

Report and Recommendations of the
Opening Doors Appeal Review Task Force
Trinity Lutheran Church
October 1, 2014



TABLE OF CONTENTS

Background	2
Summary of Congregational Survey Results	4
Financial Status of the Appeal	6
Status of Mortgage Payments	7
Issues Causing Open Doors Appeal To Fail To Meet Its Goals	8
Alternatives Proposed by Member and Considered by the Task Force	10
Findings	12
Recommendations	15

Attachments

1. Opening Doors Task Force Resolution
2. Opening Doors 2014 Congregational Letter
3. Task Force Survey
4. Facility Maintenance Needs List Provided to the Task Force
5. Trinity Lutheran Opening Doors Estimated Cost Summary

Opening Doors Appeal Review Task Force Report

In April of 2014, the Congregational Council passed a resolution to create the Opening Doors Appeal Review Task Force (Attachment 1). Doug Johnson was appointed Chair of the Task Force with authorization to recruit members of the Task Force. Doug selected the following, members:

Lois Berglund	Christopher Johnson	Rick Slachta
James Brown	Todd King	John Weyrauch
Mark Gieseke	Jill Longnecker	Ann Wolff
Gerrie Granquist	Jolene Patterson	

Background

The Trinity Lutheran Church Congregational Council on April 27, 2014, created the Opening Doors Appeal Review Task Force (Task Force) to develop a plan to bring the Opening Doors Appeal to a conclusion. The decision was made in 2011 to do a capital fund appeal for the purpose of designing and constructing an expansion to the church. The entire cost of the project was estimated to be \$4 million which would be provided by financial pledges and donations from the congregation; the cost was increased to \$5.3 million at a later date.

In April 2013, the Council announced it would not move forward with a congregational vote on the project until 85 percent (\$4.6 million) of the money had been pledged or received and 85 percent of 500 families in the congregation had either pledged or contributed.

As of spring of 2014, 69 percent of the money had been raised or pledged, and 70 percent of the families had participated (Attachment 2). As a result, the Council created a task force to recommend how the Opening Doors Appeal should be brought to a conclusion.

The independent ad hoc committee of members of the congregation would review the Opening Doors Appeal including its feasibility and options, seek guidance from the congregation and recommend to the Council and congregation a plan to end the Opening Doors Appeal. Due by October 1, the Task Force's report will allow the congregation to take action on it at the November annual meeting.

The Task Force has the following charge:

- a. Study all of the issues causing the Opening Doors Appeal to not meet its goals in a timely manner.
- b. Request proposals from the congregation regarding what steps might be taken to enable the Opening Doors Appeal to meet its goal of \$4.6 million.
- c. Review and determine the feasibility of any submitted proposal to raise the money to meet the goal.
- d. Study alternative ways to bring the Opening Doors Appeal to a conclusion.
- e. Recommend a method of bringing the Opening Doors Appeal to a conclusion.

To ensure the independence of the Task Force, the resolution gave President Eric Jackson the authority to name the chair of the Task Force and authorized the chair to recruit 10 to 12 members. The group represents a variety of ages, experiences, expertise and opinions which are critical for this Task Force to be effective. They met weekly beginning June 5.

Chairperson Doug Johnson said, “We are seeking ideas from the congregation as to what to do with the appeal. We will study every idea we get and give the Council and the congregation the best ideas to consider. This is neither a fundraising group nor a blame-placing group. We are going to move forward in a positive manner and find the best solution for Trinity.”

The work included:

- studying the Opening Doors Appeal from its beginning,
- conducting a congregational survey,
- looking at the financial and physical condition of Trinity,
- talking to staff and others familiar with Trinity’s needs,
- recommending to the Council that the post office lot be landscaped,
- reviewing historical and current trends in American churches,
- meeting with the senior pastor and church administrator,
- meeting with a capital appeal advisor.

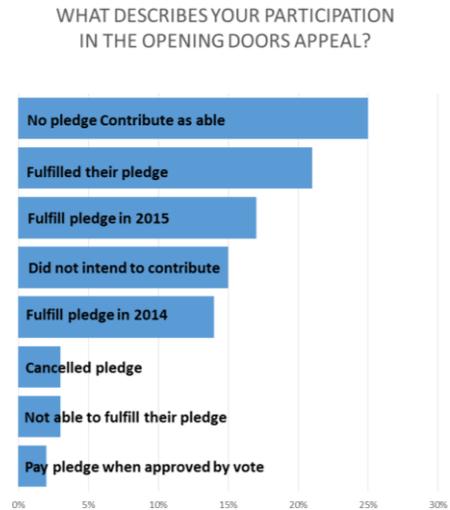
The Task Force has included the following to assist the reader in understanding the reasons for its recommendations:

1. The Summary of Congregational Survey Results
2. The Financial Status of the Appeal
3. The Status of Mortgage Payments

SUMMARY OF CONGREGATIONAL SURVEY RESULTS

When asked what best describes their participation in Trinity Opening Doors Capital Appeal,

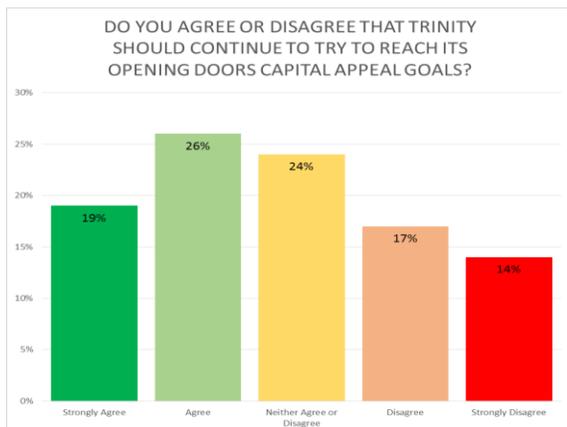
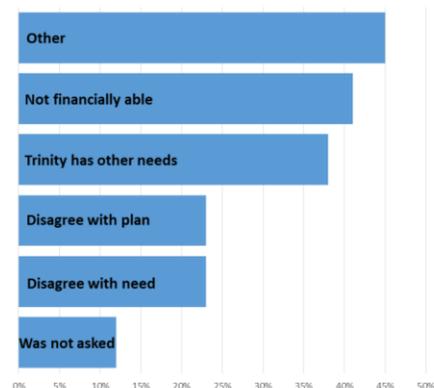
- 25% indicated that they did not pledge but will contribute as they are able.
- 21% fulfilled their pledge/contribution.
- 17% made a pledge and intend to fulfill it by the end of 2015.
- 15% did not intend to pledge/contribute.
- 14% made a pledge and intend to fulfill it by the end of 2014.
- 3% indicated they were not able to fulfill their pledge but will contribute as able.
- 3% cancelled their pledge.
- 2% made a pledge that will be fulfilled when the appeal is approved by congregational vote.



Among those who did not pledge or contribute to the Opening Doors Capital Appeal,

- The most common individual reason for not doing so was because they were not financially able (41%).
- A similar percent indicated they believed Trinity had other financial needs (38%).
- 23% did not agree with the proposed plan.
- 23% did not agree there was a need for additional space.
- 12% indicated they were not asked.
- 45% had other reasons for not pledging or contributing.

IF YOU DID NOT PLEDGE OR CONTRIBUTE, WHY NOT?



When asked if they agree or disagree that Trinity should continue to try to reach its Opening Doors Capital Appeal goals,

- 45% responded that they agree.
- 31% responded that they disagree.
- 24% neither agree nor disagree, suggesting that they may not be informed enough to formulate an educated opinion.

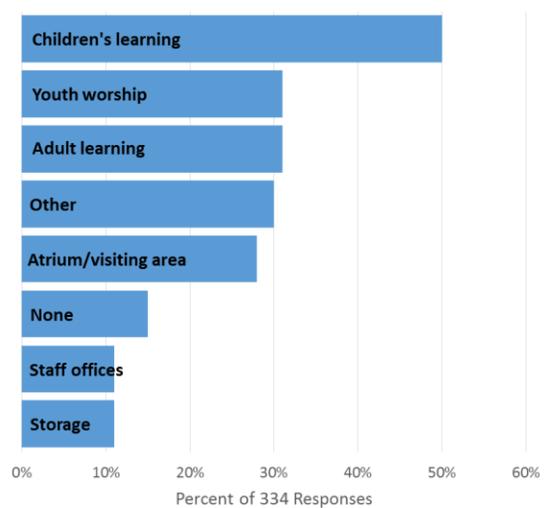
Respondents were also given the opportunity via open-ended fashion to provide their suggestions for meeting the capital appeals goals. Common themes included fundraising and pushing forward, scaling back the project, moving forward in phases and providing better communications about the appeal. Details appear later in this report.

An additional open-ended question was: "If you disagree and have suggestions about what to do with the pledges and contributions to the Opening Doors Capital Appeal, please share them". Common themes suggested Trinity pay down the existing debt, fix the current problems, scale back the project, move forward in phases, offer refunds or return pledges. Some had more questions and requested more communication.

When asked about where they see the greatest need for more space,

- 50% indicated children’s learning.
- 31% favored adult learning.
- 31% preferred Youth worship.
- 30% indicated other.
- 28% selected the atrium/visiting area for socializing.
- 11% felt the need for additional storage.
- 11% stated staff offices.
- 15% indicated there were no additional space needs.

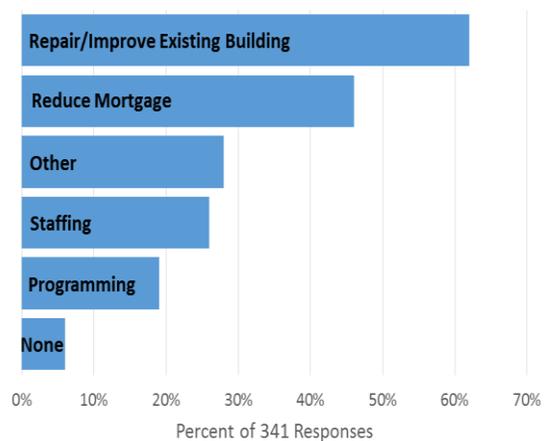
WHERE DO YOU SEE THE NEED FOR MORE FUNDING OTHER THAN FOR SPACE?



When asked where they see a need for additional funding other than for space,

- 62% favored the repair and improvement of the existing building.
- 46% wanted to reduce the existing mortgage.
- 28% indicated other.
- 26% preferred staffing.
- 19% stated expanding programming.
- 6% felt there were no additional funding needs.

WHERE DO YOU SEE THE NEED FOR MORE FUNDING OTHER THAN FOR SPACE?

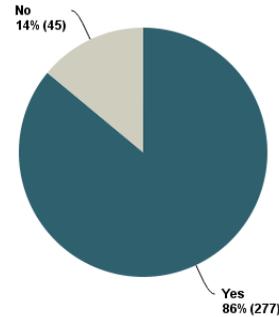


Nearly nine in ten (86%) indicated they would financially support other needs if the congregation decides not to move forward with an addition to the building.

A final open-ended question asked if there was anything else that they would like to say. Themes included provide more communication, pay down the existing debt, fix current problems, address staffing and programming issues, allocate funds towards missions, help the needy, etc.

Q8 If the congregation decides not to move forward with an addition to the building, would you financially support other needs?

Answered: 322 Skipped: 37



FINANCIAL STATUS OF THE APPEAL

The Current Financial Status is:

1. The Opening Doors Appeal has accomplished several things:
 - a. Plans and drawings have been developed that are available to be used in the future.
 - b. The former post office building has been demolished and the site stabilized. (The post office has been relocated in a renovated Croix Center.)
 - c. Three years of monthly mortgage payments have been paid.

2. As of August 31, 2014, the fundraising results were:

Written pledges	\$1,783,518
Unpaid verbal promises	1,360,000
Unpaid designated gifts	335,500
Paid designated gifts	<u>59,321</u>
Total of all pledges and gifts	\$3,538,339
Gifts collected not from pledges	<u>123,788</u>
Total results for the Appeal	\$3,662,127

3. Using the most recent project cost estimate, the following amount still needs to be raised:

Total results for the Appeal	\$3,662,127
Project cost estimate (1/8/14)	<u>5,844,839</u>
Shortage	\$2,182,712

4. As of August 31, 2014, the following amounts have been collected and spent for the project:

Collected donations	\$1,727,812
Expenses paid from the Appeal	<u>1,111,970</u>
Current cash balance	\$ 615,842
Unpaid or outstanding bills	<u>\$ 86,529</u>
Available cash balance	\$ 529,342

5. The \$1,111,970 of expenses has been spent on :

Mortgage Expense (Principal and Interest 2011-13)	\$794,344
Design Fees	149,587
Post Office Demolition	80,165
Kairos (Capital Campaign Consultant)	62,500
Credit Card and Stock Processing Fees	13,409
Miscellaneous	11,965

6. Liabilities still outstanding as of August 31 are:

Veit Construction (Grading of old post office site)	\$ 56,529
McGough Construction (Estimated design fees and expenses)	30,000

STATUS OF MORTGAGE PAYMENTS

The use of the Opening Doors Appeal for mortgage payments was reported in the Treasurer's Report in the Annual Reports for 2010, 2011 and 2012 and approved by votes of the congregation at the annual meetings.

1. The idea to use Opening Doors Appeal money first appeared at the 2010 Annual Report.
a. The Treasurer's Report states:

An increase of \$80,000 in overall contributions (pledge, non-pledge and special bequests) for 2011 is necessary to continue funding current ministry. Program and overhead expense budgets will continue in 2011 at the 2010 levels. Preliminary ideas behind a fall Capital Appeal include \$260,000 in mortgage expenses use (emphasis added).

- b. The budget for 2011 that was approved at the 2010 annual meeting had an item listed as Debt Reduction under Capital Expenses in the amount of \$284,000.

2. A review of the Annual Report prepared for the 2011 annual congregational meeting reveals the use of Opening Doors Appeal money for mortgage payments.
 - a. The Treasurer's Report states:

Capital Appeal fund income covers mortgage expense, consulting expense and some design expenses (to the extent these expenses are known at present). Additional funds may be needed as projects move forward.
 - b. The budget for 2012 that was approved by the congregation had an item listed as Mortgage Expenses under Capital Expenses in the amount of \$277,000.
3. The minutes of the 2012 Annual Meeting state:
 - a. The Opening Doors Appeal will cover primarily mortgage expense and expenses related to the appeal in 2012
 - b. Big question going forward – How do we fund the mortgage. Current plan is to cover it through the Opening Doors Appeal through 2013. What do we do next? Some options were shown. The question needs to be explored by the congregation.
 - c. The approved budget for 2013 provided for Mortgage Expenses under Capital Expenses in the amount of \$266,316.

ISSUES CAUSING OPEN DOORS APPEAL TO FAIL TO MEET ITS GOALS

1. The majority of the congregation has not supported the proposal.

Between October 2011 when the Opening Doors Appeal began and Spring 2014 when the Council sent a letter explaining the financial status of the Appeal, only 345 families pledged or contributed to the Appeal. Only 45 percent of those responding to the Task Force survey stated that they would like to see Trinity continue to reach its Opening Doors Capital Appeal goals.

2. The focus of the Opening Doors Appeal changed over the years.

The Appeal was launched October 15-16, 2011. An Open House was conducted on November 5-6, 2011, with an original design rendering of the building expansion that the Appeal would pay for. Originally, the Appeal was presented as a \$4 million capital appeal. The November 2011 Trinity Today stated "Trinity will be raising \$4 million to support this new space."

By February 2012, details emerged about what the \$4 million would cover, including: demolition of the existing post office and site work, construction of a new addition, renovation and code upgrades of the current building space and financing costs associated with a temporary

construction loan (intended to be paid off at project completion). It was mentioned that the Appeal would be used to pay three years of mortgage payments.

A preliminary calendar for the Appeal was published in the February 2012 Trinity Today. According to the calendar, the final budget results for the Appeal were expected to be known in February 2012. The design, costs and budget were to be known and presented to the congregation for a vote in March 2012; however, several members of the congregation questioned the proposed expansion design. An update in the November 2012 Trinity Today announced that “Soon, the Design Team, the Council and the ‘Opening Doors’ Capital Appeal leadership team will come before the congregation with detailed updates to finish the ‘Opening Doors’ Capital Appeal strongly.”

In December 2012, the redesigned and downsized expansion was presented to the Congregation. In April 2013, a second phase of the Opening Doors Capital Appeal was announced. Due in part to increased construction costs and design changes, the Appeal increased to \$5.3 million and the size of the expansion was reduced. The Congregational Council established milestones that needed to be met before bringing the expansion project to the congregation for a vote: First, 85 percent of the \$5.3 million (i.e., \$4.6 million) would need to be raised. Second, a goal of 500 family participation in the Appeal was set; 85 percent of those families needed to participate (i.e., 425 families) before bringing the expansion project to a vote.

As of spring of 2014, the milestones had not been met; \$3.66 million of pledges and unpledged contributions had been received, and only 345 families had participated in the Appeal.

3. The deadlines kept changing.

The March 2012 date originally set for a congregational vote was not met. Congregational feedback of the initial design caused a reassessment and redesign of the expansion project. The deadline for a congregational vote to approve the expansion project was reset for the Spring/Early Summer of 2013. That date was not met. At the 2013 Annual meeting, it was announced that a guaranteed maximum price for the building expansion would be delivered to the congregation by December 31, 2013, with a congregational vote to occur in the January/February 2014 time frame. Neither of those deadlines was met.

The next communication concerning the Appeal was a letter from the Council in the spring of 2014. The Council requested input by the congregation as to how the Council should proceed with the expansion project. Based on the feedback the Council received, the Council created the Opening Doors Appeal Review Task Force in April 2014 to develop a plan to bring the Opening Doors Appeal to a conclusion.

4. Updates on the status of the Appeal were few and sporadic.

After the first three months of the Appeal, an update was published in the February 2012 Trinity Today. No tally of the dollar amounts or number of pledges was provided.

An update in the November 2012 Trinity Today mentioned that the building plans were being redesigned and that “the Council and the ‘Opening Doors’ Capital Appeal leadership team will come before the congregation with detailed updates to finish the ‘Opening Doors’ Capital Appeal strongly.”

An update was provided at the 2012 Annual meeting (March 2013). At that time, 270 families had pledged a total of \$2.4 million. (Minutes of 2012 Annual Meeting, Item 24).

The next update was made at the 2013 Annual meeting on November 17, 2013. At that time, it was reported that \$3,044,000 had been pledged and that it was expected that \$4,009,000 of commitments by over 260 families would be received by the time of a congregational vote.

The last update was provided in the Spring 2014 letter from the Council to the congregation. The letter reported that \$3,662,127 of pledges and unpledged contributions had been received and 345 families had participated in the Appeal.

ALTERNATIVES PROPOSED BY MEMBERS AND CONSIDERED BY THE TASK FORCE TO CONCLUDE OPENING DOORS APPEAL

One of the charges of the Task Force was to evaluate alternative ways of concluding the Opening Doors Appeal. From the numerous comments received and from the Task Force’s own discussions, the following alternatives were developed. The Task Force discussed each suggestion; the results of those evaluations are also summarized below.

Make better use of existing space.

1. Use the space in the Croix Center rather than lease it out.
2. Change the weekly schedule to spread out the use instead of all on one night.
3. Remodel spaces in the church to create different kinds of spaces. For example, divide up the gym or remodel the chapel.

Task Force Response: The Task Force supports re-evaluating the space needs and the use of the gym and chapel. Changing existing space would be preferred to building if there is enough existing space and it matches the need. The Task Force did not have enough information to make that determination but recommends that the 2008 space study be reviewed. Information on cultural trends, congregational feedback, and personal experience indicates that schedules of today’s families do not allow for extended hours or programming on multiple days. To ensure success, it is necessary that multiple age groups meet at the same times.

Increase the effort to reach the goal.

4. Hire a professional fundraiser to close the gap.
5. Hold fundraising events like spaghetti dinners or golf tournaments.
6. Sell "bricks" to put names on as a fundraising technique.
7. Ask the new members or those who don't already give.
8. Work hard to grow the membership so there are more to support the project.
9. Do a better job of educating the congregation about the need for more building.
10. Ask current contributors to contribute more. Add more years to the pledge.
11. Utilize in-house talents to revitalize the appeal.
12. Make one-on-one visits to every member.

Task Force Response: The survey results indicate 45 percent of the responders still support the appeal and the project; however, the Appeal has already been extended years beyond its original deadline and appears to have stalled. About 31 percent of the responders were opposed to continuing the appeal. The Task Force believes the project must have a higher percentage of support than it now has to be a success. Any strategy for raising more funds will not succeed until opponents' concerns are addressed.

Use other funding or financing methods.

13. Borrow more.
14. Sell some property to raise more money.
15. Find uses for the planned new space that might generate revenue when not in use for Trinity ministries. A community conference center is an example.

Task Force Response: The Task Force financial analysis shows that Trinity already has a large debt load that it struggles to pay down. The Task Force cannot support a recommendation for more borrowing under these conditions. Selling property may be a good way to raise money and reduce administrative burden, but a preliminary review shows that the amount of money that might be raised would not by itself meet the goal. This idea and other methods to raise revenue from Trinity space should be evaluated.

Resize the addition or the project.

16. Put on a smaller addition. Just a new entrance on the east is an example.
17. Break the project into a series of phases.

Task Force Response: Architecturally, the addition is the most efficient project to meet all of the stated project goals. To reduce the size or build it in phases would not meet the goals and would likely create inefficiencies as pieces were added in future years. The Task Force did not have enough information to make a specific recommendation but supports the idea of

making useful improvements to the Croix Center to enhance ministry if it is not rented shortly and of creating an inviting green space next to the building.

Initiate a transformative change in our approach to ministry.

18. Change the current Large Group/Small Group model for Christian education so that it does not have such intensive space needs.

Task Force Response: The Task Force supports the idea of re-evaluating how ministry is done. That re-evaluation may increase or decrease the amount of space needed, and the Task Force supports initiating a strategic plan to consider alternative methods of doing ministry and a new space study to define the space needs.

Just stop.

19. End the appeal. Return the funds or use them for a higher priority.

Task Force Response: The Task Force agrees that there are not sufficient funds to complete the project and that it would not be fruitful to simply continue attempting to raise funds; however, the Task Force does not presume that there will never be a time when another attempt to raise the funds might be practical. The Task Force noted several issues that it believes contributed to the Opening Doors Appeal falling short of the goal. It is expected that those issues will be addressed before another appeal is attempted in order to improve its chances of success. The Task Force does not agree that the project should be abandoned. Over 85 percent of the people responding to the survey supported using the funds for another purpose if the addition does not proceed at this time. The Task Force will recommend that donors be asked if they would like the portion of their donations which has not been spent to be returned or used for other purposes.

Matthew 7:7 “Knock and the door shall be opened.”

20. Have faith.

21. Pray.

Task Force Response: Amen.

FINDINGS OF THE TASK FORCE

The Findings of the Task Force are:

1. Trinity's Opening Doors Appeal was launched on October 15-16, 2011, with the intention that enough money would be pledged by the end of the year so that the congregation could vote to approve construction that would be completed in 2012. At the end of 2014, it is clearly not feasible to reach a goal of \$5.3 million.
2. The Appeal has accomplished several things:
 - a. Plans and drawings have been developed that are available to be used in the future.
 - b. The former post office building has been demolished and the site stabilized. (The post office has been relocated in a renovated Croix Center.)
 - c. Three years of monthly mortgage payments have been paid.

3. As of August 31, 2014, the fundraising results were:

Written pledges	\$1,783,518
Unpaid verbal promises	1,360,000
Unpaid designated gifts	335,500
Paid designated gifts	<u>59,321</u>
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Expenses paid from the Appeal	<u>1,111,970</u>
Current cash balance	\$ 615,842
Unpaid or outstanding bills	<u>\$ 86,529</u>
Available cash balance	\$ 529,342

6. The expenses paid in section 5 above include monthly mortgage payments during 2011 through 2013 (which were approved by congregational vote at annual meetings), capital

campaign consultant, post office demolition, design fees, credit card and stock processing fees and miscellaneous expenses. A detailed list may be found in the full report.

7. As of January 2014 the estimated costs of the addition exceeded \$5.8 million dollars. There is no current estimate of the cost of the addition; building costs are assumed to continue to rise.
8. As of August 31, 2014, Trinity's debt of \$4,113,000 includes the primary mortgage balance of approximately \$2,662,000, a line of credit on which is owed \$764,000 and a mortgage balance on the Croix Center of \$687,000.
9. There are concerns about the current financial stability of Trinity:
 - a. The church did not meet its yearly budget in five of the last six years.
 - b. As intended for the years 2009 through 2013, Trinity's monthly mortgage payments have been paid out of capital appeal funds (Trinity for Tomorrow Appeal and Opening Doors Appeal).
 - c. For a number of years, Trinity's line of credit has been used for project expenses, operating and capital shortfalls. The line of credit balance was \$764,000 as of August 31, 2014.
10. Several ideas for raising the remaining funds were evaluated, but none were feasible. Due to Trinity's current debt load, it cannot afford to borrow the money at this time to complete the project.
11. Among the 359 people responding to the Task Force survey, there was a difference of opinion with no clear majority about whether the Appeal should be continued. Based on the results of the survey and the level of participation in the Appeal, Trinity does not have the support needed to complete the project at this time.
12. The vast majority (86 percent) of those responding to the survey indicated they would financially support other needs if the congregation decides not to move forward with the addition to the building.
13. The existing building has a significant backlog of interior and exterior repair and replacement needs which are not being resolved.
14. The failure to meet the Opening Doors Appeal goal suggests that Trinity may lack a shared congregational vision.

RECOMMENDATIONS OF THE TASK FORCE

Based upon the findings, the recommendations of the Task Force are that:

1. The current attempts of the Opening Doors Appeal to raise money and pledges be formally concluded immediately.
2. The prospect of any future capital appeal be left to the judgment and discretion of the congregation giving due consideration to the financial condition and needs of Trinity.
3. A standing facilities committee be formed that shall be responsible for taking inventory of the needs of the existing facilities, prioritizing the needs, developing a long-term maintenance/replacement plan and reporting that plan to the Council.
4. The Council will conduct an analysis of the Croix Center and provide the congregation with a recommendation for its future use.
5. Written communication be made directly with every person who donated to the Opening Doors Appeal to thank them for their gift and to inform them of:
 - a. the status of the appeal,
 - b. how their gift has been used,
 - c. the amount of the gift that has been used and how much remains,
 - d. their options of designating the money for:
 - i. repair and major maintenance of the church building
 - ii. a dedicated fund for building a future addition
 - iii. any other existing dedicated fund at Trinity
 - iv. a refund to the donor
 - e. instructions for designating what is to happen to the remainder of their gift.
6. Written communication be made directly with every Trinity member who has pledged to the Opening Doors Appeal and not completed their pledge to thank them for their pledge and to inform them of:
 - a. the status of the appeal,
 - b. their options for designating their pledge for:
 - i. repair and major maintenance of the church building
 - ii. a dedicated fund for building a future addition
 - iii. any other existing dedicated fund at Trinity
 - iv. a refund to the donor of the paid portion of the pledge
 - v. cancellation of the unpaid portion of the pledge
 - c. instructions for designating what is to happen to the remainder of their pledge.

Respectfully submitted,

The Opening Doors Appeal Review Task Force