

SOUTHWOOD LUTHERAN CHURCH

ANNUAL MEETING, 2019

AGENDA

JANUARY 20, 2019

CALL TO ORDER: PRESIDENT: TOM BLANKENAU

OPENING PRAYER: PASTOR GREG OLSON

APPROVAL OF AGENDA

APPROVAL OF MINUTES: JANUARY 20, 2018 ANNUAL MEETING

NOMINATING COMMITTEE REPORT: KAY ANDERSON

ELECTION OF CHURCH COUNCIL MEMBERS – Melanie Crocker, Laura Leger, Matt Novosad, Jodi Rowlett

ELECTION OF ENDOWMENT FUND TRUSTEES – Cullen Robbins

TREASURER'S REPORT: LINDA WHITMIRE

ADOPTION OF 2019 ANNUAL BUDGET: LINDA WHITMIRE

ELECTION OF 2019 NOMINATING COMMITTEE: TOM BLANKENAU

Charlie Francis, Scott Kiefer, Laura Leger, Kim Moore, Jodi Rowlett

PRESIDENT'S REPORT

ADJOURNMENT

CLOSING PRAYER: PASTOR MICHAEL RYAN

The 2019 Annual Meeting of Southwood Lutheran Congregation will be held Sunday, January 20 at 12:00 p.m., at Southwood Lutheran Church. All confirmed, communing, and contributing members of the Congregation are eligible to join in the decision-making process and vote. Please read the attached reports and come to the Annual Meeting.

<u>STATISTICAL REPORT</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Accessions</u>							
Baptized Members	328	412	345	227	317	241	186
Confirmed Members	188	269	204	122	159	118	100
<u>Losses</u>							
Baptized Members	154	137	151	193	151	230	232
Confirmed Members	126	58	59	111	104	108	183
<u>Baptisms</u>							
Children Baptized	97	90	104	81	89	81	68
Adults Baptized	9	9	5	10	3	5	4
<u>Worship Services</u>							
Sunday Worship Services	152	157	157	154	155	160	154
Average Attendance	1345	1379	1391	1387	1392	1428	1371
Lenten Services/Average	9/507	9/462	9/495	9/472	9/451	9/445	9/402
Other (Thanksgiving, Christmas)/Avg	6/623	6/653	6/671	6/656	5/818	2/343*	6/716
<u>Weddings</u>							
Weddings	27	17	29	31	19	21	21
<u>Funerals</u>							
Funerals	14	12	16	13	14	37**	26
<u>Membership</u>							
Baptized Members	3627	3902	4096	4134	4300	4311	4265
Confirmed Members	2661	2872	3017	3028	3125	3182	3099
Family Units	1372	1457	1578	1592	1649	1651	1671

*Christmas Eve included in Sunday for 2017

**Includes funerals by Southwood pastors done offsite

ANNUAL MEETING, 2018
SOUTHWOOD LUTHERAN CHURCH
JANUARY 21, 2018

CALL TO ORDER: President Jason Pauling
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: We reviewed the Annual Meeting minutes from the January 22, 2017 Annual Meeting. Motion made and seconded to approve the minutes as presented. Motion carried.

NOMINATING COMMITTEE REPORT: Neal Lyons, reporting for the Nominating Committee, presented the slate of candidates for election to the Church Council. The following members were elected: Kay Anderson, Joel Barjenbruch, Andy Hunzeker, Denise Meyer.

ELECTION OF ENDOWMENT FUND TRUSTEES: Neal Lyons, reporting for the Nominating Committee, presented the slate of candidates of Trustees for the Southwood Lutheran Endowment Fund. Jodi Rowlett, Bruce Stedronsky.

TREASURER'S REPORT: Neal Lyons presented the Treasurer's Report. The 2017 Treasurer's report approved and seconded. Motion carried.

ADOPTION OF 2018 ANNUAL BUDGET: Neal Lyons presented the 2018 Annual Budget. Motion made and seconded to approve the proposed 2017 Annual Budget. Motion carried.

ELECTION OF 2018 NOMINATING COMMITTEE: Jason Pauling, reporting for the Church Council, presented the slate of candidates for election to the Nominating Committee: Kay Anderson, Brian Boesiger, Andy Hunzeker, Denise Meyer, Duane Wade. Motion made and seconded to approve the proposed slate. Motion carried.

PRESIDENT'S MESSAGE: Jason Pauling's message focused on thankfulness. Thankfulness to God for the staff, pastors and members and the work that all do in our community and the world.

Meeting was closed with a prayer by Pastor Michael Ryan

Respectfully submitted,
Duane Wade

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:

Melanie S. Crocker-Program Manager. Melanie has been a member of Southwood for 17 years. Her service to Southwood Lutheran Church includes currently serving on the Altar Guild, being a former Sunday School teacher and helping with Advent Festival. She also has provided food for the Food Bank and bought gifts for the Giving Tree. Melanie's service in the community includes volunteering with the United Way, working with Community Action and reading and playing with kids at a local community center. "What do you see as the greatest challenges and opportunities for Southwood Lutheran?" *"Growth is both the challenge and the opportunity. Bringing in new families will help us to continue spreading our message and providing the mission and service work that we do. This is also the greatest challenge because we will need to figure out how to use our existing space more efficiently and also make tough decisions about expanding our building."*

Laura G. Leger-Veterinary Microbiologist. Laura has been a member of Southwood for 24 years. Her service to Southwood Lutheran Church includes being a current member of the Church Council, a writer for the Daily Devotionals, Small Group Leader, an usher, participating in Southwood Serves and volunteering at The Gathering Place, Matt Talbot and Tabitha Village. Laura's community service includes volunteering at the People's City Mission and the Nebraska Community Blood Bank. "What do you see as the greatest challenges and opportunities for Southwood Lutheran?" *"Maintaining a vibrant and healthy church, while keeping all church members connected. Creating a culture centered around service and using our resources to the best of our ability so that we can make the greatest impact both locally and worldwide. Staying relevant to future generations to allow for growth within our congregation."*

Matthew J. Novosad-Client Service Manager. Matthew has been a member of Southwood for 10 years. His service to Southwood Lutheran Church includes being a café host, usher, and a Team Leader on Sunday mornings, being a member of the Care Advisory Board, participating in Southwood Serves, delivering meals for Meals on Wheels and buying gifts for the Giving Tree. Matthew's community service includes being blood donor and volunteering with the United Way. "What do you see as the greatest challenges and opportunities for Southwood Lutheran?" *"By Lincoln's population expanding it creates challenges and opportunities. Need for more volunteers comes to mind to serve both at Southwood and in the community. However attracting the expanding population to Southwood allows for a greater volunteer base. The development around Southwood may congest traffic flows. The need for another pastor to handle the expanding church population."*

Jodi R. Rowlett-Marketing Manager. Jodi has been a member of Southwood for 23 years. Her service to Southwood Lutheran Church includes currently serving on the Endowment Fund Board, being a Team Leader, host and Southwood Central volunteer on Sunday mornings, serving at The Gathering Place and with the Rural Food Distribution and being a past Church Council, Care Advisory Board, Ministry Advisory Board, and pastor search committee member and a former Sunday School and Bible School volunteer. Jodi's community service includes being a United Way volunteer and Past Loaned Executive, a Gifts of Love volunteer and donor for the Blood Bank. "What do you see as the greatest challenges and opportunities for Southwood Lutheran?" *"Southwood Lutheran is extremely strong from a leadership, financial, facilities, ministry, mission and care ministry perspective. I am always so impressed how these top-notch programs continue to grow and expand year over year. But growth can be a double-edged sword. As we continue to grow, two areas of opportunity are clear:"*

First, as our membership continues to grow, we have to focus on getting new members engaged with programs as participants or volunteers. We may be one of the largest Lutheran churches in the United States but we want our members to feel connected and part of a family. We have made progress in this area and need to continue this positive momentum.

Second, continued growth leads to a need to evaluate our facilities. Do we consider alternative services, expand our current facility, or expand our presence through an additional campus? These are tough questions with no simple answers. Through discussion, commitment and prayer, I know God will lead us to the “best” next step for Southwood Lutheran and the Lincoln community.”

Nominating Committee Report for Endowment Fund Trustees

This member of Southwood has agreed to be a nominee for Endowment Fund Trustee. He was asked to complete an information sheet in which he provided the following information:

Cullen R. Robbins-Director of NUSF/Telecommunications. Cullen has been a member of Southwood for 13 years. His service to Southwood includes: serving in the café and co-teaching the Freed Up Financial Class with his wife and he currently serves on the Endowment Fund Board and Mission Board. “What do you see as the greatest challenges and opportunities for Southwood Lutheran?” *“In the time that I have been a member at Southwood, I have been impressed with how the church turns challenges into opportunities. I think the growth of the church is a potential challenge – will we need more space? What options for handling that does the congregation want to entertain? I also see pastoral transitions as a potential challenge – we have great leadership at Southwood, and planning for transitions will obviously be important to the future of Southwood.”*

SOUTHWOOD LUTHERAN CHURCH
REPORT ON INTERNAL FINANCIAL PROCEDURES

We reviewed certain internal financial procedures for 2017 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 the envelope numbers and 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 are reviewed but evidence of the review was not always present. We recommend the treasurer initial and date all bank reconciliations as evidence of his or her review.
- 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 2017 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 and all committees were reviewed. Traced any financial matters noted with no exceptions.
- We noted two checks were written that were authorized by an internal email. We recommend controls be considered regarding this practice such as a threshold where board approval or an invoice be required.


Pat Meyer


Cheryl Meyer

Southwood Lutheran Church
Statement of Net Assets
Monday, December 31, 2018

	General Fund	Designated Funds	Missions Fund
Assets			
Cash and cash equivalents	\$ 280,913		\$ 388,544
Contingency Fund		\$ 4,285	
Building/Grounds Repairs/Maintenance Fund		\$ 7,221	
Equipment Replacement Fund		\$ 900	
Other Dedicated Funds		\$ 167,192	
Furniture and equipment	1,387,826		
Land and buildings	7,988,240	-	
Total Assets	\$ 9,656,979	\$ 179,598	\$ 388,544
Liabilities			
American National Notes	\$ 2,120,651	\$ -	
Other	14	-	
Total Liabilities	2,120,665	-	
Net Assets			
Unrestricted	7,536,314	-	
Temporarily restricted	-	179,598	\$ 388,544
Total Net Assets	7,536,314	179,598	388,544
Total Liabilities and Net Assets	\$ 9,656,979	\$ 179,598	\$ 388,544

Southwood Lutheran Church
Statement of Revenue and Expenses, Actual and Budget, General Fund
For the Year Ended December 31, 2018

	<u>Annual Budget</u>	<u>Y-T-D Actual</u>	<u>Percentage of Actual to Budget</u>
Revenues			
Plate offerings and other giving	\$ 3,010,000	\$ 2,970,609	98.69%
Expenses			
Exec Committee/Council			
Personnel Costs	1,745,837	1,691,807	96.91%
ELCA/Synod support	225,000	225,000	100.00%
Total Exec Committee/Council	<u>1,970,837</u>	<u>1,916,807</u>	97.26%
Ministry Board			
Hospitality	28,500	20,070	70.42%
Youth	46,425	46,083	99.26%
Children & Family	44,490	39,911	89.71%
Worship and music	70,900	55,387	78.12%
Adult Education	18,590	14,047	75.56%
Total Ministry Board	<u>208,905</u>	<u>175,498</u>	84.01%
Mission Board	<u>40,000</u>	<u>39,991</u>	99.98%
Care Board	<u>15,500</u>	<u>14,871</u>	95.94%
Finance & Facilities Board			
Administration/Office	111,229	101,436	91.20%
Building & Grounds	321,200	318,124	99.04%
Debt Service	400,000	399,445	99.86%
Total Finance & Facilities Board	<u>832,429</u>	<u>819,005</u>	98.39%
Total Expenses	<u>3,067,671</u>	<u>2,966,172</u>	96.69%
Net Revenues Over (Under) Expenses	<u>\$ (57,671)</u>	<u>\$ 4,437</u>	

Southwood Lutheran Church
Dedicated Mission Fund Activity
For the month ended December 31, 2018

Mission Fund	Beginning Balance 1/1/2018	2018 Income	2018 Expenses	Ending Balance 12/31/2018
Mission	230,916	117,299	147,887	200,328
Schools (Christmas)	38,536	26,574	31,171	33,939
Healing Offerings	9,473	1,327	10,800	-
Hunger	4,698	12,037	9,273	7,462
Global Mission	200	45,625	45,722	103
Honduras	4,275	17,358	12,864	8,769
Honduras Medical Clinic	55,658			55,658
Honduras Agriculture	1,972		80	1,892
Tanzania	851	9,928	9,694	1,085
Tanzania Medical Dispensary	500		500	-
Tanzania School	28,000	10,000	12,820	25,180
Tanzania Scholarships	36,365	93,117	94,004	35,478
Travel	17,944	150,793	150,083	18,654
Total Fund Balances	429,388	484,058	524,898	388,548

2019 Budget Narrative

The Church Council proposes that the Congregation approve the 2019 Budget as presented. General fund giving is projected to increase about 5-6% in the coming year. 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. Increased dollars for staff include increased benefits costs (health insurance costs are increasing 4-5%) and raises. It also includes money for our Call Committee and the salary and benefits for a new Associate Pastor. In addition, as we prepare in future years for a Senior Pastor transition, the staff budget includes the addition of an Executive Director, as recommended by our Succession Plan team. More information about this position will be presented at the annual meeting.
- **Building** – In the coming year, we need to replace the spotlights and dimming panels in the sanctuary and also make repairs to the asphalt in the parking lot. As our building gets older, we have increased maintenance costs. This budget allows us to set aside money for unexpected repairs.
- **Mission** – For the past three years, we have supported the Lutheran Student Center's Capital Campaign in the amount of \$50,000 each year. We have completed our commitment and have moved this amount into the Mission budget line.
- **RightNow Media** – This is an online library of 20,000 faith-based videos for all ages. This is a faith-growth tool that meets people where they are, with options to engage in study sessions or just watch short inspirational talks. Topics range from parenting to biblical learning to leadership and work. Small Group Leaders can tailor studies based on their group's interests in between church wide studies and use the downloadable study guides. It can also be used by individuals to study on their own. Southwood will pay a subscription fee that allows all members to gain free access.
- **Rebranding/Website Upgrade/Church App/Technology upgrades** – In a time where people are using technology for almost everything in life, it's time that Southwood freshened up its look. Our staff will be working on updating our branding and our website. We are also looking into adding an app where members could access sermons, register for events, make donations, and get notifications. We also need to update our wireless network.
- **Interest Rate** – During the past year, the interest rate on our note increased from 3.6% to 5.61%. Although we are currently paying more than the minimum on our loan, this increase means that it will take longer to pay off than expected.
- **Planned Budget Deficit** – This proposed budget shows a deficit of about \$70,000. However, we have approximately \$280,000 in our cash reserve that will cover the deficit, if needed.

**Southwood Lutheran Church
Statement of Budget Revenue and Expense
For the Year 2019**

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	Percentage Change 2018 Actual verses 2019 Budget
Revenues				
Total Income	<u>3,010,000</u>	<u>2,970,609</u>	<u>3,140,000</u>	<u>5.7%</u>
Expense				
Executive Committee/Council				
Staff	1,745,837	1,691,808	1,849,623	9.3%
ELCA Support	225,000	225,000	175,000	-22.2%
Ministry				
Hospitality	28,500	20,070	38,500	91.8%
Youth	46,425	46,083	46,500	0.9%
Children and Family	44,490	39,912	46,490	16.5%
Worship and music	70,900	55,387	76,400	37.9%
Adult Education	18,590	14,047	8,180	-41.8%
Mission	40,000	39,991	90,000	125.1%
Pastoral Care	15,500	14,871	11,500	-22.7%
Finance and Facilities				
Building and grounds	321,200	318,125	349,200	9.8%
Administration and office	111,229	101,435	119,600	17.9%
Mortgage payment	400,000	399,444	400,000	0.1%
Total Expense	<u>3,067,671</u>	<u>2,966,173</u>	<u>3,210,993</u>	<u>8.3%</u>
Income Less Expense	<u>\$ (57,671)</u>	<u>\$ 4,436</u>	<u>\$ (70,993)</u>	

**Mission Dedicated Funds
2019 Income and Spending Plan**

Total of Dedicated Mission Funds 12/31/2018 388,548

2018 fundraisers and special offerings
Estimated income:

Lent/Easter Offering	50,000	
Thanksgiving Offering	5,000	
Christmas Offering	25,000	
Fundraisers:		
UFM Dinner	<u>50,000</u>	
Total		<u>130,000</u>

Total funds available 518,548

**Planned Spending
Community Mission**

Healing	25,400	
Hope	94,600	
Education	11,600	
Empowerment	<u>6,500</u>	138,100

Honduras

Healing (Medical Clinic)	50,000	
Hope	44,347	
Education	26,670	
Empowerment	<u>25,900</u>	146,917

Tanzania

Healing (Medical Dispensary)	24,872	
Hope/Education	52,800	
Empowerment	<u>9,500</u>	87,172

Total Planned Spending 372,189

Estimated 2019 year-end balance* 146,359

***This would be the balance if all spending occurred in 2019.
However, some of these projects are long-term and the expenses may occur over several years.**

**Southwood Lutheran Church
2014-2018**

	2014	2015	2016	2017	2018	% Change 2014-20118	2019 Budget
General Income Total	2,581,101	2,633,576	2,694,159	2,870,981	2,970,609	15.09%	3,140,000
Staff Total	1,276,539	1,535,787	1,618,619	1,653,214	1,691,807	32.53%	1,849,623
ELCA Synod Support Total	208,653	219,180	259,543	225,000	225,000	7.83%	175,000
Hospitality Total	25,258	23,192	28,900	25,381	20,070	-20.54%	38,500
Youth Total	21,350	28,307	31,242	36,348	46,083	115.85%	46,500
Children/Family Total	36,056	33,269	44,431	44,391	39,911	10.69%	46,490
Worship/Music Total	59,369	54,082	62,560	52,722	55,387	-6.71%	76,400
Adult Education	13,339	17,006	11,250	13,455	14,047	5.31%	8,180
Missions Total	125,000	57,220	46,104	33,865	39,991	-68.01%	90,000
Pastoral Care	5,019	9,892	12,099	11,025	14,871	196.29%	11,500
Bldg & Grnds Total	247,672	225,414	250,288	260,419	318,124	28.45%	349,200
Administration/Office Total	85,263	86,516	87,332	94,703	101,436	18.97%	119,600
Loan payments	500,000	400,355	399,955	399,954	399,445	-20.11%	400,000
Expense Account Total	2,603,518	2,690,220	2,852,323	2,850,477	2,966,172	13.93%	3,210,993
Income Less Expense	(22,417)	(56,644)	(158,164)	20,504	4,437		(70,993)
Average Worship Attendance	1,391	1,387	1,392	1,428	1,371	-1.44%	
Membership	4,096	4,134	4,300	4,311	4,265	4.13%	

SOUTHWOOD LUTHERAN CHURCH ENDOWMENT FUND 2018 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, 2018, the balance in the Endowment Fund was \$357,807. As of 12/31/2018, the Endowment assets are allocated 52% Stock, 39% to bonds and 9% in money markets.

The Endowment Fund had a return of -4.8% for 2018. The Endowment Fund produced income of \$8,365.73, of which approximately \$6,274 will be available for distribution in 2019. (Per guidelines, 25% of the annual income must be reinvested back into the fund balance).

The Trustees reviewed and approved the following requests for funding in 2018:

1. Internet access for Uroki in Tanzania – approved \$2,000
2. Getting Ahead Classes – approved \$1,000
3. Annual gift for Tanzania Scholarships - \$581

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,
Brian Bohling