCA Support | 175,000 | 175,000 | 175,000 | 0.0% |
| Ministry | | | | |
| Hospitality | 70,500 | 12,365 | 40,600 | 228.3% |
| Youth | 49,000 | 17,847 | 44,500 | 149.3% |
| Children and Family | 48,900 | 32,143 | 50,425 | 56.9% |
| Worship and music | 76,400 | 40,519 | 76,400 | 88.6% |
| Adult Education | 9,500 | 4,194 | 7,500 | 78.8% |
| Mission | 100,000 | 59,688 | 200,000 | 235.1% |
| Pastoral Care | 12,750 | 3,145 | 12,175 | 287.1% |
| Finance and Facilities | | | | |
| Building and grounds | 366,800 | 319,247 | 376,200 | 17.8% |
| Administration and office | 123,580 | 110,554 | 128,960 | 16.6% |
| Mortgage payment | 400,000 | 399,999 | 400,000 | 0.0% |
| Total Expense | <u>3,348,945</u> | <u>2,968,712</u> | <u>3,485,177</u> | <u>17.4%</u> |
| Income Less Expense | <u>\$ (108,945)</u> | <u>\$ 216,838</u> | <u>\$ (225,177)</u> | |

* Includes a tax credit of \$76,816

**Mission Dedicated Funds
2021 Income and Spending Plan**

| | | |
|--|---------------|----------------|
| Total of Dedicated Mission Funds 12/31/2020 | | 295,939 |
| 2021 special offerings | | |
| Estimated income: | | |
| Lent/Easter Offering | 50,000 | |
| Thanksgiving Offering | 5,000 | |
| Christmas Offering | 30,000 | |
| Mission Sunday | 55,000 | |
| Miscellaneous Donations | <u>50,000</u> | |
| Total | | <u>190,000</u> |
| Total funds available | | <u>485,939</u> |

| | | |
|---------------------------------|---------------|----------------|
| Planned Spending | | |
| Community Mission | | |
| Meals on Wheels | 2,000 | |
| Food Box | 8,000 | |
| Clinic with a Heart Donation | 2,000 | |
| Matt Talbot | 10,500 | |
| Gathering Place | 9,900 | |
| Food Bank Programs | 49,000 | |
| Garden | 1,500 | |
| F Street - We Can Do This | 2,000 | |
| Chapter 25 | <u>6,000</u> | 90,900 |
| Global Mission | | |
| Tanzania Sister Church | 45,000 | |
| Honduras Sister Church | 45,000 | |
| The Children's Home Project | <u>29,200</u> | 119,200 |
| Total Planned Spending | | 210,100 |
| Estimated 2021 year-end balance | | <u>275,839</u> |

Resolution – Sale of 40th Street Land

Whereas, Southwood Lutheran Church owns approximately 6 acres of land, described as Outlot L, Grandale Addition, with a western border of 40th St and an eastern border of Prairie Wind Road (the “Outlot L Parcel”), which it acquired as part of its purchase in 2001 of the property on which the church is currently located; and

Whereas, Southwood Lutheran Church has carefully considered and has determined that it has no current or future use for the Outlot L Parcel; and

Whereas, the City of Lincoln has expressed an interest in purchasing the Outlot L Parcel for the purpose of building a new fire station and has made an offer of \$770,000; and

Whereas, having a fire station on the Outlot L Parcel would be beneficial to Southwood and would provide Southwood with funds that it could use for worthwhile purposes; and

Whereas, the Southwood Lutheran Church Council considers \$770,000 to be a fair and reasonable price for the Outlot L Parcel based on an appraisal; and

Whereas, the Constitution of Southwood Lutheran Church requires the congregation to specifically authorize the Church Council to sell any real property.

Now, therefore, be it resolved, that the Southwood Lutheran Church Council is hereby authorized to enter into a contract with the City of Lincoln to sell the Outlot L Parcel for the sum of \$770,000 and on such other terms and conditions as the Church Council deems reasonable and appropriate; and

Be it further resolved, that the proceeds of this sale be allocated as follows: \$300,000 to the Building Repairs/Contingency Fund, \$50,000 for a sign, with the remainder after sales expenses being used to pay off debt.

**SOUTHWOOD LUTHERAN
CHURCH ENDOWMENT FUND
2020 ANNUAL REPORT**

The Southwood Lutheran Church Endowment Fund is invested in socially responsible mutual funds that meet criteria established by the Church and the Trustees. As of December 31, 2020, the balance in the Endowment Fund was \$538,651. As of 12/31/2020, the Endowment assets are allocated 60% Stock, 35% to bonds and 5% in money markets.

The Endowment Fund had a return of 11.4% for 2020. The Endowment Fund produced income of \$8,519, of which approximately \$7,667 will be available for distribution in 2021. (Per guidelines, 10% of the annual income must be reinvested back into the fund balance).

The Trustees reviewed and approved the following requests for funding in 2020:

1. Annual gift for Tanzania Scholarships - \$785
2. Hurricane Relief Pronino - \$2,500

Income from the Endowment Fund is used in four areas:

- Outreach into the community and Nebraska Synod
- Missions of the ELCA in this continent and worldwide
- New ministry opportunities within Southwood
- Other causes and programs which enhance the mission outreach of Southwood

Southwood members can apply for funds that meet the above qualifications.

Gifts to the Endowment Fund may be designated in memory or honor of a loved one, in response to God's goodness, as a witness to one's faith or as a financial boost to the mission and ministry of the church. There are many ways to give to the fund. Gifts can be given outright, deferred from a final estate, given anonymously or given to celebrate. If you are feeling called to give we encourage you to visit with a financial planner who can offer many creative ways to give to maximize your gift.

On behalf of the Endowment Trustees, I would like to thank you for allowing us to serve our church in this capacity.

For the Endowment Fund Trustees,
Lori Changstrom