

## **Background on Current Finances**

*In advance of the upcoming forum on Sunday, February 12, here is some helpful information about our finances from the Board of Directors.*

Five to six years ago, MCCGSL refinanced our property at 1920 S. 7<sup>th</sup> Street, retaining a new loan with much better terms than the original purchasing loan. At that time, an additional \$70,000 was taken from the equity in our building and placed in a Board-Restricted savings account, meaning that the Board had to approve all uses of those funds.

Over the course of the last five years the Board has had to use those funds to compensate for cash flow shortages whenever we fell short of the necessary monthly income for our mortgage payments. During some periods in those five years there were monthly withdrawals from that account, and over other periods, we went for many months without needing to withdraw any funds. This was regularly discussed and reported at monthly Board meetings and Congregational Meetings throughout the entire five years. This dwindling fund was a key reason for both the Building Faith campaign during the interim time with Rev. Pressley Sutherland, and more recently, the dwindling account made it clear that the Seeds to Branches vision needed to include some debt reduction (which led to the payoff of our second mortgage).

Over this same period (the last five years), the Board and leadership have been working diligently to reduce costs and bring our expenses in line with our income. This has included a number of cost-cutting measures as well as the development of our new programming model that helps generate revenue. At this point, the leadership sees no other way to reduce expenses without looking to staff salaries.

At the outset of the Seeds to Branches campaign, the leadership discussed the fact that large-scale capital campaigns can often negatively impact a church's General Fund. While we were concerned about that possibility, the dwindling funds in our Board-Restricted savings account made it clear that we had no other option than to proceed. In the end, we have seen a reduction in General Fund giving during this capital campaign. We are now reaching the point where all the funds in the Board-Restricted savings account are depleted. Currently, just \$2,500 remain.

We are left with only two real options: increase revenue or decrease expenses. Throughout our history, the Board has come to the congregation in situations like this and pled for the congregation to give more. While we want to let you know about the tough situation we are in, we are also keenly aware that many of you, like us, are giving at or above 10% already. For that reason, we are reluctant to ask you for any more funds and instead are proposing the layoff of one full-time staff member to bring our expenses in line with our current (*and historical*) income. We welcome other ideas or intervention, but we are trying to be honest with ourselves and with you about the level of income we have consistently maintained over the last five years.

Finally, we want to be completely transparent and explicit about what "the layoff of one full-time staff member" means. The Board held an Executive Session at the end of the January BOD meeting and discussed staffing options with Pastor Wes. Should nothing change with our current financial outlook, the recommendation from Pastor Wes, which was unanimously supported by the Board of Directors, was to layoff our most junior staff member, Karen Yang, on or about February 15, 2017. (This date was estimated to be the furthest date in the future that we could afford to maintain our current staffing.) Furthermore, the Board unanimously supported Pastor Wes's recommendation to make Rev. Katie

Hotze-Wilton our new Pastor of Family Programming, eliminating the current position of “Pastor of Congregational Care and Worship.”

The leadership remains open to your input about this possible future, and a key component of the forum on February 12<sup>th</sup> will be to hear from you about this. Obviously, we all wish for another way forward. Another element of the forum will be to spend a bit of time as a congregation hearing about some of the ways the remaining staff will need new volunteers and extra help, as the staff will no longer be able to perform all the duties previously overseen by the Pastor of Congregational Care and Worship.

While this situation has been “in the making” for more than five years, we, your Board of Directors, are aware how hard this is to face and talk about. In fact, it weighs heavily on each of your board members. We also know that this has been extremely hard on our staff and pastors. Please be in prayer for our entire church and our leaders. We know God will guide us through this challenge and that our vital ministries will continue, even as some things about how we do our ministries may change. It is always important to remember that we are held and loved—and led!—by God.

We hope to hear from you and see you at the forum on February 12<sup>th</sup>.