



St. John's Lutheran Church and School

A partner and member with
The Lutheran Church-Missouri Synod
The Association of Lutheran Schools

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Update from the Board of Finance

Dear Brothers and Sisters of Christ,

On June 30, we will be closing out St. John's 2019-2020 fiscal year. As we approach the end of the fiscal year, we wanted to give you an update on the following financial matters:

- Timetable for the July 2020 – June 2021 Budget Approval Process
- Status of July 2019 – June 2020 fiscal year financial performance (current year)
- Congress waives IRA and 401(k) Required Minimum Distributions (RMDs) for 2020

July 2020 – June 2021 Budget

Given the recent focus on the COVID-19 pandemic, the current stay-at-home guidelines, and the suspension of in-person church and school activities, we are pushing back the timeline for the July 2020-June 2021 budget process. During a typical year, we would have presented our budget to the congregation for approval in April.

As you know, this is not a typical year. The COVID-19 situation has produced analytical and logistical challenges (i.e. difficulty in projecting church donations and school tuition, unable to have an in-person congregation meeting to approve a budget). Due to these extraordinary circumstances, until the new budget is approved, the Church Council will be authorizing operating and capital expenditures for July and August. Our plan is to present the July 2020 – June 2021 budget to the congregation in August (via a Zoom meeting if necessary).

Current Year Activities and Financial Performance

God has blessed our congregation and school during these uncertain times!

- Pastor Ben, Pastor Mark, and David Lincoln, along with volunteers from the church have stepped-up (pushing the technology envelope) to develop online worship services. Volunteers from the congregation have launched a very successful meals-to-go program for families in our congregation and the community, clients of BEDS Plus Care and First Responders. In addition, the church has rolled-out online Sunday School activities for children in our church and the community.

Equipped ♦ Engaged ♦ Encouraged

- The Church Council has taken careful steps to lower our operating expenses during the church and school shut down.
- In spite of the uncertain income stream caused by COVID, members of our congregation have stepped up with generous donations over the last 2 months to put us in position to potentially “break even” for the fiscal year with our operating income and expenses.

We have always experienced an uneven income stream for our church and school due to a sizable portion of the tuition and fees being paid in the first part of the school year and seasonal donation giving to the church. For June, we are projecting lower tuition income and more typical church donations, resulting in an operating loss for the month of June and a small net operating loss for the fiscal year. (1)

If you are in a financial position to give something extra toward the GIFT_2 program or to the St. John’s School Annual Fund this month, we might be able to end the fiscal year with a net operating surplus.

Congress waives RMDs for 2020

The COVID-19 stimulus bill signed by President Trump included tax relief for retirees. You may know this already, but the required minimum distribution rules for Individual Retirement Accounts and 401(k)s are waived for 2020. That means that instead of taking money out this year, retirees can keep their investments growing. The RMD waiver applies to 403(b) accounts, SEP IRAs, and SIMPLE IRAs. If you don’t want your RMD this year, make sure to cancel automatic distributions you’ve set up.

You can continue to contribute appreciated securities and get a charitable deduction for the Fair Market Value of the securities and not be liable for Capital Gains tax.

Thank you for your generous support of St. John’s Church and School! If you have any questions on the budget or financial matters, please feel free to contact us.

In His Service,

Tom Braun, Congregation President

Adam Fuller , Congregation Treasurer

Martin Haugen, Board of Finance Chair

(1) For the first eleven months of the fiscal year through May, our church and school had income of \$1,410,187 and operating expenses of \$1,357,715. However, we are projecting an operating loss of \$50-\$55,000 for the month of June (attributed to lower tuition and projected lower church donations), which would bring us close to break-even for the fiscal year ending in June. FYI - as noted in Tom Braun’s letter to the congregation last month, we applied for and received \$99,995 from the Federal Government under the Paycheck Protection Program (PPP) as part of the CARES Act. This loan is forgiven if used for salaries and benefits for our church workers. The PPP money is currently being carried on our books as a short-term loan.