

Iowa District East Board of Directors

MINUTES

Tuesday, February 20, 2007

PRESENT: *Ordained:* Gary Arp*, Mark Brase, Dean Duncan*, Daird Korth, Matthew Rueger*, Brian Saunders*, George Volkert*; *Lay:* Rich Balvanz*, Carl Egger*, Greg Gerjerts*, Mark L’Heureux, Andrea Koenig* and Lowell Schroeder†. (*Designates a voting member of the BOD. †Designates the Assistant Treasurer who voted for the Treasurer.)

1. **Call to Order.** Chairman Egger called the meeting to order at 9:00 a.m.
2. **Devotion:** Rev. Brian Saunders led the Board in Matins and a Bible Study on the word “good” in 1 Timothy and the Pastoral Office.
3. **Acceptance of the Agenda.** The agenda was accepted with a couple additions.
4. **Review and acceptance of the Minutes of November 7, 2006.** Accepted with no corrections.
5. **Correspondence to the Board of Directors**
 1. Letter from Mark L’Heureux informing the board of his decision to accept the call as Principal of Immanuel Lutheran School in Loveland, Colorado.

6. Treasurer’s Report

STATEMENT OF FINANCIAL POSITION–COMPARISON WITH PRIOR YEAR SCHEDULE

A:

1. Contributions Receivable – This represents the contributions from congregations after December 31, 2006 received in 2007 but were still part of the 2006 contributions. Consistent with the decrease in contributions for the entire year, this amount is also less than in 2005.
2. Accounts Receivable – This is a credit balance because the churches were billed for the 2007 workers compensation from the company and they have started paying the District. The District did not actually receive the bill for 2007 until January.
3. District Properties (net) – Year-to-date additions to accumulated depreciation decreased the net District properties by \$59,820.
4. Investments – We ended the year for the funds Wachovia Securities actively manages, \$1,383,876 in mutual funds, with a rate of return of 13.0%, compared to the benchmark return of 10.9%. We are at our desired mix of 60% equity and 40% fixed. Large stocks and international funds continue to do well for the District. The annuities acquired at the time of transfer of CEF funds to LCEF make up the remaining balance of the investment account. The earnings on the annuities have no effect on the death benefit we will receive. See **Schedule E**.
5. Subsidy Payable – This account reflects the payable of the 2006 subsidies required to be listed as a payable at the end of 2005 as a result of the audit. The amounts remained as payable until the end of 2006 so that the subsidies paid in 2006 show in the Statements of Activities for tracking purposes. The amounts were adjusted prior to year end. Those receiving subsidies for 2007 were not notified until 2007 so a payable does not exist at the end 12/31/2006.
6. Accrued Expenses – This account consists of Accrued Vacation and Accrued Interest on the loan to LCEF for the purchase of the annuity funds which will not be paid until the death benefits are received. It will continue to grow until that time. As of December 31, 2006 the accrued interest was \$208,610.65. The District adopted a policy during 2005 that requires all accrued vacation to be used by the end of 2007. During 2007 all vacation earned during the year must be used during the year. 2006 will be the last year that there will be any accrued vacation recorded.

7. Deferred Revenue – This account represents those funds collected as assessments from the congregations for the 2007 Synodical Convention. There is still a carryover of \$961.50 owed from 4 congregations for the 2004 convention. Of this amount only \$166.50 is from an assessment prior to 2004. We will continue to track the assessment. As we send reminders for the 2007 assessment we will include the prior amount as well. See **Schedule F & G**.
8. B Bonds Payable - The “B” Bonds were not transferred with the other certificates of deposit to LCEF. As individuals turn in these bonds for payment, this account will decrease. As recommended by the auditors during the 2004 audit, at the end of 2005 we recognized as income ½ of the remaining balance. At the end of 2006, the remaining balance was recognized as income thereby eliminating the payable.
9. Loan Payable – See **Schedule H** for the detail of outstanding loans.

STATEMENT OF ACTIVITY – BUDGET COMPARISON – SCHEDULE B AND C:

1. Current Fund Income/Synod Missions – We failed to meet the budgeted contributions by \$27,109.56. Both October and November exceed the prior year giving, but December was significantly behind the 2005 amount. See 5-Year Comparison on **Schedule I & J**.
2. Workshop Income/Expenses – See **Schedule K** for a detail of workshops.
3. Synodical Budget – Because we did not make budget from congregational giving, we also did not meet the budget for money sent to Synod. We were short \$4,789.41. This is in direct proportion to the congregational giving.
4. Expenses and Losses – The District did a good job during the year in holding the line on spending to come in under budget on expenses. We need to remember 2006 subsidies in the amount of \$136,667 were expenses in 2005 due to the audit adjustment. Though the payments were made in 2006, the expense was recorded last year. This affects the total of expenses.
5. Total Change in Unrestricted Net Assets – The District ended the quarter with an increase in unrestricted net assets of \$293,086.35. However if you take out the gain on investment and include the subsidies expensed in 2005 for 2006, we really would have shown a loss of \$63,082.

SUMMARY:

Despite the lower income, the District was able to operate with the cash available in current cash accounts without having to withdraw from any investments. The District needs to continue to monitor expenses and also watch congregational giving for dramatic shifts from prior years. The District will have to evaluate to determine if we are starting a downward trend where income will not continue to keep up with necessary expenses.

7. President Arp’s Report (Exhibit B)

a. President Arp reported on the calling congregations, the non-calling vacancies and the school vacancies in the District. He also reported on the progress of the building project in Lithuania. Dr. Petkunas sought help from his national church body for assistance with getting the contractors to complete the project. President Arp attended the Symposia at Concordia Theological Seminary in Fort Wayne. The topic for the Exegetical Symposium was “Christian Identity in a Pagan World” and the topic for the Lutheran Confessions symposium was “Confessional Lutheranism in the Ecumenical World.”

b. President Arp, Lois Mulbrook, Rev. Dean Rothchild and Rev. Vic Young attended a Fiscal Conference in St. Louis. What we are experiencing in our District is also effecting the funding of Synod. The commitment made by the group was to raise the percentage of giving to Synod (from 20 to 25 million). This group that attended this conference will be looking for ways to bring this fiscal awareness to the congregational level.

c. President Arp reported that the placement of pastoral candidates will take place at the next Council of Presidents meeting. It doesn’t look like the COP will be able to place all the candidates this spring.

d. The Fan into Flame correspondence and fund-raising program was discussed. The District is looking into ways of implementing this program in the District.

e. Rev. Koch and Rev. Brustuen are encouraging the congregation at West Union to consider whether it is viable to exist as a congregation.”

8. Assistant to the President Early Childhood, Rev. Daird Korth (Exhibit D).

Rev. Korth reported that they hosted the District Early Childhood Conference January 27th at Zion, Hiawatha. They had 62 preschool directors, teachers and aides registered for the conference. They had some very positive feedback.

Rev. Korth visited the following preschools: Trinity, Cedar Rapids; Central Lutheran, Newhall; Zion, Hiawatha; Trinity, Vinton; Our Savior, Bettendorf; Risen Christ, Davenport; Immanuel, Davenport; Holy Cross, Davenport; Trinity, Davenport. He also visited with Pastors: Steven Rempfer, Clarke Frederick, Keith Piotter, Arthur Goldberg, David Gerke and Kurt Larson.

Rev. Korth also attended the National Lutheran School Accreditation training meeting February 19th at Messiah in Johnston, Iowa. He will be attending the Synodical Early Childhood Conference in Detroit April 11-13. He also noted the problem of declining numbers in some of our preschools due to the public schools offering pre-kindergarten classes.

9. Assistant to the President Schools, Mark L'Heureux (Exhibit E).

Mark attended the Winter Principals' Conference at Mount Olive Lutheran Church in Des Moines January 19th. Perry Bresemann presented the Lutheran Portal. Also covered was the School Tuition Organization (STO) website that provides information as well as documents and forms for families to use in order to qualify for these dollars. The next principals' meeting is March 2nd at St. Paul, Latimer.

The 2008 IDE/W Teacher's Conference will be held October 16-17, 2008 at Gloria Dei Lutheran Church/Preschool in Urbandale, IA.

Mark also attended several meetings with the Cedar Rapids Metro Lutheran High School group. Dave Sommermeyer, a Lutheran High School director from Houston, TX, visited and shared information on what it takes to have a Lutheran high school. This committee has formed a communications team consisting of a number of teams that will visit area pastors to determine the level of support for a Lutheran School in the Cedar Rapids area.

February 19th Mark will be involved in a training program with other Lutheran educators on the National Lutheran School Accreditation process. The program will train captains and consultants to know the process of being on a visiting team for a school going through the accreditation process. Their first visit will take place with Trinity, Cedar Rapids.

10. Paul Zoske, chairman of Camp Io-Dis-E-Ca, addressed the Board.

Mr. Zoske provided a brief summary of the Camp where it has been, where it is and where it is going. In April 2006 the camp board adopted a strategic plan. This plan was prefaced by a values statement, a vision statement, a mission statement, followed by four goals: (1) Create a clear understanding of the responsibilities, authority structure and decision making processes among the Camp staff and Board. (2) Create an identity as a unique and distinctively Lutheran Camp. (3) Raise the appearance and functionality of Camp assets to the highest standards. (4) Enhance non-operating income streams. The board and staff are completely committed to this strategic plan. Mr. Zoske also provided the BOD the resumes of the staff - Rev. Small, Daniel Sanchez and Luke Fisher. He noted that the finances for the Camp look good for the future.

Paul Zoske noted that the accreditation process has started and is being gradually implemented. Enrollment is ahead of schedule due to on-line enrollment and on-line payment.

11. LCEF Jeff Miller and Carole White from LCEF addressed the board (Exhibit G).

Carole highlighted her activities. She had 93 visits in IDE. She also highlighted some services on demographics and *Consecrated Stewards*. IDE office staff provide great help for Carole. She also noted the new loans. The number of investors has increased due to the 6% promotion which helps meet loan demand. The actual expenses were approximately 11,000 below budget and 10,000 under last year's expenses. The operating results (profits) were given back to investors and Districts.

Jeff Miller highlighted what LCEF is and its responsibility and services. Jeff provided some background on how the stewardship program *Consecrated Stewards* came into being. He also addressed the Joint District Vice President Position and the update on this proposal (6, 12 and 18-month updates). Today is the 18-month update of activity and asked if there were any concerns (over salary, staffing, budget or reporting). LCEF liked this joint agreement between IDE and IDW and have encouraged SID to copy this example and join together with MO.

Adjourned for lunch at 12:00 p.m.

12. Assistant to the President Rev. Dean Rothchild (Exhibit C). Highlighted the “Family Event” at the Camp on Saturday April 28, 2007 - an event sponsored by the Board of Congregational Services.

13. Unfinished Business

a. Salary Study Committee. President Arp is planning to bring the issue to Salary Study Committee of whether they should also consider recommendations on the Concordia Plans.

b. Convention follow-up Task Force. Rev. Brian Saunders, who serves as the liaison for the BOD, met with the Task Force in January. In their initial meeting they looked at what information to evaluate and they assigned individuals to gather information on restructuring the District.

14. New Business

a. There is going to be a retirement party for Chaplain Harold Scheer at Our Redeemer, Iowa City. The Board thought it necessary to discuss the chaplaincy at the University of Iowa Hospitals on the agenda for the May meeting. It was suggested that the Missions Committee look into the job description and the feasibility of a full-time or part-time position.

b. President Arp moved to use the auditors from Synod for this year. Rich Balvanz seconded. Passed.

c. Greg Gerjerts recounted the discussion at the last Camp Board meeting. Greg moved that we appoint Rev. Terry Small as the Executive Camp Director for Camp Io-Dis-E-Ca on a non-tenured call basis. Seconded by Brian Saunders. Discussion ensued. Passed.

d. Greg Gerjerts provided the BOD with the responses of the two candidates the Camp Board nominated to fill the vacated position on the Camp Board. Greg Gerjerts moved to consider Christine Mons and Jeff Kromminga for the vacated camp position. President Arp seconded. Christine Mons was elected by ballot.

e. The board considered a request via letter from the Archivist on a possible new location for the archives. Discussion ensued. A suggestion was made to refer it to the Office Committee to find a more suitable location in the District Office and would consider his suggestion to find another location. The Board appreciates his suggestion and will respond in a timely matter.

f. President Arp will write a letter from the BOD to Rev. Scheer thanking him for his 28 years of service.

President Arp moved to adjourn. Rich Balvanz seconded. Passed. Board adjourned at 1:40 p.m..

Rev. Saunders led the closing prayer.

Board moved into executive session.

Next meeting: Tuesday, May 15, 9:00 a.m. at the District Office.

Respectfully submitted,



Rev. Dean Duncan,
IDE Secretary

Approved at IDE Board of Director's Meeting 5.15.2007