



Augustana Lutheran Church

PROCLAIMING THE GOSPEL, GROWING IN FAITH, MINISTERING TO ALL



Evangelical Lutheran Church in America
God's work. Our hands.

Church Financials

How Our Church Finances are Structured

Augustana Lutheran has a long, proud history of generous congregations, and excellent financial stewardship. In keeping with that tradition, each member is entitled to know how their monetary gifts are handled. This page strives to provide that information. Please send any questions, clarifications, or concerns to this [email](#) link.

The process of collecting and distributing funds had several guiding principles, built-in checks & balances, and hierarchy of members involved. No money received by the church leaves the church except to be deposited in the [Central Bank](#) facility across the street. And, funds received are processed and deposited as soon as practically possible...in most cases within an hour of receipt. All those involved include:

Congregation The process starts and ends with our church members. Not only do their generous gifts make up the bulk of our church's income, but their guidance dictates the distribution of funds via: discussing & voting on the annual budget and major project expenditures at congregational meetings; selecting the members of the ***Congregation Council***; and serving on church office positions, or financially autonomous ***Committees***.

Congregation Council oversees all church expenses, determines & prioritizes church needs (financial and otherwise), reviews *Committee* recommendations for expenditures, and depending on project size, calls & conducts congregation meetings in accordance with our Church Constitution's by-laws. In addition, all *Council* members, on a rotating basis, assist in counting offerings collected after each church worship service.

Financial Secretary conducts worship offering counts, deposits all income into the appropriate church bank account, records each member gifts for quarterly statements, collects & reviews all bills before submitting to either the ***Treasurer*** or pertinent ***Committee*** for payment. At the end of the fiscal year, the *Financial Secretary* schedules the Audit of all Church accounts, and leads planning meetings in developing the next year's Budget for *Council* review prior to *Congregation* approval at the annual meeting.

Treasurer manages the ***General Account***, paying all bills submitted by the *Financial Secretary*, tracks the income and expense trends relative to the Budget, creates a monthly financial report & identifies any possible Budget concerns to *Council*, and produces an annual report for the *Congregation*. All records for the *General Account* are subject to annual review by the ***Audit Committee***.

Committees Starting in 2014, our financial structure was reorganized which simplified the previous accounts, improved understanding, and gave fiscal autonomy (and responsibility) to various *Committees* that now had their own bank account to manage. *Committees* with their own bank account are: Endowment, Memorial, and Scholarship. All accounts are subject to annual audits.

Audit Committee is a three person team elected by the *Congregation* to review all church bank accounts.

The financial structure of Augustana Lutheran Church of Andover consists of a series of *Central Bank* accounts listed below. To review the details of any account, press & hold *Cntrl* key & 'click' on the account name to go directly to the account description:

- [General Account](#)
- [Memorial Account](#)
- [Endowment Account](#)
- [Ruth Taylor Scholarship Account](#)
- [Modernization Projects Account](#)
- [Other Financial Procedures](#)

General Account

The *General Account* is used to pay all ‘normal’ church operating expenses. As a result, it is by far the most active of all our accounts, receives the most management scrutiny, and involves the most people. The annual pledge drive and the annual budget are focused on the *General Account*. Once all pledges are collected, a budget committee meets to determine what level of salaries and program support the projected income can support. Using the *General Account* category breakdowns for expense and income, the committee recommends a **Budget** for review by the *Congregation Council*. Following *Council* approval (with possible revisions), the *Budget* is presented to the *Congregation* for vote at the annual meeting. (**Note:** Please prayerfully consider pledging each year. The more pledges received, reduces the amount of guesswork involved in creating a Budget, and enables greater program potential.)

Management: The *Budget* passed by the *Congregation* determines how the *General Account* income is spent throughout the fiscal year. The *Financial Secretary* deposits income received to the *General Account*, and reviews bill invoices before submitting to the *Treasurer* for payment. The *Treasurer* pays the bills and tracks all income and expenses by categorizing into nine major income categories and eight major expense categories. Each major category has several subcategories for even greater reporting detail. Also, the *Treasurer* generates detailed monthly reports to *Council* and notifies *Council* of any *Budget* concerns. *Council* is responsible for directing any corrective actions should *Budget* issue arise throughout the year.

Contributions: Weekly worship offerings make up the vast majority of the *General Account*’s income. The nine major income categories tracked and their definitions are:

1. Pledges: ‘White Envelope’ member offerings collected each week, reflecting annual pledge commitment.
2. Loose: Cash, coins, or checks placed in the weekly collection plate that cannot be attributed to any member.
3. Special Envelopes: All other member Envelopes gifts received including IEO, Lenten, and religious Holiday Envelopes. Exceptions are the monthly ‘Blue Envelope’ gifts, which gives members several options to direct their gift to specific interests. These exceptions are described in the applicable **Contribution** section in the other Accounts.
4. Free Will Offerings: This category includes donations received from coffee hours, or meals (unless otherwise stated).
5. Family Ministry: Offerings received at Sunday or Vacation Bible Schools, and donations designated for Youth activities
6. Interest: The *General Account* is an interest bearing account from *Central Bank*.
7. Farm: Income received from cash rent or crops sold from our farm ground. (Members donated their labor and expenses when farming our ground.)
8. Property Fund: This category includes income from facility rental (weddings, classes, etc.), insurance settlements on property damage, or member gifts designated to be used for some church or parsonage improvement project. (**Note:** The ‘Blue Envelope’ can be used to donate to specific property projects by checking the ‘Other’ box and listing the name or description of the project. If the project is part of a formal ‘Fund Appeal underway, the funds will be deposited in the Modernization Project Account described below. Otherwise, the Council and related committee will be notified of the project suggestion.)
9. Non-Budget: These are gifts are not used by the church, but merely held until the funds can be distributed to the intended organization. Examples of Non-Budget gifts are Flowers, Food Pantry, World Hunger, ‘Noisy’ Offerings, and Disaster Relief. (**Note:** Checking the ‘Food Pantry’ box on the ‘Blue Envelope’ will direct the gifts to area food pantries. Checking the ‘Other’ box and specifying another charity will direct funds there. Any ‘Blue Envelope’ gifts not specified will go to ‘World Hunger’.)

Distributions: The bulk of the *General Account* distributions are for expenses associated with Mission Support, Compensation, Utilities, and Maintenance. Eight major categories of expenses are:

1. Mission Support: Formerly known as 'Benevolence', the church usually contributes at least a 'tithe' annually to the **ELCA Synod** to support their work towards new missions and other charitable works. Also, included is financial support to the local **Andover Cluster** organization,
2. Compensation: All expenses related to salaries, stipends, honorariums, and employment taxes. Currently, the Pastor, Custodian, Office Secretary, Treasurer, Organist, and Grounds Caretaker receive regular payment for their services as directed by the *Budget*.
3. Programs & Services: Expenses related to the spiritually workings of the church including youth programs, stewardship, evangelism, worship, adult education conferences, and the **Good Samaritan** fund.
4. Church Operations: Expenses related to the 'business' side of the church, including office supplies, postage, copier usage, insurance, website, and property taxes.
5. Maintenance: Routine upkeep and repairs of the church property covering labor, materials and services used.
6. Property Improvements: Projects funded by the 'Property Fund' income category above to implement needed improvements to the church and parsonage under \$5,000. Improvement project greater than \$5,000 require a congregational vote, and usually necessitates special funding from other accounts.
7. Utilities: Gas, electric, phone, and water expenses for the church and parsonage.
8. Non-Budget: Counterpart to the 'Non-Budget' income category: the General Account merely holds non-budget gifts until distributing to the designated organization.

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Memorial Account

The *Memorial Account* was originally part of the **Special Account** established by Treasurer Ruth Danielson decades ago. The *Special Account* tracked funds designated for Memorial Gifts, Farm Income, **Thomas Stearns Carillon Fund**, and later a youth scholarship fund. Tracking four unique funds within one account became overly complicated resulting in a restructuring of the church accounts for fiscal year 2014. The *Special Account* became the *Memorial Account* consisting of the existing memorial funds and the *Stearns Carillon Fund*. Farm income became part of the *General*, and the scholarship funds formed a new **Ruth Taylor Scholarship Account**. Today the *Memorial Account* holds family gifts in memory of loved ones until a memorial project matching the wishes of the family can be established.

Management: A volunteer **Memorial Committee** manages the *Memorial Account*. The *Committee* is responsible for distinguishing between the accumulated funds for each memorial, and matching the family wishes with church needs. Much communication is required between the *Committee* and family members to understand the memorial wish, and between the *Committee* and *Congregation Council* to implement the resulting memorial project. Memorial gifts may be either specified or unspecified. Rarely does the memorial fund amount exactly match the cost of the desired project. In those cases, the *Committee* must combined memorials (with family blessing) to complete a project acceptable to all concerned. Once a project completes the wish of the family, remaining funds, if any, becomes discretionary to be used to fund other projects. The *Committee* respectfully requests that all memorial gifts are used within 5 years of receipt of the gift.

Contributions: Gifts from family and friends in memory of loved ones, and account interest are the only income sources.

Distributions: Payment for the cost of completed projects. Projects are not started unless sufficient funds have been identified, and they are acceptable to the contributing families. Defining when funds become discretionary is up to the *Memorial Committee*.

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Endowment Account

In the mid to late '80's, Augustana Lutheran Church received two large estate gifts totaling close to \$500,000. Two trust funds were established with these gifts: one with **Farmer's National Bank**, and the other an **ELCA Pooled Trust**. A third component added was an interest bearing checking account used for fund distribution. Pastor Ted Granquist had the foresight to establish some rules guiding the usage of these large gifts. Essentially, the main rule was to only use the annual interest or dividends from the endowment investments, and the annual disbursement was to be equally divided amongst:

- Outside Ministries - such as ELCA Mission Support or local charities
- Property - Major improvements to the church and parsonage
- Church Programs – Support of existing or new programs

Our guidelines also specified that the *Endowment* principal could be used to fund large improvements projects pending the congregational approval. This provision has been utilized on four occasions: Stained Glass Windows repair & update; Organ Modernization; and two 2017 projects: Steeple Tuck-Pointing and partial funding of Sanctuary Re-wiring projects. The blessing of these estate gifts have allowed us to execute the aforementioned renovation projects without waiting for congregational fund appeals to accumulate the necessary funds. Instead, we have preceded with the necessary renovation with the *Endowment*, and used congregation fund appeals to repay the *Endowment*. (**Note:** We currently have a member funding appeal underway for the recently completed Sanctuary Re-Wiring project.)

Management: A volunteer **Endowment Committee** was established in 2014. The demands of managing the *Endowment* investments had become too great for the church *Treasurer* alone. Now the *Endowment Committee* meets regularly to review the performance of our investments and will periodically adjust investments based on current market trends. Their efforts have significantly enabled investment growth. Church needs and *Council* requests are reviewed by the *Committee* before distributing annual investment dividends in accordance with Pastor Granquist guidelines, which were recently updated and clarified by the *Committee*.

Contributions: The original two estate gifts make up most of the *Endowment* principal. Provisions are in place for additional estate gifts should they arise. More recently, the *Endowment* contributions have taken the form of Fund Appeal repayments for previously completed projects. Contributions to the *Endowment Account* can be made by using the 'Blue Envelope' and checking the 'Endowment Gift' box.

Distributions: Annual dividend returns are distributed in accordance with the *Endowment Account* criteria described previously...to outside ministries, property improvements, and church programs.

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Ruth Taylor Scholarship Account

Originally a part of the *Special Account*, the scholarship funds was transferred into a separate new account in 2014. Named after the late Ruth Dahlberg Taylor (who served as parish nurse in the late '80's), this account provides financial aid to eligible youth from our congregation attending college. The *Scholarship Account* is a *Central Banking* interest bearing checking account, which is supported by an **ELCA Pooled Trust Fund**. The intent of the *Trust Fund* is to become self-sustaining, where the annual dividends earned by the *Trust* will be sufficient to provide meaningful financial support to our college students. Presently, scholarships are dependent on 'Current Year' gifts from the congregation to provide scholarships, while the long term investment fund grows. For more detailed information, go to [Ruth Taylor Scholarship](#) link.

Management: The account is managed by the **Scholarship Committee** made up of volunteers. This *Committee* annually reviews the list of scholarship applicants, and determines the amount of financial support to eligible candidates based on available funds. To view the eligibility criteria, see [Ruth Taylor Scholarship](#) link.

Contributions: All contributions to the *Scholarship Account* are member gifts. Members are asked to specify if their gift is a 'Current Year' or 'Long Term' gift. 'Current Year' gifts are deposited into the checking account and used in the upcoming year for scholarships, whereas 'Long Term' gifts are invested in the *Trust* fund. Gifts not specified are up to the discretion of the *Scholarship Committee* to deposit where most needed. Contributions to the *Scholarship Account* can be made by using the 'Blue Envelope' and checking the 'Scholarship (Year)' box for 'Current Year' donations; either cross-out the year part, or use the 'Other' check box to specify a 'Long Term' gift.

Distributions: Every year in the April/May time frame, the Scholarship Committee divides the available 'Current Year' funds equally to all eligible candidates.

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Modernization Projects Account

Prior to 2016, all major projects requiring congregation vote were funded through the *Endowment Account*, and any supporting congregational fund appeals collected repaid the *Endowment Account*. With the onset of two major projects in 2016 (Steeple Tuck-Pointing, and Sanctuary Re-Wiring), both the *Council* and *Endowment Committee* recommended the creation of the church *Modernization Projects Account* for accounting clarity, and greater flexibility when considering future modernization projects. The *Endowment Account* remains as a major source for funding large projects in accordance with the *Endowment Account* by-laws.

Management: The *Modernization Project Account* is managed by the *Financial Secretary*, and the *Church Council*, and is a simple checking account used to hold funds during specific project appeals until the project is completed and payment is due. Should gifts for any the current fund appeal be exceeded, the remaining funds will be held in the account for use on future Modernization Projects.

Contributions: Member gifts are the only source of income to the *Modernization Projects Account*. Currently, we are collecting for the *Sanctuary Re-Wiring* project. Contributions to the *Modernization Projects* can be made by using the 'Blue Envelope' and checking the 'Organ Fund' box. (The Organ Fund was a fund appeal that ended in 2015, but the notation has yet to be changed on our printed Envelopes.)

Distributions: All payments for the cost of any project are completed through the *Modernization Projects Account*. Usually project costs are shared between fund appeals, the *Endowment Account*, and other accounts such as the *General* and *Memorial*. Contributions from other accounts are moved into the *Modernization Projects Account*, so there is a single source of payment to the project contractor.

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Other Financial Procedures

Starting in 2016, two significant procedure changes were made that affects members of the general congregation. Those changes are associated with the **Church Credit Cards**, and the **Good Samaritan Fund**.

Church Credit Cards: Prior to 2016, our church had two credit cards: a standard **Visa** card, and **Casey's General Store** card. The *Visa* card was used primarily by the church office to order office and worship supplies online. The *Casey's* card was kept at the local *Casey's* store enabling different members to purchase gas for mowing the church lawn & blowing

snow, and purchase doughnuts and pizza for various church functions. In 2016, our new Treasurer recommended obtaining a single **Business Visa** card, offering *cash back* provisions, to **replace** both the old *Visa* **and** the *Casey's* card. New policy changes at **Sam's Club** have enabled us to use the *Business Visa* card virtually anywhere.

Now members who have been designated to purchase supplies for the church, (service items for church functions, and worship service items such as wine, candles, etc.) are encouraged to use the Business Visa card enabling the church to receive *cash back* benefits, and eliminate the burden on members to cover cash outlays until they are reimbursed. Purchase of office supplies and Casey's supplies utilize the *Business Visa* as well. A secure check-out procedure of the *Business Visa* has been implemented. Please contact the [Church Office](#), or [Financial Secretary](#) to sign the card out.

Good Samaritan Fund:

Previously, the *Casey's* card held at the local *Casey's* store served a dual role in that it was used as part of our *Good Samaritan Fund*. To help stranded travelers reach their next destination, the Pastor or other Officer of the church would call Casey's and authorize a charge against the Casey's card to get the needy on their way. Now we've replaced the *Casey's* card with **Casey's Gift** cards to accomplish the same purpose, using a check-out procedure similar to the *Business Visa* card.

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