

1) Zoom intro/practice

- a) Hand raising – everybody did it!
- b) Practice voting – it'll be a different pin for the congregational meeting
 - i) Ellen, Joshua, Harold Alley might need following up with

2) Mission budget discussion 7/2

- a) What expenses will we have in the next year?
 - i) If we're not in the building there won't be certain costs – janitorial, etc.
 - ii) Projecting a 5% decrease in budget for next FY compared to last FY. That decrease is driven by building costs.
 - iii) We'd like to be in the bldg. but we just can't right now.
 - iv) Nearly 70% of ORLC expenses are staff, the people that keep our mission running every year, laying groundwork for the future
 - v) Still providing COLA adjustments, fair wages for all their work and blessings
 - vi) Maintaining our giving to ELCA and community programs
- b) What will giving look like? Probably giving will be down as expected for nonprofits.
 - i) Giving has been relatively strong these first few months of COVID
 - ii) Applied for PPP loan, granted in full. We got \$78,900. A portion was used for 19-20 FY and about 52K we can use for next FY
- c) Looking at budget for next FY we will be at a planned surplus of about \$22K
- d) Recall we set a strategic plan to use Calvary funds. \$15K from Calvary makes our surplus even greater.
- e) Decreases to the programs are from facilities usages, not because the programs are being cut.
- f) Screen share budget from the packet
 - i) See the 5% reduction in cost overall
 - ii) Some reductions are high percentages but they are low dollar amounts
 - iii) Pastoral staff increases, COLA

3) Mission budget discussion 7/5

- a) P. 18 of the mailer, screen sharing
- b) Review prev year's budget, expenses, and forecast
- c) Amy, current treasurer, will give brief overview of the budget and answer questions
- d) This year has been a different year than past. All in the pandemic.
- e) Original budget that was approved for this year we had revenues (giving) increasing. That wasn't the case so we forecast a decrease
- f) Emilie did analysis of past giving, Karie did some analysis as well. Amy took our analysis plus the historical giving and some information about philanthropic trends from the past (e.g., great depression).
- g) Projected decline in loose offerings (since we're not in person), building use (can't use the bldg.), and envelope offerings (also down).
- h) We were granted PPP funding, one time grant. Taking 26K into end of year 2019-2020 to cover payroll at the end of the year. Remaining about 52K goes into July/August to offset payroll in early 2020-2021 budget.
- i) 15K of Calvary funds will finish up the strategic plan into 2020-2021 funds
- j) Showing where we ended fiscal 2020

- i) Adopted budget vs where we ended up
- ii) Overall revenue down 5% year over year
- iii) Other income showing is from the PPP loan
- iv) Expenses came in under budget, but we still spent more than we took in so net income loss
- k) We need to spend only where we need to do and staff has done a great job of doing that in this situation
- l) Gretchen: Faith formation looks like a huge cut. Wanted to point out that there are positives. Received a grant from a coaching organization that will work with us for free for 4 years!
- m) Matt: Through all of this the church still remains the church. It's reassuring that ORLC is still thriving.
 - i) Linda: Our worship service is incredible, how we've put together a live service. It really keeps us together.

4) Questions (from both meetings)

- a) Kristine: Is there a reduction from rentals? Curious what the rentals were this year and what they will be next year.
 - i) Morgan: yes there is. Won't be a reduction for the parking lot, those rentals will keep going (Goodwill, Microsoft), but there is for building use (Preschool, AA, etc). Budgeting \$29K from rentals for coming year, about a \$10K reduction.
 - ii) Karie: Our savings will be greater than the losses we sustain.
 - iii) Morgan: Keeping the building up and running (maintenance and repair, custodial contract) we will have a savings of \$7800. We pay for nursery care during worship but we don't have that now so we don't need to pay it. Overall the savings in costs make up for the loss in rental income.
- b) Earl: What are the components of the church use projection?
 - i) Amy: Parking lot lease was renewed so we do get that rental income. Building use is no longer available. Planning for May and June to be back in the building, some income could come for that.
 - ii) Earl: How much ramp up from the time the church can be used again (construction done) to when people start booking at the normal rate?
 - iii) Karie: We didn't put a time for ramp up. Assuming we'll be in a renovated building so more. Put less than \$1000 for inside building use. The 29K is almost all for the parking lot.
- c) Steve: What is the 63K of "other income" for next year?
 - i) Amy: It's the remainder of the PPP from what wasn't spent in 2019-2020. It's actually more like \$52K once we did the end of fiscal payroll.
- d) Earl: Confused by PPP. Were June payroll paid out of that? What was the total amount?
 - i) Amy: Yes. \$78,100 was the total amount. And the amount actually going into next fiscal is \$52K which means revenue is up about 3% not 5%.
- e) Steve: Technically PPP was a loan, even though we're switching it to a grant hoping it's a formality. Is there a motion for us to vote on
 - i) Amy: It's a grant, if we don't meet the terms for forgiveness then it'll be a loan and we will need a motion/vote from congregation.
 - ii) Steve: But that's asking for money after the fact.
 - iii) Amy: I did bring it up in exec so we're aware.
 - iv) Earl: Did you run that past auditors? Is that a reasonable accounting practice?

- v) Amy: It's all being treated as a grant. We're doing it by the guidelines from the bank and abiding by all those rules. It's all new process. But we haven't had an auditor. Taking my professional (and Morgan's) experience.
- f) Steve: The building loan (\$700K), is not in this budget, correct?
 - i) Amy: Correct, VAB is not included in this.
 - ii) Steve: Will be good to understand how that will impact budget going forward if we do get that loan.
- g) Paul: Seems that this year under current circumstances, facing a lot more uncertainty regarding offerings and giving revenue because of economic uncertainties through the coming year. New tax laws, how does increase in standard deduction affect giving; level of unemployment. We can't really do any better than we have done to estimate giving, we don't have enough info to estimate this coming year. About the only thing we can do is put in extra monitoring of how things are going, maybe quarterly, to revisit budget process.
 - i) Morgan: echo sentiment about staying on top of the budget. We talk at every council meeting (monthly) about budget. Yes there is a lot of uncertainty. What the team (council and finance) has done... Looked at giving (with anonymity) historically. Found that giving is weighted heavily towards a few people. Look at a core group of core givers, makes up a large percentage of the giving. Looked at how many people are giving, even during COVID we're seeing more people giving through the online platform.
 - ii) Emilie: Talked about top giver numbers (50% given by ~20-25 people, means that other 50% is a lot of people; giving made up by lots who give a little and a few who give a lot, everybody counts) and age of donors (younger folks have been giving more as time has gone on, more money and higher percentage of the budget, not just inflation)
- h) Linda: With loose offerings decreasing, any ideas how we can get that back up?
 - i) Karie: Online giving is one way to get it back up.
- i) Joshua: Curious about breakdowns of our budget. What does "worship and music" mean?
 - i) Morgan: Guest musicians, music director. The 20% decrease is made up a lot by the guest musicians. Our music director is not being cut.
 - ii) Karen: one more decrease is worship/music is purchase of choir music for the year
- j) Joshua: Under faith formation there was talk of developing an app. Is that still on the table?
 - i) Kathy: Probably not to that point yet. Gretchen can better answer that question. Reduction for faith formation is probably driven by nursery care cost not being needed.
 - ii) Stephanie: we haven't chosen an app, we're not near doing that, but the money for that app comes out of the faith formation project which was funded by a fund-a-need at the auction a few years ago. It's not part of the budget we're looking at this year.
- k) Joshua: Increase in communication, what is that for?
 - i) Karie: Outside banners, different communication platforms (e.g., Zoom monthly fees)
 - ii) Katlin: We do go over 100 participants in a meeting, which is the cutoff between tiers, so we do need the more expensive version
- l) Barb: How many members do we have? What percentage are donors?
 - i) Katlin: 262 active voting members
 - ii) Emilie: 125 "regular" donors (more than 6 times per year)
 - iii) Karie: 214 "donor units" for 2019

- iv) Morgan: When he became treasurer he was nervous every month, but Kathy kept saying “it’s a long game”. It’s ok to have uncertainty, have faith that we’ll get through it. We’ve made it through 75 years and we have many more to go.
- v) Kathy: We’re part of a community. When some people have jobs reduced or gone away others are doing ok and know times are tough. They are moved to give. What we say in worship, that God provides, is true. Nobody needs to feel guilty when things are tight because others pick it up when needed.
- m) Stephanie: Have we thought a head to technology upgrades that we need/want for music and worship? So many months without worship in person can we be more technologically advanced?
 - i) Karie: This is under tech budget in administrative. Spent a lot of time figuring out how to adjust in this situation. Zoom is part of that, we need more expensive plan because of the current situation.
 - ii) Kathy: With Gretchen and Karen, are looking about improving sound.
 - iii) Karen: Acapella app being used to create collaborative music even while virtual.
- n) Earl: Confused by the 32% net loss
 - i) Karie: we had approved a deficit budget, we did 32% better than what we had improved. This doesn’t include the Calvary funds.
 - ii) Amy: It’s a typo there shouldn’t be brackets around it. Calvary funds are a balance sheet transfer. But it wasn’t included in the revenue or budget so we don’t include it in this view. Calvary funds for last fiscal were \$30K
 - iii) Earl: So it’s really a gain of \$9K, right? (Amy: Yes) So you can afford another deficit budget.
- o) Steve: We don’t have a balance sheet with the operating budget. It would be helpful to know how much cash we have. Do we have room for contingency if giving falls off a cliff?
 - i) Amy: Giving isn’t increasing. If you block off the Other Income it’s down. PPP funds are what is increasing the revenue. Envelope is projected 2% decrease and Loose is projected 3% decrease. Also,
- p) Steve: Are we getting an agenda for the annual meeting?
 - i) Annual meeting packet was e-mailed July 3!

5) Morgan: Asking the group (7/2) – what inspires you about ORLC for the next year?

- a) Karen: really excited about sharing the peace and coffee hour virtually, the camaraderie of us going through this together. While we’re not physically together there’s still a shared experience that is community building.
- b) Stephanie: inspired and thankful for how quickly we have adapted to this remote/online worship. Our worship will continue to be dynamic because of how we came to where we are now and all the talent we have.
- c) Barb: inspired by Karen keeping the choir going!
- d) Matt: impressed with how ORLC has pivoted to the new worship style. Greatly mourn not worshipping in person, helping with Sunday school. Hidden blessings – family attending from Madrid. Impressed with outdoor worship (noble failure!). Strength and vision, ability to hang together as a community during the crisis. Gives confidence and faith moving forward.

- e) Paul: looking forward to creativity in the efforts to adapt to new environment. Think of usual events during the church year – thanksgiving, Lucia, Christmas, Easter – we need to do things creatively to take advantage of need to participate remotely. Impressed at some of the solutions that we’re coming up with. We should also look at other organizations to how they are adapting and take suggestions.
- f) Ellen: congregation has been very awesome in how we came together. Shout out to everybody on staff – pastors, administrator, communications – has found a way to make this work. Bowled over by their creativity, commitment, enthusiasm in keeping our faith strong.
- g) Mike: nice to hear all the comments everybody has made. What really inspires is the fact that we have a wonderful mission of love, inclusivity, positive message to fellow humans. Glimpses of opportunities of further spreading our message beyond where we could before.
- h) Morgan: We’re forced to change and we will!
- i) Kathy: Encouraged and been excited about the reality that we’re not just standing still. Thinking about social justice search team meeting – wanting to reach out beyond our white Ballard neighbors to POC in other parts of the city. It’s been part of our vision all along, but we have a new awareness. COVID won’t keep us from doing that. Prayer that we move ahead with our new building allowing for more time with “hands on” ministry.

6) Quick recap:

- a) We’re in challenging times with the pandemic. Changes how we worship and give. It’s impacted everybody’s lives personally and financially. We’ve taken our historical information and philanthropic info, projected that our giving will be down next year. Sharpened our pencils / tightened the belt and reduced our expenses by 5%, figuring out what we really need and what we can cut.

7) Steve comment:

- a) Important to point out all of the footnotes (VAB budget not included, faith formation and other cuts, cost offsets, etc.) in the presentations and mail-aheads so there can be substantive conversation in the meeting.

8) Kathy closing thought:

- a) Thank you to Karie! Put so much time on budget and year-end actuals. Done more thoroughly and quickly than ever before. Amazing council members and leaders!

(7/2) I think I missed some people who joined late...



(7/5) I think this was almost everybody. Harold Alley was also on but we didn't hear from him, he might need assistance.

