



# *Financial Report of the Congregation*

Bethel Lutheran Church  
January 22, 2006

Meeting minutes ....	page 1
Fiscal Year 2005 Financials ....	page 3
Current Year Financials ....	page 6
Audit Report ...	page 9
Ministerial Acts ...	page 10
Membership Statistics ...	page 11

*“ . . . that Christ may dwell in your hearts through faith. . . . ”*

*Randal Pabst, Lead Pastor*

*Rick Sherrill, Pastor of Congregational Life*

*Ken Bancroft, Pastor of Care & Visitation*

10181 Finch Avenue Cupertino, CA 95014 (408) 252-8500 [www.bethelcupertino.org](http://www.bethelcupertino.org)

**Minutes of the June 5, 2005 Congregational Meeting  
Bethel Lutheran Church, Cupertino, California**

*Minutes recorded by Joan Christensen*

**Opening:** Bill Hanson, President, called the meeting to order at 12:25. Pastor Rick opened the meeting with a prayer.

**Quorum:** 74 members signed in for the meeting. (10% of our voting membership or 66 people were sufficient for a quorum.)

**Approval of Minutes:** The minutes from the January 23, 2005 congregational meeting were reviewed for approval. There was one question regarding the length of a council term, which Bill Hanson will review with that council member after the meeting.

**Stewardship Report:** Dave Tribby presented the latest numbers from our spring stewardship campaign. Pledges are still coming in, and he encouraged members to bring in Faith Promise cards if they haven't already. For the current year our giving is expected to be approximately 30% above pledges. To date, 181 pledges have been received. We estimate that pledges will total \$660,000. With the 30% additional giving, the estimated income for Fiscal Year 2006 is \$860,000. This year our giving is ahead of our budget. A question addressed whether giving deficits result from people not meeting their pledges, or from receiving a lower amount than we expected over the pledges. Dave said that it can be from either. Each year some people give more than they pledged, while others are unable to complete their pledges. Often these numbers balance each other out. We have often found that if those who were unable to complete their pledges were able to do that, our "deficit" would be erased.

**Financial Report:** Our financial officer Euo Menezes presented our financial status for our current fiscal year ending June 30, 2005. We had budgeted an additional \$40,000 this year over expected giving, to be funded through a special appeal. This would meet needs of moving a new pastor here, and other budget additions. We expect to only need \$23,000 of this. We have raised approx. \$10,000 in the extra appeal. We will end the year with income higher than budgeted. Thanks to all who have made this happen. As of May 31, we are \$20,000 over in income, and \$53,000 behind in expenses. Our net excess year-to-date is \$43,000. Expense savings have come from staff positions remaining unfilled and tuition discounts lower than expected. Euo projects a positive year end by approximately \$35,000. Possible uses of excess funds at year end might include staff bonuses, adding to our cash reserves, maintenance projects and giving to Mount Cross.

Euo presented the budget for the fiscal year beginning July 1, 2005. He described the budgeting process this year as more of a "cleaning up" of items according to next year's needs, rather than a full "re-engineering" of the budget from the ground up. He has discovered that there are many costs relating to salaries and facilities that are very difficult to change. The major changes involve annualizing salaries that were changed part way through the year as we called a new pastor and changed our visitation pastor's hours, adjusting benefits, removal of non-recurring expenses, and other savings and reductions. Increases included a pay increase for staff, adding a paid part-time bookkeeper and increasing our audio/video hours, adding the additional mortgage costs which were covered by Welcome Zone funds over the past year, bulbs for the Sanctuary Video projectors (over \$4,000), Safe Community training and background check costs, and restoring Continuing Education and Conference funds which were removed over the past few years of shrinking budgets. This would give us a total of \$912,000 in expenses.

Euo mentioned that the school's financials are going very well, and the school will end the year positive as well, by perhaps \$35,000. The school's balanced budget for 2005-2006 will be based

on approximately \$1.7 million in income. Exact details will be finalized once enrollment is more certain after the school year begins.

This proposed church budget is \$50,000 higher than the Stewardship Team's report estimated giving of \$860,000. Euo feels that this increase in giving is possible. He cited the very positive trends at Bethel this year. Attendance and giving are both up, the increase in pledges are higher than the attrition of pledges, another estimate of giving would place our pledge total at \$700,000, yielding a total income of \$910,000, and we have had very good responses to special appeals over the past 3 years. This shows that the potential is here for higher giving. He highlighted the many positive aspects of Bethel right now, including our welcoming, facilities and ministries, and reminded us that Bethel should no longer be such a "well-kept secret".

Questions were asked and answered about the reduction in the Discipleship budget, the mortgage amount and about the percentage increase in this budget compared to last year. The 2005-2006 budget was approved by a show of hands.

**Long Term Maintenance Report:** Vern Bollesen, Council Project Specialist, has been gathering information to track funding needs for our facilities and equipment. Our buildings are 40 years old and repairs and some replacements are needed. He is calculating the amounts which we should be setting aside annually to address these needs. He estimates that we should be setting aside approximately \$40,000 per year, and should already have \$200,000 in reserve to meet needs of repair or replacement. This estimate does not include all areas of the campus; notably the areas of Audio/Visual equipment, HVAC and the Youth areas are not yet included. Bill Hanson followed up noting that the Council has created a Long Term Maintenance restricted fund to begin to address these needs. There may be some funds allocated towards this from the year-end excess funds this year. We did receive good news, that the estimate for the roof repair is less than we had originally thought.

**Safe Community:** Bill Hanson described how our policy for Safe Community is needed as natural protection for our children, is a response to other problems in other places, and is a response to insurance requirements. The council has been working on this policy for close to a year. Fingerprinting and training of staff and volunteers will begin this year. Comments from the floor indicated that in other organizations volunteers are asked to pay for their own background checks, and that the process is very easy.

**New Business:** None.

**Closing:** Pastor Randy reiterated Euo's point that Bethel is one of the best-kept secrets in the West Valley and probably in our synod. He continues to be amazed at the giftedness and ministry at Bethel, and God's blessings on this congregation. Over the next months, we will focus on how to get the word out about Bethel. He mentioned a workshop he had attended on multi-cultural ministry, which was helpful in understanding where we live, and how to live here as disciples, and tools that can help us. We are also in the beginning steps of talking about a master plan to provide direction and support of ministry. It will include an evaluation of our strengths as well as what we can do better, looking at our community, facility, ministry and our relationship with the school. Pastor Randy invited everyone to come to a school chapel during the school year on Wednesday mornings at 9:15 in the sanctuary. He thanked the congregation on behalf of his family for the warm welcome.

**Meeting closed with prayer at 1:23 pm.**

Bethel Lutheran Church  
**Profit & Loss Budget Performance**  
 July 2004 through June 2005

	<u>Jul '04 - Jun 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
3001 · Church General Fund	822,054.46	810,000.00	12,054.46
3003 · Special Income Appeal	11,134.79	40,000.00	-28,865.21
3051 · Misc Income	3,350.80	1,200.00	2,150.80
<b>Total Income</b>	<u>836,540.05</u>	<u>851,200.00</u>	<u>-14,659.95</u>
<b>Expense</b>			
40 · Tithe	65,093.00	69,000.00	-3,907.00
45 · School Budget Support	18,500.04	18,500.04	0.00
47 · Tuition Discounts	19,028.92	24,100.00	-5,071.08
50 · Ministry Services	114,697.89	119,716.62	-5,018.73
51 · Altar Guild Exp	1,376.73	1,521.33	-144.60
52 · Library Exp	205.13	250.00	-44.87
53 · Confirmation Expense	2,232.10	1,810.00	422.10
58 · Evangelism	10,660.43	12,430.00	-1,769.57
60 · Discipleship	2,753.61	2,300.00	453.61
61 · Worship & Music	66,404.35	74,039.83	-7,635.48
62 · Children's Ministry	44,334.16	44,587.00	-252.84
63 · Pastoral	238,781.20	254,826.10	-16,044.90
65 · Youth Ministry	67,000.40	65,626.68	1,373.72
66 · Stewardship	1,516.50	3,120.00	-1,603.50
67 · Community Life	1,787.53	3,245.00	-1,457.47
68 · Building & Grounds	135,619.22	133,758.03	1,861.19
69 · Audio Video Ministry	23,762.82	22,321.02	1,441.80
6999 · Uncategorized Expenses	0.00	0.00	0.00
<b>Total Expense</b>	<u>813,754.03</u>	<u>851,151.65</u>	<u>-37,397.62</u>
<b>Net Ordinary Income</b>	<u>22,786.02</u>	<u>48.35</u>	<u>22,737.67</u>
<b>Net Income</b>	<u><u>22,786.02</u></u>	<u><u>48.35</u></u>	<u><u>22,737.67</u></u>

Bethel Lutheran School  
**Profit & Loss Budget Performance**  
 July 2004 through June 2005

	<u>Jul '04 - Jun 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
7000 · School Misc Income	63,362.39	45,330.04	18,032.35
7100 · Elementary Program	640,253.32	627,450.00	12,803.32
7200 · Summer Elem Program	131,551.20	132,245.22	-694.02
7300 · AM/PM Program	125,006.05	112,821.00	12,185.05
7400 · Preschool Program	535,334.38	457,645.00	77,689.38
7500 · Summer Preschool Program	94,163.38	95,820.21	-1,656.83
7700-20 · Bad Debt	0.00	0.00	0.00
7800 · Prior Period Income	-2,430.24	0.00	-2,430.24
<b>Total Income</b>	<u>1,587,240.48</u>	<u>1,471,311.47</u>	<u>115,929.01</u>
<b>Expense</b>			
7905 · Transfer to Church	0.00		
70 · School Admin	374,235.92	367,931.97	6,303.95
71 · Elementary	556,672.57	523,353.28	33,319.29
72 · Summer Elemen. Program	61,192.08	61,407.35	-215.27
73 · AM/PM Program Exp.	114,918.92	107,623.10	7,295.82
74 · Preschool Program Exp	333,811.98	315,884.05	17,927.93
75 · Preschool Summer Prog.	70,674.05	71,625.49	-951.44
78 · Transfer Funds to Restricted	35,394.85	18,980.00	16,414.85
79 · Loan Interest/Paymts-School	500.00	0.00	500.00
<b>Total Expense</b>	<u>1,547,400.37</u>	<u>1,466,805.24</u>	<u>80,595.13</u>
<b>Net Ordinary Income</b>	<u>39,840.11</u>	<u>4,506.23</u>	<u>35,333.88</u>
<b>Net Income</b>	<u><u>39,840.11</u></u>	<u><u>4,506.23</u></u>	<u><u>35,333.88</u></u>

**Bethel Lutheran Church**  
**Profit & Loss Budget Performance**

As of June 30, 2005

	<u>Jun 30, 05</u>	<u>Jun 30, 04</u>	<u>Cash Basis</u> <u>\$ Change</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
Cash in Bank	313,887.26	285,938.03	27,949.23
<b>Total Checking/Savings</b>	<u>313,887.26</u>	<u>285,938.03</u>	<u>27,949.23</u>
<b>Accounts Receivable</b>			
1200 - Accounts Receivable	15,021.53	0.00	15,021.53
<b>Total Accounts Receivable</b>	<u>15,021.53</u>	<u>0.00</u>	<u>15,021.53</u>
<b>Other Current Assets</b>			
1202 - Accounts Receivable School	8,153.17	6,211.15	1,942.02
<b>Total Other Current Assets</b>	<u>8,153.17</u>	<u>6,211.15</u>	<u>1,942.02</u>
<b>Total Current Assets</b>	<u>337,061.96</u>	<u>292,149.18</u>	<u>44,912.78</u>
<b>Other Assets</b>			
004009 - Equipment & Furnishings	577,018.34	573,918.36	3,099.98
004000 - Buildings & Improvements	3,488,327.29	3,475,652.29	12,675.00
004014 - Land	2,458,880.00	2,458,880.00	0.00
004020 - Endowment Fund	123,012.06	124,550.67	-1,538.61
<b>Total Other Assets</b>	<u>6,647,237.69</u>	<u>6,633,001.32</u>	<u>14,236.37</u>
<b>TOTAL ASSETS</b>	<u><b>6,984,299.65</b></u>	<u><b>6,925,150.50</b></u>	<u><b>59,149.15</b></u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Accounts Payable</b>			
2000 - Accounts Payable	2,284.37	-36.12	2,320.49
<b>Total Accounts Payable</b>	<u>2,284.37</u>	<u>-36.12</u>	<u>2,320.49</u>
<b>Credit Cards</b>			
2001-06 - MBNA Credit Card	5,460.78	0.00	5,460.78
2001-04 - Capital One	-93.81	0.00	-93.81
<b>Total Credit Cards</b>	<u>5,366.97</u>	<u>0.00</u>	<u>5,366.97</u>
<b>Other Current Liabilities</b>			
203120 - Prepaid Tuition	286,866.83	274,968.78	11,898.05
202700 - Outstanding Loans	-273,394.00	-273,394.00	0.00
102101 - Prior year carryforward	1,650.00	832.19	817.81
101045 - Payroll Clearing	29,953.70	40,271.29	-10,317.59
101047 - Continuing Ed Carryover	4,092.70	1,982.92	2,109.78
102100 - Workers Comp accrued	-1,477.21	5,203.00	-6,680.21
2002 - Payroll Withholding-Church	166.48	228.98	-62.50
001000 - First Mortgage - AAL	716,861.45	737,423.39	-20,561.94
20315 - Year End Balance School	58,075.91	35,570.96	22,504.95
20314 - Annual Giving Program	23,674.08	19,395.49	4,278.59
101015 - Church Restricted Funds	54,705.18	101,557.98	-46,852.80
20310 - School Restricted Funds	34,495.40	29,102.34	5,393.06
<b>Total Other Current Liabilities</b>	<u>935,670.52</u>	<u>973,143.32</u>	<u>-37,472.80</u>
<b>Total Current Liabilities</b>	<u>943,321.86</u>	<u>973,107.20</u>	<u>-29,785.34</u>
<b>Total Liabilities</b>	<u>943,321.86</u>	<u>973,107.20</u>	<u>-29,785.34</u>
<b>Equity</b>			
3000-10 - Church Unrestricted Fund Balanc	71,746.44	48,960.42	22,786.02
3000-20 - School Unrestricted Fund Balanc	39,840.11	7,504.95	32,335.16
3000-30 - Equity in Real Property	5,807,364.18	5,771,027.26	36,336.92
3000-40 - Endowment Fund Balance	122,027.06	124,550.67	-2,523.61
3900 - Allocated Net Income	-62,626.13	5,099.84	-67,725.97
<b>Net Income</b>	<u>62,626.13</u>	<u>-5,099.84</u>	<u>67,725.97</u>
<b>Total Equity</b>	<u>6,040,977.79</u>	<u>5,952,043.30</u>	<u>88,934.49</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>6,984,299.65</b></u>	<u><b>6,925,150.50</b></u>	<u><b>59,149.15</b></u>

Bethel Lutheran Church  
**Profit & Loss Budget Performance**  
 July through December 2005

	<u>Jul - Dec 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
3001 · Church General Fund	403,494.72	457,500.00	-54,005.28
3051 · Misc Income	942.28	1,240.00	-297.72
3060 · Non-Cash Income	0.00		
<b>Total Income</b>	<u>404,437.00</u>	<u>458,740.00</u>	<u>-54,303.00</u>
<b>Expense</b>			
40 · Tithe	35,122.00	39,225.00	-4,103.00
45 · School Budget Support	9,250.02	9,250.02	0.00
47 · Tuition Discounts	8,835.00	7,000.00	1,835.00
50 · Ministry Services	57,084.57	62,745.77	-5,661.20
51 · Altar Guild Exp	364.91	450.00	-85.09
52 · Library Exp	0.00	80.00	-80.00
53 · Confirmation Expense	709.06	1,405.00	-695.94
58 · Evangelism	4,091.64	5,988.00	-1,896.36
60 · Discipleship	346.66	535.00	-188.34
61 · Worship & Music	27,687.16	37,383.63	-9,696.47
62 · Children's Ministry	19,811.63	22,137.98	-2,326.35
63 · Pastoral	127,761.51	130,993.61	-3,232.10
65 · Youth Ministry	32,738.43	33,307.03	-568.60
66 · Stewardship	1,234.23	2,100.00	-865.77
67 · Community Life	1,622.50	2,025.00	-402.50
68 · Building & Grounds	83,949.43	86,226.63	-2,277.20
69 · Audio Video Ministry	18,951.81	19,262.98	-311.17
6999 · Uncategorized Expenses	0.00	0.00	0.00
<b>Total Expense</b>	<u>429,560.56</u>	<u>460,115.65</u>	<u>-30,555.09</u>
<b>Net Ordinary Income</b>	<u>-25,123.56</u>	<u>-1,375.65</u>	<u>-23,747.91</u>
<b>Net Income</b>	<u><u>-25,123.56</u></u>	<u><u>-1,375.65</u></u>	<u><u>-23,747.91</u></u>

Bethel Lutheran School  
**Profit & Loss Budget Performance**  
 July through December 2005

	<u>Jul - Dec 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
7000 · School Misc Income	31,715.29	30,038.98	1,676.31
7100 · Elementary Program	349,332.35	345,599.20	3,733.15
7200 · Summer Elem Program	110,747.01	110,747.00	0.01
7300 · AM/PM Program	58,886.52	61,173.50	-2,286.98
7400 · Preschool Program	236,721.04	267,335.00	-30,613.96
7500 · Summer Preschool Program	86,124.00	86,121.95	2.05
7700-20 · Bad Debt	0.00	0.00	0.00
7800 · Prior Period Income	-650.00	0.00	-650.00
<b>Total Income</b>	<u>872,876.21</u>	<u>901,015.63</u>	<u>-28,139.42</u>
<b>Expense</b>			
70 · School Admin	181,057.07	201,815.98	-20,758.91
71 · Elementary	228,155.57	242,434.36	-14,278.79
72 · Summer Elemen. Program	57,315.51	56,991.21	324.30
73 · AM/PM Program Exp.	49,025.42	45,733.76	3,291.66
74 · Preschool Program Exp	142,113.13	130,056.08	12,057.05
75 · Preschool Summer Prog.	67,457.70	66,941.41	516.29
78 · Transfer Funds to Restricted	4,150.00	3,600.00	550.00
79 · Loan Interest/Paymts-School	0.00	0.00	0.00
<b>Total Expense</b>	<u>729,274.40</u>	<u>747,572.80</u>	<u>-18,298.40</u>
<b>Net Ordinary Income</b>	<u>143,601.81</u>	<u>153,442.83</u>	<u>-9,841.02</u>
<b>Net Income</b>	<u><u>143,601.81</u></u>	<u><u>153,442.83</u></u>	<u><u>-9,841.02</u></u>

**Bethel Lutheran Church**  
**Profit & Loss Budget Performance**  
**As of December 31, 2005**

	<u>Dec 31, 05</u>	<u>Jun 30, 05</u>	<u>Cash Basis</u> <u>\$ Change</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
Cash in Bank	136,764.49	313,887.26	-177,122.77
<b>Total Checking/Savings</b>	<u>136,764.49</u>	<u>313,887.26</u>	<u>-177,122.77</u>
<b>Accounts Receivable</b>			
1200 · Accounts Receivable	10,241.82	15,021.53	-4,779.71
<b>Total Accounts Receivable</b>	<u>10,241.82</u>	<u>15,021.53</u>	<u>-4,779.71</u>
<b>Other Current Assets</b>			
1202 · Accounts Receivable School	-13,912.84	8,153.17	-22,066.01
<b>Total Other Current Assets</b>	<u>-13,912.84</u>	<u>8,153.17</u>	<u>-22,066.01</u>
<b>Total Current Assets</b>	<u>133,093.47</u>	<u>337,061.96</u>	<u>-203,968.49</u>
<b>Other Assets</b>			
004009 · Equipment & Furnishings	577,018.34	577,018.34	0.00
004000 · Buildings & Improvements	3,488,327.29	3,488,327.29	0.00
004014 · Land	2,458,880.00	2,458,880.00	0.00
004020 · Endowment Fund	114,296.37	123,012.06	-8,715.69
<b>Total Other Assets</b>	<u>6,638,522.00</u>	<u>6,647,237.69</u>	<u>-8,715.69</u>
<b>TOTAL ASSETS</b>	<u><u>6,771,615.47</u></u>	<u><u>6,984,299.65</u></u>	<u><u>-212,684.18</u></u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Accounts Payable</b>			
2000 · Accounts Payable	3,421.63	2,284.37	1,137.26
<b>Total Accounts Payable</b>	<u>3,421.63</u>	<u>2,284.37</u>	<u>1,137.26</u>
<b>Credit Cards</b>			
2001-06 · MBNA Credit Card	5,473.75	5,460.78	12.97
2001-04 · Capital One	6.49	-93.81	100.30
<b>Total Credit Cards</b>	<u>5,480.24</u>	<u>5,366.97</u>	<u>113.27</u>
<b>Other Current Liabilities</b>			
203120 · Prepaid Tuition	33,282.05	286,866.83	-253,584.78
202700 · Outstanding Loans	-273,394.00	-273,394.00	0.00
102101 · Prior year carryforward	1,020.26	1,650.00	-629.74
101045 · Payroll Clearing	10,845.08	29,953.70	-19,108.62
101047 · Continuing Ed Carryover	3,909.83	4,092.70	-182.87
102100 · Workers Comp accrued	-14,683.86	-1,477.21	-13,206.65
2002 · Payroll Withholding-Church	664.15	166.48	497.67
001000 · First Mortgage - AAL	706,109.69	716,861.45	-10,751.76
20315 · Year End Balance School	65,905.80	58,075.91	7,829.89
20314 · Annual Giving Program	21,872.16	23,674.08	-1,801.92
101015 · Church Restricted Funds	70,727.57	54,705.18	16,022.39
20310 · School Restricted Funds	30,085.91	34,495.40	-4,409.49
<b>Total Other Current Liabilities</b>	<u>656,344.64</u>	<u>935,670.52</u>	<u>-279,325.88</u>
<b>Total Current Liabilities</b>	<u>665,246.51</u>	<u>943,321.86</u>	<u>-278,075.35</u>
<b>Total Liabilities</b>	<u>665,246.51</u>	<u>943,321.86</u>	<u>-278,075.35</u>
<b>Equity</b>			
3000-10 · Church Unrestricted Fund Balanc	57,440.90	71,746.44	-14,305.54
3000-20 · School Unrestricted Fund Balanc	0.00	39,840.11	-39,840.11
3000-30 · Equity in Real Property	5,818,115.94	5,807,364.18	10,751.76
3000-40 · Endowment Fund Balance	112,333.87	122,027.06	-9,693.19
3900 · Allocated Net Income	0.00	-62,626.13	62,626.13
<b>Net Income</b>	<u>118,478.25</u>	<u>62,626.13</u>	<u>55,852.12</u>
<b>Total Equity</b>	<u>6,106,368.96</u>	<u>6,040,977.79</u>	<u>65,391.17</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>6,771,615.47</u></u>	<u><u>6,984,299.65</u></u>	<u><u>-212,684.18</u></u>

**BETHEL LUTHERAN CHURCH AND SCHOOL  
AUDIT REPORT - January 6, 2006**

The Bethel Audit Committee, Diane Janz, David Lofgren and Patrick Ross, with the help of Joan Christensen, has completed the internal audit of Bethel's financial statements, processes and procedures for FY05 (7/1/04 to 6/30/05).

The Profit and Loss Statement is summarized as follows:

	<b>CHURCH</b>	<b>SCHOOL</b>
Total Income	\$836,540	\$1,587,240
Total Expenses	813,754	1,547,400
Net Income (Loss)	\$22,786	\$39,840

At year-end, the unrestricted cash available for the Church was \$71,746 and was \$39,840 for the School.

**CAPITAL EXPENDITURES**

Capital expenditures for FY05 were \$15,775 for the Church and School combined. The primary expenditures were:

Outdoor electrical improvements	\$12,675
School computers	\$3,100

**BENEVOLENCES**

Bethel contributed \$82,224 during FY05 for benevolences, including both contributions based on General Fund giving and Designated Offerings. The largest contributions, aside from those to the Synod and National Church, went to support Mount Cross Lutheran Camp, to Kurt & Karyn Morrill, missionaries with InterVarsity in France, and Esperanza, the organization through which our youth and adult Missions to Mexico are sponsored. In addition, Disaster Relief through the ELCA received substantial contributions for Tsunami relief, and Bethel's Family Aid Fund which provides assistance to members and neighbors in need, was supported through benevolence funds. In total, over 30 organizations received contributions from Bethel.

**LOAN SUMMARY**

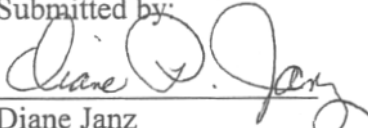
As of 6/30/05 Bethel's total interest bearing debt was \$716,861, our primary mortgage through Thrivent Financial @6%.

**THE FOLLOWING WAS ACCOMPLISHED AND/OR REVIEWED BY THE AUDIT COMMITTEE:**

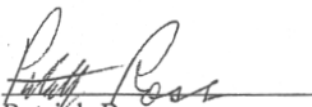
- \* Reviewed and closed out audit recommendations from earlier fiscal years.
- \* Audit bank statement reconciliations.
- \* Review payroll records comparing gross to expensed.
- \* Confirm canceled checks and sample authorization, receipts, clearing and procedures.
- \* Review general ledger for correct allocations.
- \* Review all voided checks and checks greater than 6 months old.
- \* Capitalize any new buildings, furnishings, equipment and major leasehold improvements and repairs.
- \* Reviewed Visual Connection Project expenditures.
- \* Review all checking accounts.
- \* Review all restricted funds.
- \* Review tithing disbursements and procedures.
- \* Review offering count/deposit procedures.
- \* Review contracts, leases, mortgages, notes and titles.
- \* Make year-end adjusting entries and close the books for FY04.

Findings and Recommendations have been submitted to the church council.

Submitted by:

  
Diane Janz

  
David Lofgren

  
Patrick Ross

MEMBERSHIP STATISTICS, 2005

	<u>Baptized</u> (Total Membership)	<u>Confirmed</u>	<u>Associates</u>
<b>Membership, end of 2004</b>	<b>838</b>	<b>653</b>	<b>12B, 11C</b>
<b>Members received during 2005</b>			
By Baptism: children	13	--	
By Baptism: adults	--	--	
By Transfer	3	3	
By Affirmation of Faith	9	9	
By Confirmation: youth	1	1	
By Confirmation: adults	--	--	
By Reinstated/Reactivated	4	3	
By With Parents	4	--	
Baptized youth confirmed in 2005	--	7	
Adjust	--	--	
<b>Total members received</b>	+ 34	+ 23	
Associate [A]			
<b>Members removed during 2005</b>			
By Death	10	10	
By Transfer	19	15	
Joined Another Church	2	2	
To Inactive (by Request)	7	5	
+ To Inactive (by Council)	11	8	
To Removed (by Request)	28	17	
+ To Removed (by Council)	--	--	
Adjust	--	--	
<b>Total members removed</b>	<u>-77</u>	<u>-57</u>	
Associate [A]			
<b>Membership, end of 2005</b>	<b><u>795</u></b>	<b><u>619</u></b>	<b><u>12B, 11C</u></b>
<b>Inactive to Removed: (Not included in count)</b>	<b>121</b>	<b>69</b>	
(This large number is the result of the change in Bylaws in June 2003.)			
<b>Number of Inactives on Responsibility List :</b>	<b>54</b>	<b>39</b>	
<b>Number of Households:</b>	<b>381</b>		<b>7</b>

\* \* \*

+ BYLAWS—C 8.05.1 Change in membership status.

b. Members who are able to but do not attend church services and who have not contributed to the congregational treasury according to the congregation's records during the current or preceding year are subject to reclassification as inactive members. If so reclassified, they shall not be counted in the membership statistics of the congregation. However, their names and records shall be kept in the files for a period of two years thereafter. Such persons shall be encouraged to take part in the congregational life, or to transfer elsewhere, as appropriate. If they resume activity within this two-year period, they shall be restored to the active membership list. If not, they may be removed from the membership role of the congregation.

c. Children, neither of whose parents or guardians are active members of the congregation, shall be dropped from the baptized membership roll if they fail to participate in the Christian education program of the congregation.