



# St. James Lutheran Church

*God calls us to follow Christ, make disciples, and live the Gospel*

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## **ANNUAL FINANCIAL REPORT OF THE CONGREGATION Annual Financial Meeting Lake Forest, Illinois 10:45 a.m. January 29, 2017**

### **Schedule**

9:30 a.m. Service of Holy Communion

10:45 a.m. Annual Meeting

*(supervised activities for children in Fellowship Hall)*

### **Agenda**

Opening Prayer

Call to Order

Report of the Tellers (Quorum)

Adoption of the Agenda

Approval of the Minutes, June 5, 2016

Final 2016 Review

Presentation of the 2017 General Fund Budget

Discussion and Adoption of the 2017 General Fund Budget

ELCA World Hunger Challenge

Election of Synod Assembly Voting Members

Adjournment

Closing Prayer



## TABLE OF CONTENTS

	<u>Page</u>
Agenda .....	Cover
Minutes of June 5, 2016 Governance Meeting.....	3
Treasurer’s Report .....	5
Pledge and Giving Report.....	6
2017 General Fund Budget Summary.....	7
General Fund Disbursements—Benevolence .....	8
General Fund Disbursements—Property.....	9
General Fund Disbursements—Personnel.....	10
Renewal Campaign Summary .....	11
Investments.....	11
Other Funds .....	12
Combined Results .....	13
Balance Sheet .....	14
Fund Balances .....	15
Congregation Officers, Leaders and Staff .....	Back Cover

## Minutes of June 5, 2016 Governance Meeting

Pastor Holmer opened the meeting with prayer.

Carol Bennett, Council President, called the meeting to order at 11:00 a.m.

The tellers reported the presence of a quorum. The agenda was adopted as printed in the Annual Report of the Congregation. Reading of the minutes of the January 31, 2016 Congregation Financial Meeting was dispensed with and the minutes were approved as printed.

Carol Bennett added to her report by thanking Pastor Holmer for his 15 years of service to St. James.

Pastor Holmer began with words from today's Psalm: "God turns our tears into dancing." God lifts us up in the hard times, and we in turn lift up others. He said that he is very excited about the Refugee One project and feels that it is a privilege to be a pastor here. He then highlighted his report, emphasizing that the state of St. James Church is healthy and strong. It is a blessing to hear others comment on how great the church and grounds look. We are blessed to financially be in a position to do more. Our congregation's response to outreach and service is vital and healthy. Whatever is proposed, people step up to help make it happen. The overall climate at St. James is positive. We are blessed with good leadership, both volunteer and staff. Looking to the future, we can increase the overall level of participation in the life of the congregation. While the current level is high, there is always room to do more. We need all members to become good stewards and growing givers to assure the long term health of St. James.

Memorial Garden Board: Detlef Koska reminded members that there are till empty lots and it is wise to plan ahead.

Christian Education Committee: Carol Bennett said she is always willing to lead a session of *Bible in 90 Days*.

Evangelism Committee: Tom Ebert encouraged people to consider joining this committee. New members are always welcome.

Women of St. James: Shelly Holmstrom reminded the women that we are looking for a more formal leadership team. She thanked those who had stepped up to coordinate and lead individual activities.

Carol Bennett read the names of the nominees for Church Council, Memorial Garden Board of Trustees, Endowment Fund Board of Trustees, Audit Committee and Nominating Committee. She asked if there was any discussion. Hearing none, she asked for a motion to accept the slate of nominees as printed. The motion was made and seconded. All were elected.

Jim Davoux, chairman of the Endowment Board, explained the wording of the original land sale proposal as presented at

the Special Congregation Meeting on November 2, 2014. At that time the money was to be invested as a permanent endowment, meaning that the principal could never be touched. He noted that, as Pastor Holmer had said in his report, we can always do more. The Board is proposing that the fund be changed to a temporary restricted fund. The new resolution reads:

Be it resolved that the Land Fund will be invested as a temporary restricted fund to be managed by the endowment committee. In an effort to meet the investment objectives and preserve the purchasing power of the Land Fund, 4% of a 3 year rolling average valuation shall be withdrawn. The Land Fund will be valued for this purpose as of June 30 each year.

The first 4% distribution will be based on the June 30, 2016 valuation.

The second annual 4% distribution will be based on the average of the June 30 valuations of 2016 and 2017.

Thereafter, the 3 year rolling average will apply.

Should a request be made for a distribution more than the annual 4%, the Endowment Board has the authority to approve such a request.

Should the balance of the Land Fund drop below \$850,000, the Endowment Board will halt distributions until the balance increases above that amount.

Questions/Discussion:

Randy Daniel: If the fund is less than \$850,000, would you try to build it back up to the original amount? Jim Davoux replied that yes, the fund would build on the good years. The \$850,000 limit is to prevent losing it all. Mike Bennett, newly elected member of the Endowment Board, feels that this is a good resolution and that the formula is a prudent one. He likes this a lot better than the original proposal.

Carole Tanner: In the future, with possible increased expenses, could the rules be changed again? Jim Davoux replied yes. It is a temporary restricted fund, so the rules can be changed.

Daniel Heiman: How is the money to be used? Jim Davoux replied that the Endowment Board wants to leave these decisions to the Council. Ron Kok-Albias, member of the Endowment Board, noted that the 4% does not have to be taken. This would be a decision for the Council to make.

Randy Daniel said that a lot of thought had gone into the original resolution and the protection of the principal amount. \$850,000 is 20% under the original amount of the land sale. What is to protect the principal amount?

Mark Wanda: There should not be any expenditures to drag this fund down. The operating budget needs to stand on its own without using money from this fund. Church members

(Continued on page 4)

## *Minutes of June 7, 2016 Governance Meeting cont'd*

need to continue to give as they have in the past to support the operating budget.

Carol Bennett: This money is not meant to contribute to the operating budget. The gist of the resolution is to be prudent. We need to give the governing body some flexibility for needs over and above the operating budget.

Andrea Taylor asked how much is currently in the account. Ron Kok-Albias said \$1,010,000.

Randy Daniel said that he is concerned about the money going away. Jim Davoux said that they would never make a disbursement if the principal amount is below \$850,000. Randy replied that he is concerned about the ability to change the rules in the future. Pastor Holmer said that the Stewardship Committee, Finance Committee, Endowment Board and Council are committed to making this money last. The intent is that this money never be used for the general operating budget. The yearly earnings would be designated for major maintenance and special benevolence. If there is no need, no money will be taken out. The proposal seems to be a wise and prudent approach. We need to trust in future members of these boards and committees.

Craig Linn: Where is it made implicit how the money will be spent? Jim Davoux: The Endowment Board does not want to make spending decisions. Council will make these decisions.

Adrianne Hott: It is good to have flexibility.

Daniel Heiman proposed an amendment to the resolution. He asked that it say "4% of a 3 year rolling average may be withdrawn." There was a second for the amendment.

Carole Tanner asked how much the fund has earned so far. It has only been invested for a year and earnings have been 0. Carol Bennett noted that there is never a guarantee of how much will be earned. The 4% has been shown over time to be a prudent amount. We need to protect the money, but we also need to be able to use it for the church's goals.

It was suggested that the terminology be changed to "up to 4%."

Craig Linn prefers to keep the original proposal of 4%.

John Tanner would like the resolution to stay as it is. The Endowment Board spent a lot of time working on this proposal. They wanted to build in some flexibility. Additionally, since the Board makes decisions about the investment and the withdrawals while council makes decisions about amounts and expenditures, there are checks and balances.

Jon Paul: We are hoping to have several years before we have a major expense. He likes the discipline of 4% and

having a floor amount.

Ron Kok-Albias: The 4% is based on historical returns. We have the responsibility to make the money grow. We want this to be as simple as possible. We need to trust the leaders that come after us. The 4% needs to come out of the fund. It is too complicated to keep it in the fund but designate on paper that it is available for use. Money designated for the major maintenance fund can be placed in a savings account to grow until needed. We have the ability to take more than 4% if there is an emergency need.

Josh Hornaday: If the resolution is amended to "up to 4%," Council would decide how much is taken out.

Carol Bennett called for the vote on the amendment. The proposal to amend the resolution passed. The second sentence of the resolution now reads: "In an effort to meet the investment objectives and preserve the purchasing power of the Land Fund, up to 4% of a 3 year rolling average valuation may be withdrawn."

Discussion on the amended resolution:

Shelly Holmstrom: Do we need to put in writing that Council will make decisions about the amount taken and how it is spent? Mike Bennett: The Endowment Board has been given the authority to manage the money. They have not been given the authority to approve how the money is spent. Council can authorize spending money.

Craig Linn: Who decides what percentage will be taken each year?

Pete Clemens: The Constitution governs what Boards and Committees can do.

Carol Bennett: My understanding as I look at the Constitution is that the Council shall be responsible for the financial decisions of the congregation and the Endowment Board shall supervise, manage, invest and administer the funds.

Carol Bennett called for the vote on the resolution as amended. The amended resolution passed.

Richard Kaeske read the resolutions.

The meeting was adjourned at 12:10 a.m.

Pastor Holmer closed the meeting with prayer.

Respectfully submitted,

Linda Berner, Secretary

## *Treasurer's Report*

Helped by your generosity, we had a good 2016. Our General Fund once again came in with a slight surplus, even after taking on some additional expenses not in the budget. Your Renewal Campaign gifts allowed us to cut the mortgage to \$36k and puts us in sight of paying this off by mid-2017 when the campaign finishes. Our investments did well, appreciating \$95K net of fees. Our Land Sale fund is back above the original value even after making an annual 4% distribution - \$36K to Major Maintenance and \$4K to Special Benevolence.

From your giving, St James supports many ministries. Our budgeted benevolence, which helps the ELCA, ELCA synod related ministries and several outside ministries, continued at 15% of member giving. You also gave financially to several special causes like RefugeeOne, plus supported fundraisers like FOODSTOCK, Crop Walk, and COOL. Not quantifiable but priceless is the time and talent you give to organizations like A J Katzenmeier, PADS and others.

Last summer, we engaged Cedarstone Partners to review our financial reporting and processes. They confirmed our reporting practices and processes were fine with just

minor changes. One suggestion being put in place right here is to simplify our annual report. I hope you find these reports more understandable. For those who want more detail like furnished before, we have those available. We also have been preparing documentation for an internal audit early 2017.

You responded terrifically to the 2017 pledge campaign. Many families increased their pledge and several pledged for the first time. This enabled us to set 2017 the General Fund budget 3% over 2016 spending. We increased benevolence by 8%, gave modest raises to our staff and set aside a small amount to rebuild a Contingency fund. Your giving matters- the budget is tight with many fixed expenses and payments we make upfront to help out many ministries.

I am also grateful for so many who help put the numbers together and provide financial oversight- Chris Meyer our Business Manager, Joe Voelcker our Financial Secretary and all the counters, our Council and our Finance, Stewardship, and Endowment Committees.

Jon Paul, Treasurer

## Pledge and Giving Report

### Pledge Summary 2017

Increased in 2017  
 New Pledge in 2017  
 Same in 2017  
 Decreased in 2017  
 Pledged 2017  
 No Pledge 2017  
 Moved or Deceased  
 No Pledge Both Years  
 Total

Families	Dollars	
2017	2016	2017
47	356,144	403,465
10	-	25,780
34	101,676	101,676
15	58,834	42,490
106	516,654	573,411
7	9,270	
3	4,980	
32	-	
148	530,904	

You responded terrifically to the pledge campaign for 2017. 10 families stepped up with new pledges. 47 families increased their pledges. Total pledges grew \$42K over 2016. Your pledges are a blessing, making it possible for us to adequately budget the General Fund.

### General Fund Giving

#### Receipts

##### Pledged

##### Non-Pledged

##### Seasonal Giving

##### Loose Offerings

##### Sunday School

#### Total Receipts

##### Pledges

##### % of Pledged Giving

2014 Actual	2015 Actual	2016 Budget	2016 Actual	2017 Budget
499,812	510,128	526,500	520,890	560,000
39,423	37,430	37,500	40,756	20,000
8,429	9,620	6,000	5,088	6,500
3,911	4,520	4,500	3,897	4,000
513	683	750	592	600
552,088	562,381	575,250	571,223	591,100
		530,904	530,904	573,411
		99.2%	98.1%	97.7%

We are grateful you consistently stick with your pledges, historically, giving 99% of what you pledged. 2016 came in slightly shorter at 98% but was buffered some by stronger non-pledged giving. All gifts matter, such as seasonal gifts, for the General Fund to breakeven or have a slight surplus.

## General Fund 2017 Budget Summary

### General Fund

#### Receipts

Member Contributions Pledged

Member Contributions Non-Pledged

Member Contributions

Other Revenue & Investment Income

Transfers in From Other Funds

Total Receipts

#### Disbursements

Personnel

Benevolence Budgeted

Administration

Contingency

Finance

Property

Christian Education

Worship & Music

Evangelism, Fellowship, Stewardship

Total Disbursements

Surplus Before Renewal Campaign

Transfers in From Renewal Campaign

Mortgage Paid from Renewal

Renewal Campaign Transfers (net)

General Fund Surplus

	2014 Actual	2015 Actual	2016 Budget	2016 Actual	2017 Budget
Member Contributions Pledged	499,812	510,028	526,500	520,890	560,000
Member Contributions Non-Pledged	52,276	52,353	48,750	50,333	31,100
Member Contributions	552,088	562,381	575,250	571,223	591,100
Other Revenue & Investment Income	5,912	4,067	3,348	4,459	3,548
Transfers in From Other Funds	11,323	5,000	0	5,910	0
Total Receipts	569,322	571,448	578,598	581,592	594,648
Disbursements					
Personnel	341,045	357,307	367,016	365,606	371,519
Benevolence Budgeted	81,769	82,428	78,800	82,036	87,660
Administration	20,746	20,697	20,003	20,867	19,904
Contingency	0	0	0	0	10,000
Finance	29,951	25,051	28,189	28,045	19,905
Property	73,322	57,655	60,485	60,430	60,685
Christian Education	9,454	11,161	10,395	9,241	10,395
Worship & Music	7,451	5,944	7,460	8,773	8,330
Evangelism, Fellowship, Stewardship	5,169	4,928	6,250	4,878	6,250
Total Disbursements	568,907	565,171	578,598	579,876	594,648
Surplus Before Renewal Campaign	415	6,277	0	1,717	0
Transfers in From Renewal Campaign	0	79,300	167,000	137,500	32,838
Mortgage Paid from Renewal	0	79,300	167,000	137,500	32,838
Renewal Campaign Transfers (net)	0	0	0	0	0
General Fund Surplus	415	6,277	0	1,717	0

Thanks to your generosity, we came in with a surplus again in 2016, even after taking on some additional expenses. Pledged giving continued to grow, although fell slightly short of budget. Non-pledged giving including seasonal gifts continued as expected. Among gifts from other funds, we received in \$5K from the Major Maintenance fund to cover tuck pointing work (part of property expenses). Other unbudgeted costs included \$4K in benevolence given to Sagrado Corazon, the church we help support in Waukegan. We also spent \$2K in administrative costs on an outside financial review. Even with the \$5K in tuck pointing, property costs still

came in at budget thanks to lower natural gas costs and minor repair expenses. Worship & Music costs came in higher due to altar guild costs that exceeded reimbursements.

Based on strong 2017 pledges, we raised member giving's budget by \$20K over 2016 giving, and moved some giving over to the pledged category. The expense budget is up \$15K. Personnel and Benevolence have general increases. We budgeted \$10K to start to rebuild the Contingency fund. Finance costs will fall without the mortgage to pay after mid-year.

## General Fund Disbursements - Benevolence

<b><u>Budgeted Benevolence</u></b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2017 Budget</b>
<b>ELCA Benevolences</b>					
<b>ELCA Monthly Benevolence</b>	60,000	55,000	56,000	56,000	58,000
<b>ELCA Synod Related</b>					
<b>Bethel New Life</b>	2,000	2,000	2,000	2,000	2,200
<b>C.O.O.L.</b>	5,000	5,000	5,000	5,000	5,500
<b>Lutheran Social Services IL</b>	3,000	3,000	3,000	3,000	3,300
<b>LSSI Prisoner/Family Ministry</b>	2,000	2,000	2,000	2,000	2,200
<b>Sagrado Corazon</b>	0	5,000	100	4,000	5,000
<b>Total ELCA Synod Related</b>	12,000	17,000	12,100	16,000	18,200
<b>Total ELCA Benevolences</b>	72,000	72,000	68,100	72,000	76,200
<b>Non-ELCA Benevolences</b>					
<b>A.J. Katzenmeier</b>	269	328	600	245	660
<b>Habitat for Humanity</b>	3,000	3,000	3,000	3,000	3,300
<b>PADS</b>	2,000	2,000	2,000	2,291	2,750
<b>PADS Plus</b>	500	500	500	500	0
<b>5220 Resource Center</b>	1,500	1,500	1,500	1,500	1,650
<b>Lake County United</b>	2,000	2,000	2,000	2,000	2,000
<b>Hospital Chaplaincy</b>	500	500	500	500	500
<b>Help within the Family</b>	0	600	600	0	0
<b>RefugeeOne</b>	0	0	0	0	600
<b>Total Non-ELCA Benevolences</b>	9,769	10,428	10,700	10,036	11,460
<b>Total Budgeted Benevolence</b>	81,769	82,428	78,800	82,036	87,660
<b>% of Member Giving</b>	14.8%	14.7%	13.7%	14.4%	14.8%

In 2016 we stepped up over the budget, supporting Sagrado Corazon in Waukegan for \$4K, bringing our budgeted giving near the average of 15% of member giving. Help within the Family did not need funding last year. For 2017, we increased giving to most of the ministries we support. We added RefugeeOne to the budget- this was part of a special benevolence offering in 2016.

### Special Benevolence 2016 Actual:

Bakfwash Family	1,220
COOL Change	658
ELCA World Hunger	334
Help within the Family	300
RefugeeOne	7,629
Samaritan Counseling Center	1,350
<b>Total Special Offerings</b>	<b>\$11,491</b>

You also financially supported several other causes not in our budget:

FOODSTOCK for COOL	19,000
COOL 5K/10K	6,000
CROPWalk	3,750
WOSJ Bake Sale	500



## General Fund Disbursements- Property

<b><u>Property</u></b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2017 Budget</b>
<b>Utilities - Church</b>					
<b>Utilities - Electric</b>	10,101	8,368	9,000	9,591	9,500
<b>Utilities - Gas</b>	12,373	8,726	9,500	7,008	8,000
<b>Utilities - Water/Sewer</b>	2,003	1,273	1,500	2,368	2,200
<b>Total Utilities - Church</b>	24,478	18,367	20,000	18,968	19,700
<b>Custodial Service &amp; Supply</b>					
<b>Cleaning - General</b>	7,650	7,800	7,800	7,800	7,800
<b>Cleaning - Windows</b>	1,694	1,224	1,250	1,220	1,250
<b>Custodial - Supplies</b>	496	567	500	705	700
<b>Total Custodial Service &amp; Supply</b>	9,840	9,591	9,550	9,725	9,750
<b>Maintenance &amp; Repairs</b>					
<b>Disposal</b>	1,219	1,354	1,400	1,345	1,400
<b>Fire Alarm</b>	923	677	800	876	900
<b>HVAC Maintenance</b>	1,860	2,480	2,480	2,480	2,480
<b>Lawn Service/Treatment</b>	7,604	7,889	7,900	8,126	8,100
<b>Maintenance/Repair Other</b>	14,979	4,781	6,000	8,137	6,000
<b>Maintenanc/Repair Supplies</b>	1,285	1,208	1,350	321	1,350
<b>Pest Control</b>	677	677	680	727	680
<b>Security System</b>	707	539	600	539	600
<b>Snow Removal</b>	9,750	9,281	8,700	8,175	8,700
<b>Sprinkler System</b>	0	810	1,025	1,010	1,025
<b>Total Maintenance &amp; Repairs</b>	39,005	29,696	30,935	31,737	31,235
<b>Total Property</b>	73,322	57,655	60,485	60,430	60,685

Property costs finished near budget for 2016 even with \$5K in additional repair costs for tuck pointing. Utility costs came under budget even with more water usage thanks to lower natural gas pricing and in general, more efficient equipment, lighting and HVAC installed the past

few years. Other than the tuck pointing costs, repairs and maintenance were lower than normal. For 2017, the budget has been kept very close to 2016, with some minor shifts in utility costs.

## General Fund Disbursements- Personnel

<b><u>Personnel</u></b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2017 Budget</b>
<b>Ministry</b>					
<b>Salary</b>	56,921	59,039	61,200	61,200	66,710
<b>Housing Allowance</b>	49,000	49,000	49,000	49,000	49,000
<b>Social Security</b>	14,538	14,862	15,185	14,680	14,735
<b>Pension &amp; Benefits</b>	36,771	42,784	46,321	45,981	40,053
<b>Expenses &amp; Education</b>	1,830	2,627	3,150	2,591	3,250
<b>Total Ministry</b>	159,060	168,312	174,856	173,451	173,748
<b>Admin Sal, SS, Medicare, Ben</b>					
<b>Administrative Assistant</b>	0	1,887	37,378	37,378	38,126
<b>Director of Discipleship</b>	22,061	22,502	22,952	22,952	23,411
<b>Youth Ministry Coordinator</b>	9,150	9,333	9,519	9,519	9,709
<b>Business Manager</b>	50,263	51,896	53,822	53,633	56,511
<b>Secretary</b>	34,651	36,326	0	0	0
<b>Nursery Supervisor</b>	2,928	2,858	3,015	3,198	3,230
<b>Total Administration Personnel</b>	119,053	124,803	126,686	126,680	130,987
<b>Music Sal, SS, Medicare</b>					
<b>Director of Music</b>	22,286	22,731	23,185	23,186	23,649
<b>Organist</b>	22,848	23,304	23,770	23,770	24,245
<b>Bell Choir Director</b>	4,020	4,100	4,182	4,182	4,266
<b>Youth Choir Director</b>	5,098	5,201	5,305	5,305	5,411
<b>Brass Ensemble Director</b>	4,020	4,100	4,182	4,182	4,266
<b>Damascus Road Coordinator</b>	4,661	4,755	4,850	4,850	4,947
<b>Total Music Personnel</b>	62,932	64,192	65,474	65,475	66,783
<b>Total Personnel</b>	341,045	357,307	367,016	365,606	371,519
<b>Summary by Category</b>					
<b>Salary</b>	193,787	197,839	214,296	214,472	228,551
<b>Social Security &amp; Medicare</b>	24,664	25,102	26,701	26,204	26,916
<b>Pension &amp; Benefits</b>	71,765	82,739	73,869	73,339	63,802
<b>Housing</b>	49,000	49,000	49,000	49,000	49,000
<b>Expense Reimbursement</b>	1,830	2,627	3,150	2,591	3,250
<b>Total Personnel by Category</b>	341,045	357,307	367,016	365,606	371,519

2016 personnel costs ran just 2.3% over 2015. 2017 personnel costs are budgeted 1.6% over 2016. In general, we gave modest 2% raises. With lower health benefits costs, due to transitions to Medicare in 2017, we used some of these savings to further adjust related salaries.

## Renewal Campaign Summary

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Budget
<b>Renewal Campaign Fund</b>					
<b>Total Renewal Campaign Fund Income</b>	37,000	352,242	192,311	127,090	30,000
<b>Property Projects</b>	0	374,542	78,749	310	0
<b>Mortgage</b>	0	0	79,300	137,500	32,838
<b>Fundraising &amp; Interest Expense</b>	9,800	25,611	(22)	14	0
<b>Total Renewal Campaign Fund Expenses</b>	9,800	400,153	158,027	137,824	32,838
<b>Renewal Campaign Surplus (Deficit)</b>	27,200	(47,911)	34,284	(10,734)	(2,838)

### Open Pledges Remaining

58,496

We received \$127K in gifts from the Renewal Campaign in 2016. We used these gifts and cash carried over from 2015 to give the General Fund \$137.5K to reduce the mortgage. \$3K cash carried over to 2017. Thanks for getting your gifts in early to us during 2016, which allowed us to pay down the mortgage faster

and significantly reduce the amount that went towards interest. We have \$58K left in pledges as the campaign winds down by May, 2017. If we collect at least \$30K by then, we will be able to have the mortgage paid off by May- that is tremendous!

## Investments

### Investment Appreciation

**Land Sale Fund Appreciation**  
**Endowment & Other Funds Appreciation**  
**Investment Management Fees**  
**Investment Appreciation (Net)**

	2014 Actual	2015 Actual	2016 Actual
Land Sale Fund Appreciation	0	(28,471)	85,083
Endowment & Other Funds Appreciation	14,661	(5,622)	19,368
Investment Management Fees	(2,185)	(7,301)	(9,167)
<b>Investment Appreciation (Net)</b>	<b>12,476</b>	<b>(41,394)</b>	<b>95,285</b>

### Investments

**Land Sale Fund**  
**Endowment & Other Funds**  
**Total Investments**

	2014 Year-End	2015 Year-End	2016 Year-End
Land Sale Fund	0	979,258	1,016,071
Endowment & Other Funds	213,182	196,021	222,375
<b>Total Investments</b>	<b>213,182</b>	<b>1,175,279</b>	<b>1,238,446</b>

As the past 3 years show, investment results can swing between years. We had a good year in 2016, when we had the land sale fund invested for the whole year (this fund was first invested in mid-2015). The other investments are also managed by Wintrust in a separate pooled fund which includes the Viola Long

fund, Tony Danielson fund, and Other Restricted funds. The Major Maintenance fund has been added to this pooled fund in January 2017. The investment appreciation in the pooled fund is allocated pro-rata across all funds in the pool.

## Other Funds

Other Funds	2014 Actual	2015 Actual	2016 Actual
<b>Property Restoration Fund</b>	181,000	0	0
<b>Special Offerings</b>	2,598	29,570	11,112
<b>Memorial Garden</b>	2,900	3,350	5,050
<b>Memorials</b>	1,892	2,015	2,340
<b>Pastor Education</b>	0	1,200	1,200
<b>Other Income</b>	38	3	59
<b>Total Income- All Other Funds</b>	188,428	36,138	19,761
<b>Property Restoration Projects</b>	179,977	29,350	1,675
<b>Major Maintenance Fund</b>	78	0	5,250
<b>Special Offerings</b>	2,598	29,498	11,562
<b>Danielson Seminary Fund Expenses</b>	0	11,937	0
<b>Contingency Fund- General Fund Expenses</b>	5,765	0	0
<b>Viola Long Fund- General Fund/Benevolence</b>	5,000	5,000	0
<b>Memorial Garden Expenses</b>	516	597	1,908
<b>Memorial Gifts Designations</b>	3,472	0	589
<b>Pastor Education Expenses</b>	4,354	630	592
<b>Reimbursable &amp; Other Expenses</b>	111	0	4
<b>Total Expenses- All Other Funds</b>	201,871	77,012	21,580
<b>Surplus (Deficit)- Other Funds</b>	(13,443)	(40,874)	(1,819)

We had less activity in other funds in 2016 compared to recent years. Special offerings of \$11K were mostly for Refugee One but also covered several other causes. We had stronger Memorial Garden site sales of \$5K this year. We did some minor landscaping work through the Property Restoration fund. Major Maintenance

contributed \$5K to the General Fund for tuck pointing.

We finished with a slight deficit in these other funds combined. Note that the prior deficits aren't a bad thing- they represent using funds received in earlier years.

## Combined Results—All Funds

Combined All Funds	2014 Actual	2015 Actual	2016 Actual
<b>General Fund Surplus</b>	415	6,277	1,717
<b>Renewal Campaign Fund Surplus (Deficit)</b>	(47,911)	34,284	(10,734)
<b>Other Funds- Surplus (Deficit)</b>	(13,443)	(40,874)	(1,819)
<b>Surplus (Deficit)- Operating Funds</b>	(60,940)	(313)	(10,837)
<b>Land Sale Proceeds</b>	0	1,012,900	0
<b>Land Sold</b>	0	(304,044)	0
<b>Investment Appreciation</b>	12,476	(41,394)	95,285
<b>Consolidated Surplus (Deficit)</b>	(48,464)	667,149	84,448
<b>Reduction in Mortgage</b>	3,733	84,151	148,750
<b>Capital Projects</b>	396,674	76,424	0
<b>Other</b>	380	0	0
<b>Increase in Net Assets</b>	352,323	827,724	233,198

This section shows our overall results from our operating funds, land sale in 2015, and investments, plus adds back debt reduction and capital projects (expensed in our surplus (deficit) calculations but are really capital items not expenses). An increase in net assets is equivalent to an increase in retained earnings in the for-profit world.

We had a modest \$11K deficit across all operating funds in 2016. Between the General Fund regular payments and \$138K through the Renewal Campaign, we paid \$149K on the mortgage, which is now down to \$36K and should be paid off by mid-2017. The other increase to net assets in 2016 came from appreciation in our investments.

## Balance Sheet

Balance Sheets	2014 Year-End	2015 Year-End	2016 Year-End
<b>General Fund</b>	65,161	74,314	73,667
<b>Other Funds</b>	204,962	26,027	50,084
<b>Total Cash</b>	270,123	100,341	123,750
<b>Prepaid Expenses</b>	9,739	4,491	0
<b>Pooled Investments</b>	213,182	196,021	222,375
<b>Land Sale Fund</b>	0	979,258	1,016,071
<b>Total Investments</b>	213,182	1,175,279	1,238,446
<b>Land &amp; Improvements</b>	681,721	377,677	377,677
<b>Building &amp; Improvements</b>	3,074,831	3,151,255	3,151,255
<b>Equipment</b>	169,698	169,698	169,698
<b>Memorial Garden</b>	65,735	65,735	65,735
<b>Equity in Pastor Residence</b>	112,000	112,000	112,000
<b>Total Fixed Assets</b>	4,103,986	3,876,366	3,876,366
<b>Total Assets</b>	4,597,030	5,156,478	5,238,562
<b>Payables &amp; Credit Cards</b>	1,012	7,670	1,706
<b>Line of Credit</b>	22,000	0	0
<b>Deposits</b>	165,000	0	0
<b>Prepaid Pledges</b>	65,183	61,400	65,000
<b>Mortgage</b>	268,942	184,791	36,041
<b>Total Liabilities</b>	522,137	253,861	102,747
<b>Net Assets, Beginning</b>	3,722,570	4,074,893	4,902,617
<b>Surplus (Deficit) - Operating Funds</b>	(60,940)	(313)	(5,037)
<b>Land Sale (net of Land Sold)</b>	0	708,856	0
<b>Investment Appreciation</b>	12,476	(41,394)	95,285
<b>Mortgage Reduction</b>	3,733	84,151	142,950
<b>Capital Projects</b>	397,054	76,424	0
<b>Net Assets, Ending</b>	4,074,893	4,902,617	5,135,815
<b>Total Liabilities &amp; Net Assets</b>	4,597,030	5,156,478	5,238,562

Our balance sheet continues to get healthier as we reduce our debts and grow our long-term investments. Your prepaid pledging provides a consistent year-end cash balance in the General Fund. Other cash at year-end 2016 includes \$34K in Major Maintenance which is being moved

to the pooled investments in January 2017. Because of your timely giving to the General Fund during 2016, we did not have to utilize the line of credit. Our mortgage is down to \$36K and we look forward to paying this off by June with your final gifts to the Renewal Campaign.

## Fund Balances

Fund Balances	2015 Year-End	Sources	Uses	2016 Year-End
<b>General Fund</b>	3,519,084	862,042	(711,576)	3,669,550
<b>Special Benevolence</b>	0	12,462	(11,491)	971
<b>Property Restoration</b>	0	1,985	(1,985)	0
<b>Pastor Education</b>	0	592	(592)	0
<b>Contingency Fund</b>	10	0	0	10
<b>Total Unrestricted Funds</b>	3,519,094	877,082	(725,644)	3,670,532
<b>Land Sale Fund</b>	979,258	77,430	(40,618)	1,016,071
<b>Renewal Campaign</b>	13,573	127,095	(137,828)	2,840
<b>Major Maintenance Fund</b>	10	39,333	(5,250)	34,093
<b>Other Restricted Funds</b>	8,890	918	0	9,808
<b>Other Memorial Funds</b>	2,587	2,340	(589)	4,338
<b>Special Benevolence</b>	71	15,174	(12,534)	2,712
<b>Pastor Education</b>	3,015	1,200	(592)	3,623
<b>Property Restoration Gifts</b>	4,399	0	(4,399)	0
<b>Temporarily Restricted Funds</b>	1,011,803	263,490	(201,809)	1,073,483
<b>Endowment Investment Funds</b>	9,777	17,854	(21,131)	6,500
<b>Viola Long Fund</b>	120,449	12,432	0	132,882
<b>Tony Danielson Fund</b>	71,905	7,781	0	79,686
<b>Memorial Garden Fund</b>	57,589	5,052	(1,908)	60,732
<b>Pastor Residence Fund</b>	112,000	0	0	112,000
<b>Permanently Restricted Funds</b>	371,720	43,120	(23,039)	391,800
<b>Total All Funds</b>	4,902,617	1,183,691	(950,493)	5,135,815

**General Fund.** Slight surplus; increase is mainly from reducing mortgage \$149K.

**Special Benevolence.** Main gifts were for Refugee One. Some funds left over for future giving..

**Property Restoration Fund.** A couple small projects in 2016. Balance of \$3K given to Major Maintenance.

**Land Sale Fund.** First full year of investment, earning \$77K net of fees. \$37K given to Major Maintenance. \$4K given to Special Benevolence.

**Renewal Campaign.** Almost all of gifts went to General Fund to reduce mortgage.

**Major Maintenance.** Fund resumed with gifts from Land Sale Fund and Property Restoration. \$5K given to General Fund for tuck pointing work.

**Endowment Investment Funds.** Remaining balance in long term loan to Memorial Garden is now down to \$6.5K. \$21K of investment appreciation from 2015-2016 in this pooled investment fund was allocated pre-rata to Viola Long Fund, Tony Danielson Fund and Other Restricted Fund.

**Memorial Garden.** \$5K in site sales; \$2K in engraving expenses.

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