

FINANCE AND PERSONNEL

LaWAYNE ROGNESS

OPERATIONS:

Greetings from the Finance Department of the CLB. I count it a privilege to serve with you in the ministry of the CLBA. Finances in the CLB are pretty much status quo. We are not overwhelmed with cash flow, but we are also blessed this year with being able to meet and slightly exceed our anticipated goals through the first five months. At this writing, we have closed our FY2017-18 books with the final numbers fully accounted for. The numbers are not what we were hoping for, but the Lord has provided for his mission.

- We started the fiscal year slowly but were able to pick up some special gifts during the early months. What a huge blessing and encouragement to us here at the CLB. We lagged a bit in October and November and went into December behind our anticipated goals by just under \$55,000. December is always a big month and we needed it again this year. Going in we needed \$736,400. When December's books were closed, we had taken in \$659,700 with a shortage of \$76,688. Moving forward to the end of the year, we entered April, our last month of the fiscal year, needing contributions of

a total \$825,044 to finish our fiscal year. Contributions and individual gifts came in very slowly through the month. Our hopes for meeting our goals were diminishing and we prayed daily for the Lord's will to work in his people. With the month ending, we were short on our contribution goal by just over \$367,000. The story does not end there, we found that our operations income (business done in our Seminary and Communication Department) was short on their sales of tuition and communication sales to the amount of approximately \$36,000. Coupling that with our contribution shortage, we were at \$403,000 short for the year. Looking positively, our Other Revenues showed a positive number of \$52,000. Working intentionally in our operating budgets, we were able to underspend in our operating funds. Finishing up the year, we show a net operating loss of \$222,557. Not a number that we were pleased with, but we are working with it to set our FY2018-19 budgets.

- So, as we look back on the FY 2017-18, we are thankful. We see the Lord leading in our finances, with both supplying our needs through gifts

from you and your churches and watching our spending as we seek to fund the ministries which have been entrusted to the CLB. We say, "Thank you."

CAPITAL

- On the capital side of the "financial house," in our investments we have been watching our markets and we continue to see that the Dow Jones fluctuates continually, up big time and then down big time. A very volatile market. Over the past months the returns on our financial portfolio look quite nice. Our returns on the All Star Portfolio show that in the past 12 months: 14.4%; last 3 years: 6.1%; last 5 years: 7.4%; and since inception: 5.8%. We also have other funds in our Trust Accounts, and those funds are invested in CLBA Church loans.
- HLA has a line of credit (LOC) with the CLBA of \$1.5M and HLA is using that line monthly. During the academic school year they debit and credit the account monthly, depending on which month it is. But starting in March, their income ability has pretty much "dried up." It takes approximately \$120,000+

per month on the average to “float their boat” so they will be tapping into their \$1.5M LOC, almost to the full, by the time classes start in the fall. We have \$2.0M in the Bremer Foundation with an option to borrow against that portfolio. We have that portfolio in place ready for HLA when needed if we do not have other funds available.

- We entered the fiscal year with well over \$1.5M in cash reserves. Those reserves have dwindled quite rapidly over the past months. The Finance Committee approved four major loans last fall for church construction.

They are as follows:

- Triumph Lutheran Church
Moorhead, MN - \$1,000,000
- Mount Bethel Lutheran
Mt. Bethel, PA - \$450,000
- Good Shepherd LB Church
Fergus Falls, MN - \$995,000
- Grace Community
Wesley Chapel, FL - \$450,000

After finishing the project at Triumph in Moorhead, they promptly made the need known to the congregation and raised enough dollars to pay that loan down to under \$500,000. Then, the loan approved

to Wesley Chapel was amended and raised to \$600,000. Good Shepherd had some difficulties in their deliveries and was running behind in construction, so their drawings were behind anticipated. They seem to be getting back on track so dollars will be needed soon. Mount Bethel’s construction loan has been completed and is being transferred into a trust fund loan and payments will be made.

OFFICE INFORMATION

- I’m very grateful for the Finance Staff. Larry Bethel continues to work part-time in the Pension and Benefit Department. Amy Cornell continues to work with donor development, mostly handling our contribution gifts and working with Steve Tonneson in our advancement area. Jerry Swendsrud works as our lead accountant and then Kathy Uvaas backs up the entire department with her expertise in secretarial work. I/we are blessed in the Finance Department with good employees.
- The Finance Committee has held many electronic meetings during the months of FY2017-18. It’s not uncommon to have issues come up that really cannot wait until the next scheduled COD meeting and I’m

grateful that the Finance Committee members willingly and cheerfully operate through email as a way of conducting business when the need arises.

The members of the committee are:

- Matt Dekok – Chairman
- Scott Skones – Secretary
- Mark Nienow – Member
- Noel Holtan – Member
- Michael Swenson – Member

LaWayne Rogness serves the Church of the Lutheran Brethren as Director of Finance and Personnel.