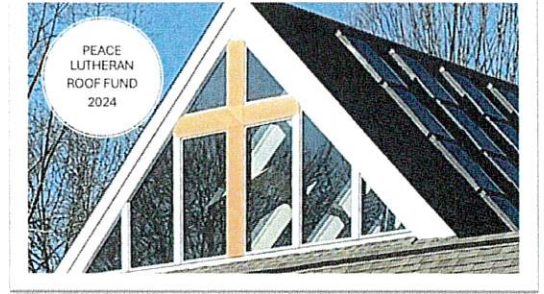


Peace Lutheran Church

Request for Donations to Roof Fund



Dear Disciple/Members at Peace Lutheran,

On November 12th, the congregation voted to go forward with replacing the entire church roof and selected Central Roofing LLC as the contractor for this project. Central Roofing's total bid of \$115,936 was both the lowest and most comprehensive of the three bids received. We now have a signed contract and have paid a deposit which locks in the cost. Central Roofing plans to do our roof replacement beginning in mid to late April.

In 2022, anticipating our roof would soon need to be replaced, the Council established a Roof Fund to be used as a source of payment for a new roof. To initiate this fund, \$25,000 was transferred from each of two other funds, the Capital/Building Fund and Bequests Fund, bringing the Roof Fund to a starting balance of \$50,000. Since then, individual donations were made to the Roof Fund which reached a total of \$65,263 before paying the deposit of \$38,645. The current remaining balance in the Roof Fund is \$26,618, which is about \$50,000 short of the \$77,291 needed to complete payment for the project this spring.

To raise the balance, we are asking members of the congregation to consider making additional offerings toward our roof project. For the next three months, January through March, please make donations designated to the Roof Fund. This will greatly help reach our goal of paying for the roof while preserving funds in our special designated accounts such as the Capital/Building Fund, Memorials Fund, and Bequests Fund.

Note: When the congregation approved the roof project, it also approved using money from the Memorials Fund, as necessary, if the Roof Fund ultimately falls short of covering the total cost. The Memorials Fund had a balance of about \$55,000 at the end of 2023. However, we hope to minimize the use of these monies for the roof and keep them available to meet future needs.

It is important to know that no General Fund dollars will be used for the roof project. However, it is sincerely hoped that giving to the roof project will be above and beyond pledges and regular offerings to the General Fund, and not just a redirecting of these donations.

Peace Lutheran's General Fund pays for all our operating expenses including staff compensation, utilities, ongoing programs, and much more. Since the onset of the pandemic in 2020, we have been operating at a small annual deficit with expenses exceeding income each year. Unfortunately, our 2023 General Fund deficit was our largest yet at \$28,000 in spite of managing expenses and under spending the budget. This has resulted in dipping into our reserve funds which have built up primarily from the sale of the former Faith and Luther buildings, and by combining the cash assets of all three churches when they merged to become Peace.

The operating expense budget being proposed for this year has been seriously cut back and is 12% less than 2023. But based on incoming pledges and the pace of general offerings, it is still projected that there will be a significant deficit in 2024. This will further deplete our reserves, making it important to maintain and hopefully increase our General Fund donations even as we take on the roof project.

Again, please prayerfully consider making donations to the Roof Fund in addition to your general offerings. And, as always, thank you for your generous support of Peace Lutheran Church.

For more detailed information on how and where your donations are spent, and the various fund accounts of Peace Lutheran Church, please read the "Where Your Offerings Go/How They Are Used" report.



WHERE YOUR OFFERINGS GO / HOW THEY ARE USED

Peace Lutheran Church has three large buckets into which your offerings are placed: the General Operating Fund, Flow-Through Accounts, and Special Designated Funds.

GENERAL OPERATING FUND –

All offerings not specifically designated for another fund or purpose are placed in the General Fund. This fund covers day-to-day operating expenses of the church, including staff compensation, insurance, utilities, maintenance of the church and parsonage buildings and grounds, community service grants to various agencies, Synod benevolence, and supplies for the ongoing programs and various projects of our Faith Formation, Evangelism, Fellowship, Finance and Administration, Technology, and Worship and Music committees. Expenses in the General Fund comprise the budget that is adopted by the congregation at the Annual Meeting each January.

FLOW-THROUGH ACCOUNTS –

Flow-Through accounts set aside donations that members make for specific purposes. For example, when members designate that they want a specific amount of their offering to go to Grace Lutheran Food Pantry, or ELCA World Hunger, or Lutheran Social Services, etc., that amount is set aside in a Flow-Through account. Account balances for purposes like the above examples are then sent to the designated recipient at the end of each month. Sometimes a member may direct that a specific amount of their offering be used for Fellowship, or the library, or Faith Formation, or Evangelism, etc. In these cases, when an expense occurs for one of these purposes, we first use what is in the Flow-Through account before using budgeted funds. For example, if someone donates \$100 for “Fellowship,” and two weeks later the Fellowship Committee has a \$200 expense, \$100 would be paid from the Flow-Through account and \$100 from the General Fund budget. We also have Flow-Through accounts that accumulate funds over a period of time. An example here is that over a period of several years members have donated money for “Youth.” In years past, funds in this account were then used to pay for summer camps or other trips/projects for youth. Since we have not had any such expenses for several years, this account has accumulated a current balance of \$8,284.

All told, at the end of 2023, Peace had \$19,135 in the Flow-Through accounts.

GENERAL FUND RESERVES –

Our General Fund donations are kept in a checking account at United Community Bank, and General Fund expenses are paid from this account. Monies in the Flow-Through accounts are also kept in the checking account. In addition, we have a Thrivent fund account – which was dubbed our “Rainy Day Fund” when it was opened several years ago – and is intended to be a backup for our General Fund.

At the end of 2023, our checking account had a balance of \$82,132 and our Thrivent fund had a balance of \$35,132. That is a total of \$117,264. That amount – minus the \$19,135 in our Flow-Through accounts – gives Peace \$98,129 in reserves that can be used to cover any deficit in the General Fund. That is a pretty solid base, enough money to cover about four months of budgeted General Fund expenses. However, we have been drawing those reserves down in recent years due to General Fund deficits, including the \$28,000 deficit our General Fund had in 2023. So, while \$98,000 is a nice reserve, it will disappear in just a few years if we continue to have General Fund deficits similar to what we saw in 2023. In short, our General Fund position today is relatively healthy; our recent trend of drawing down reserves is not.

(continued)

DESIGNATED SPECIAL FUNDS –

The third bucket where offerings may go is the church's Designated Special Funds. These include the Capital/Building Fund, the Memorials Fund, the Bequests Fund, the Bonde Fund, and the Roof Replacement Fund.

Offerings designated for the Capital/Building Fund are used to pay for equipment purchases and one-time projects that are not part of the General Fund budget. These might include parking lot or sidewalk repairs, the purchase of various equipment like a new copier or a tractor for lawn mowing, the purchase of new appliances for the church or parsonage, replacement of doors or lighting, the costs of unforeseen needs like water or sewer line repairs, and more. Typically the Property Committee will propose a few purchases and projects like these examples for the congregation's consideration at the Annual Meeting. Historically, Capital/Building funds have not been used to pay ongoing expenses that are covered by the General Fund, and so they would not be applied to reducing any deficit in the General Fund.

Memorials are gifts made to the church in memory of a member or friend who has passed away. These are considered unrestricted gifts that may be used at the discretion of the Church Council and/or congregation. In some cases, a family may propose that memorial gifts be used for a specific purpose, which is then subject to review and approval by the council or congregation. Peace's past practice has been to use Memorial funds for one-time projects and unforeseen special needs – not to help pay for day-to-day operating expenses.

The Bequests Fund holds money donated to the church by the wills/estates/life insurance of members and friends of the church at their passing. As with the other Special Designated Funds, monies in this fund have not been used to cover day-to-day operating expenses, but have been held for special purposes/projects.

The Bonde Fund was established in 2021 with a gift of \$10,000 from the mother (who now lives in Michigan) of a young woman, Anna Bonde, who was killed in a tragic accident on I-55 in 2001. After consultation with the Pastor and council, the donor asked that these funds be used to pay for items for our micropantry and for books for the Blackhawk School Library. Allocations from this fund may be made by the Community Service Committee and/or Council.

The Roof Replacement Fund was established in 2022 in anticipation of a need to replace the church roof in the near future. When approving the roofing contract last November, the congregation authorized the use of Memorials Fund monies to supplement the Roof Replacement Fund -- if necessary. The Roof Replacement Fund is continuing to accept donations and pledges in an effort to minimize the use of the Memorials Fund and preserve those monies for other future needs.

At Dec. 31, 2023, the Designated Special Funds combined totaled \$264,860. These funds are kept in an interest-bearing ELCA Mission Investment Fund with the interest earned in this fund transferred to the General Fund at year-end.