

8/10/18

Dear Bethel Family,

Enclosed you will find the proposed 2019 budget for Bethel Lutheran Church. Our budget year begins on September 1st.

The Finance Committee, the Executive Committee, the Church Council, Fara Brock and myself have been working on the 2019 budget since late spring. Because of the uncertainty of our school, this process took much longer than we expected. I wish to personally thank everyone mentioned above that got us to this point.

There are a few changes I would like to point out.

- For many years, Bethel Lutheran School paid the church an “administration fee” to help with various expenses and shared staff. The school can no longer afford to help offset these expenses. There will be no administration fee in the 2019 budget.
- As a result of no administration fee we have reduced administrative staffing and hours. Please see the attached sheet for details.
- We also moved our custodian from the school budget over to the church budget. This was done knowing that Bethel would still need a custodian even if we did not operate our preschool.
- The church budget will now reflect any summer income rental of Zoar Hall. If we find a 12 month rental for Zoar Hall, the income will be much higher.
- There will be no salary increases for the church staff in 2019.
- Our mortgage is \$643,000. Our monthly payment is \$3786.

I understand that all this information can be a little overwhelming. My aim is to be as transparent as possible so that you know everything.

It is short notice, but there will be a Treasurer’s Forum Meeting on Monday, August 13th at 7pm in the Fireside Room to review the budget and allow a time for questions. If you are not able to attend the meeting and have questions about the budget, please email myself pastorben@bethelcupertino.org or Dave Larsen our treasurer at davelars@pacbell.net. Answering questions before the Congregational Meeting on Sunday, August 19th at noon will allow that meeting to run smoothly and efficiently.

Thank you for taking the time to look this over. Thank you for your care and commitment to this church and its financial health.

God bless,
Pr. Ben

Proposed BLC FY'19 Budget Summary of Changes

FY'19 to FY'18 Comparison

	FY'18	FY'19	
Total Expenses	\$913,000	\$838,000	Reduced by \$75,000
Total Income	<u>\$880,000</u>	<u>\$804,000</u>	Reduced by \$76,000
Net Income	-\$33,000	-\$34,000	

Budget Assumption: Keep the FY'18 expense budget with following modifications for FY'19

Income: *Income decreases by a total of \$76,000*

- 1) Congregational Giving forecast remains at \$690,000
- 2) School Administrative Charge is removed
- 3) Facility use income for Zoar summer rental is added

Staffing:

Staffing expenses decrease by a total of \$68,000

- 1) Bookkeeper/School Admin position moves from church to school
- 2) School custodian moves from school to church for grounds maintenance
- 3) F. Brock hours reduced from 4 to 3 days/week
- 4) No cost of living increase for staff
- 5) Benefit premiums are assumed flat, will have rates in late-August

Programs & Ministry:

No change to funding for Children's Ministry, Adult Ministry, Music & Worship Youth Ministry, etc.

Facilities & Contracts:

Facilities expenses decrease by \$7,000 in loan payments by paying off the bus

FY'19 Budget: Category Totals

Account Group	Budget FY18	Projected FY18	Requested Budget FY19	Change
Staffing	583,000	581,000	515,000	-12%
Ministry & Programs (includes benevolence, fee based events)	145,000	145,000	145,000	+0%
Technology and Equipment	10,000	6,000	10,000	0%
Facilities & Overhead	148,000	145,000	148,000	+0%
Loans & Leases (mortgage & bus loan)	27,000	21,000	20,000	-26%
Total Expenses*	913,000	898,000	838,000	-8%
Fee Based Events Income (LDR, VBS, etc.)	40,000	36,000	40,000	0%
Facility Use Fees	6,000	3,000	62,000	933%
Other Receipts (Thrivent Choice, Altar Flowers, other cash donations)	12,000	13,000	12,000	0%
School Admin Charge	132,000	132,000	0	-100%
General Fund Giving (Faith Promises)	690,000	690,000	690,000	0%
Total Income	880,000	874,000	804,000	-9%
Net Income	-33,000	-24,000	-34,000	3%

*Excluding Depreciation