



## M4M Subcommittee Reports

In 2021, a straw poll conducted at each of the congregations revealed a desire on the members' part to receive expanded information on a proposed merger between Good Shepherd's, Jordan, and Woodlawn. Subsequent to that, the original M4M committee opted to re-form into an executive committee and several subcommittees to prepare more detailed reports covering a number of ministry areas. The goal of this report is to determine if the proposed merger will accomplish the goal of enhancing and expanding the ministry in greater West Allis, adhering to the original question – are we better together than separate. The subcommittees formed are:

MINISTRY

EDUCATION

PROPERTY

FINANCE

The conclusion of the committees is that a merger will benefit the ministry in West Allis – both serving current members as well as expanding our outreach and growing the kingdom of God.

Our hope is that this information will be useful by each congregation as they prayerfully consider their decision related to the proposed merger.

## Ministry Subcommittee Report

The following is a general ministry plan for a merged church in West Allis. The ministry plan for the school and child care will be addressed a further section of the Report. Not all elements of this plan will be implemented from day one - some elements of the plan will have to be phased in as the congregation completes the merger.

### TRANSITION PHASE

- ✦ **Keep ALL current Pastors on staff but begin to incorporate other paid staff positions during transitional period.** Current discussion of roles addresses the nuts and bolts of an ideal picture, but the details and specifics will ebb and flow based on the transition period, individual strengths of those in the role, needs that arise, etc.
- ✦ **Form Transition Team**
- ✦ **Enlist Grace in Action [grace-in-action.com](http://grace-in-action.com)** - They could help address and add clarity to strengths on both the teaching and pastoral staff, providing guidance on roles in those departments as well as the transition period.
- ✦ **Organize Bible Class and Fellowship Nights to include all churches**
- ✦ **Set up Preaching rotation**
- ✦ **Plan meaningful and impactful community service and outreach efforts**

## LONG RANGE MINISTRY STAFFING

As the congregation moves from the transition phase to stable ministry, the following outlines the various called and non-called workers needed to carry out the expanded ministry in the greater West Allis area. This plan outlines more defined roles than exists in each of the current churches, which will allow the merged congregation to reach more souls for Christ.

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### Called Workers

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#### Administrative Pastor

- ✦ Oversees/coordinates all staff and every aspect of ministry (in conjunction with Business Administrator) with an emphasis on implementing the Better Together plan
- ✦ Creates annual worship calendar (in conjunction with trained Music Minister)
- ✦ Trains congregation's elders and supports their work

#### Outreach Pastor

- ✦ Works with all leadership teams to plan coordinated outreach efforts for every aspect of church and school ministry (in conjunction with Tech / Communications Coordinator)
- ✦ Guides people from first contact to being an involved member of the congregation
- ✦ Supports school ministry - teachers, parents, and students
- ✦ Coordinates all ministries from pre-birth through early 20's, recruiting, training and supporting volunteers to lead those ministries

#### Counseling Pastor

- ✦ Coordinates Adult Discipleship ministries, recruiting, training, and supporting volunteers to lead those ministries
- ✦ Plans / organizes annual Bible class schedule for various levels of biblical understanding
- ✦ Schedules time to provide one on one spiritual guidance for struggling members or refers them to professionals
- ✦ Communicates with elders re: member concerns and needs

#### Visitation Pastor (part-time)

- ✦ Coordinates shut in, hospital, nursing care, incarceration ministry (including college and military support?)

*All pastors work and meet with Elders. All pastors will have opportunities to preach and conduct Bible studies, as determined by worship coordinators and Bible study coordinators. Pastors will meet together regularly for spiritual growth opportunities and be flexible in scheduling to provide support for one another for spiritual, emotional, physical and family needs. Will need to establish more governance structure before a lot of decisions are made.*

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## Non-Called Staff Positions

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### **Business Administrator** (full-time)

- ✚ Oversees maintenance of church/school property - cleanliness, repair, improvements
- ✚ Oversees member contributions, other income, and expenditures
- ✚ Oversees annual budget preparation
- ✚ Makes congregation aware of future needs and opportunities
- ✚ Provides necessary information to help our congregation be responsible stewards of the gifts God has given to us

### **Music Minister** (part-time)

- ✚ Uses formal musical training to implement well-rehearsed musical variety in worship
- ✚ Identifies and utilizes musical gifts of members
- ✚ Organizes musical groups for worship
- ✚ Plans worship with Administrative Pastor
- ✚ Coordinates school music programs

### **Office Administrator** (part-time)

- ✚ Supports all pastors and staff with their ministry needs
- ✚ Produces printed materials or works with professional printers
- ✚ Works with Administrative Pastor to maintain accurate membership database
- ✚ Works with Administrative Pastor and Principal to plan annual calendar
- ✚ Produces bulletins and newsletters
- ✚ Processes incoming orders, snail mail, and email

### **Tech / Communications Director** (part-time)

- ✚ Designs an attractive online presence
- ✚ Works with all areas of church and school ministry to keep update and pertinent information in our online presences
- ✚ Coordinates livestream video production
- ✚ Coordinates in service screen usage
- ✚ Works with school and church staff to keep up to date with technology needs
- ✚ Helps provide training to staff members regarding the use of technology
- ✚ Works with internet provider, web site host, telephone provider, WIFI company, network provider and any other outside agencies that are enlisted to provide for our tech needs

*The expectation of all staff is that they are regular in worship and Bible study and produce fruits of faith in keeping with a repentant heart. They are example to the congregation of God-pleasing behavior. All pastors and staff will meet together regularly for Bible Study and mutual support and encouragement.*

## Property Subcommittee Report

The Property Subcommittee was tasked with analyzing the current properties owned by each congregation and seeing how they might be utilized in a merged church, as well as what possibilities there might be for either current properties or a new property as a unified site for the merged congregation. This report will concentrate on the following:

- ✦ *Current Properties and Utilization*
- ✦ *Current properties and use as a merged congregation*
- ✦ *Long term strategy for unified site*

Our hope is that this information will be useful by each congregation as they prayerfully consider their decision related to the proposed merger.

### ***CURRENT PROPERTIES AND UTILIZATION***

There currently are three ministry sites – Jordan (church only), Woodlawn (church and school) and Good Shepherd’s (church, school, child care). Both Woodlawn and Good Shepherd’s have parsonages (one each) and Good Shepherd’s also has two teacherages and two rental properties. All the properties are connected directly to each of the ministry campuses. In early 2020 an independent broker opinion of value was ordered to estimate values of each property owned by each church. This is the basis for our analysis of value – both for the Property Subcommittee and Finance Subcommittee. The following pages summarize each of the current campuses.

## Jordan

The Jordan campus contains the church building, with a number of meeting rooms as part of the church proper. There are no school or child care functions at this campus. The opinion of value estimated a range between \$500,000-600,000. Summary below:

<b>SUBJECT PROPERTY:</b>	1642 S 77th St, West Allis
<b>BUILDING/SITE DESCRIPTION:</b>	Lot Size: +/- .778 Acres Zoning: Commercial or Business Park Tax Key #: 452-0118-003 Approximate SF: 8,590 SF
<b>POSITIVE FACTORS:</b>	<ul style="list-style-type: none"> <li>• Location on corner of W National Ave and S 76th St</li> <li>• Redevelopment potential</li> <li>• Tax exempt</li> </ul>
<b>NEGATIVE FACTORS:</b>	<ul style="list-style-type: none"> <li>• Parking</li> <li>• Age of building</li> <li>• Size of site</li> </ul>
<b>OPINION OF VALUE:</b>	Based on an evaluation of the subject property, location, positive/negative factors, and comparable sales, our suggested value of the property is a range of:  <p style="text-align: center;"><b>\$642,000-\$771,000/Acre or</b> <b>\$500,000-\$600,000</b></p>





## Woodlawn

The Woodlawn campus has both church and school, including a gym. The parsonage is also on the same tax key. The church's capacity is approx. 240 and the school has 15 classrooms with an estimated capacity for 250. The school currently begins at 3K through grade 8. The opinion of value estimated a range between \$1,400,000-1,550,000, which includes both the church/school and parsonage. Summary below:

<b>SUBJECT PROPERTIES:</b>	Commercial: 2217 S 99th St, West Allis Residential: 2181 S 99th St, West Allis
<b>BUILDING/SITE DESCRIPTION:</b>	Lot Size: +/- 2.86 Acres Zoning: Residential Tax Key #: 479-0910-000 Approximate SF: 31,092 SF (Commercial + Residential)
<b>POSITIVE FACTORS:</b>	<ul style="list-style-type: none"> <li>• Freeway access and visibility</li> <li>• Church and school</li> <li>• Tax exempt</li> <li>• Potential development</li> </ul>
<b>NEGATIVE FACTORS:</b>	<ul style="list-style-type: none"> <li>• Age of buildings</li> </ul>
<b>OPINION OF VALUE:</b> <b>*Square footage has been estimated. Price is subject to change with actual square footage.</b>	Based on an evaluation of the subject property, location, positive/negative factors, and comparable sales, our suggested value of the property is a range of:  <b>\$45-\$50/SF or \$1,400,000-\$1,550,000</b>



## Good Shepherd's

The Good Shepherd's campus has church and parsonage on one tax key; school, child care, and teacherage on another tax key; a rental home on its own tax key; a teacherage and one rental home on a final tax key. The church's capacity is comfortably about 200 with a maximum capacity rated at nearly 300. The school building has 10 rooms (3 dedicated to child care, 7 for school) with an estimated comfortable capacity of 150. The opinion of value estimated a range between \$1,900,000-2,050,000, which includes both the church/school and parsonage. Summary below:

<b>SUBJECT PROPERTIES:</b>	Commercial: 1337 S 100th St (School), 1235 S 100th St (Church) Residential: 1215 S 100th St, 1216 S 101st St, 1230 S 101st St, 1238 S 101st St, 1304 S 101st St
<b>BUILDING/SITE DESCRIPTION:</b>	Total Lot Size: +/- 2.822 Acres Zoning: Residential Tax Key #: 444-9985-000, 444-0534-002, 444-9986-000, 444-9987-000 Approximate SF: 8,069 SF (Church + House) and 19,296 SF (School + House)
<b>POSITIVE FACTORS:</b>	<ul style="list-style-type: none"> <li>• Freeway access and visibility</li> <li>• School and church</li> <li>• Potential redevelopment</li> <li>• Tax exempt</li> </ul>
<b>NEGATIVE FACTORS:</b>	<ul style="list-style-type: none"> <li>• Parking</li> <li>• Age of structures</li> </ul>
<b>OPINION OF VALUE:</b> <i>*Square footage has been estimated. Price is subject to change with actual square footage.</i>	1337 S 100th St & 1304 S 101st St (School/House): <b>\$950K-\$1,000,000</b> 1235 & 1215 S 100th St (Church/House): <b>\$400,000-\$450,000</b> 1230 & 1216 S 101st St (Houses): <b>\$375,000-\$400,000</b> 1238 S 101st St (House): <b>\$175,000-\$200,000</b>



*It is the opinion of the committee that the values placed on Good Shepherd's residential properties, most particularly the rental homes, is overvalued. The company that performed the analysis is a commercial real estate firm, so residential property is not their expertise. A closer estimate of value is likely in the \$1,500,000 - 1,700,000 range.*



## CURRENT PROPERTIES AND USE AS MERGED CONGREGATION

In projecting the various uses a merged congregation would need, we analyzed each campus to see how it would fit into the future plans. A summary by campus is below:

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### Jordan

#### The benefit of this campus:

- ✦ Size of the church. It has by far the greatest seating capacity of the three churches.

#### The negatives of the campus:

- ✦ Extremely limited parking for a merged church
- ✦ lack of school building
- ✦ lack of area for growth around the campus.

The view of this committee is that Jordan is likely to be sold if a merger would move forward. With the current state of development in West Allis, the committee is optimistic that a sale could happen in a reasonable period of time.

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### Woodlawn

#### The benefits of the Woodlawn campus are:

- ✦ Large school with the most modern amenities in one wing of the building
- ✦ Large parking area for both school and church
- ✦ Well maintained property

#### The negatives of the campus:

- ✦ Church sanctuary is not large enough to accommodate a reasonable number of services
- ✦ Current structure cannot hold both merged child care and school
- ✦ There are significant barriers to remodeling the campus if code compliance is required (fire suppression, etc.)

With a merged ministry, the Woodlawn campus would be beneficial for holding a portion of the school and/or child care ministries. There is the potential of remodeling the gym into a sanctuary if the campus is not used by upper grades.

### The benefits of the Good Shepherd's campus are:

- ✦ Large school with gym
- ✦ Moderate parking with plenty of street parking within a short walk
- ✦ Best freeway access of all campuses

### The negatives of the campus:

- ✦ Church sanctuary is not large enough to accommodate a reasonable number of services
- ✦ Current structure cannot hold both merged child care and school
- ✦ There are significant barriers to remodeling the campus if code compliance is required (fire suppression, etc.)

In a merged ministry, this campus could also house a portion of the school and/or child care ministries. The gym at this location could also be remodeled into a worship facility if the school is not used by the upper grades.

**Current Campus Conclusions:** It is this committee's opinion that a likely short-term scenario for a merged congregation would be a split campus utilizing Good Shepherd's and Woodlawn. The school would be split between the campuses, with the child care housed at one of the campuses. There are regulatory benefits to having the child care and a portion of the school at the same location, so it is not the committee's proposal to have school in one location and child care at another.

There are ways to accommodate the merged congregation into a single worship setting which the committee considered. These thoughts will be detailed in the next section of the report.

## *LONG-TERM STRATEGY FOR UNIFIED CAMPUS*

It is this committee's desire to see the long-term goal of the merged congregation be to find a single campus solution as quickly as practically possible. To that end, the committee has proposed a three-phase approach to property utilization if the merger is approved.

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### *Phase 1 – Organization*

In this phase, which we would project anywhere from 6 months to a year, the merged congregation would be working on several items such as organizational structure, constitution, etc. The property concerns would be divesting of Jordan and any remodeling needed to create or expand a worship space usable by the most members at a single service. Plans would also be laid for any school/child care remodeling which likely will take more time as the schools plan their merger.

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### *Phase 2 – Dual Campus Operation*

This phase would be projected to be 2-5 years depending on the availability and suitability of a single campus solution. The committee would propose either 1) the Woodlawn campus as lower grades/child care/church, while the Good Shepherd's campus would be the upper grade campus; or 2) Woodlawn as upper grades while Good Shepherd's lower grades/child care/church.

In this phase, we could immediately move to increase capacity of the child care, likely doubling capacity. The current director feels there is a need in the area with the size of the current waiting list and continued inquiries into the service. Child care has been a significant blessing to both members and school, as matriculation rates from child care to school are high. This would be a very simple way to assist both our child care and school while providing a benefit to the community which we pray would bring more souls to the church.

The committee also agrees that in order for the merged church to be the most successful, it is in the best interests of the merged congregation to worship together and in as many numbers as possible. This will likely require one of the gyms to be repurposed for worship. This would require allocation of resources to make it a facility that is both comfortable and inviting – both to existing members and visitors. The most likely path would be to use the gym at the facility where the lower grades are placed – that facility has lower gym needs than the upper grade campus. The committee feels this is a feasible path for a short-term solution to worship. It is the committee's desire that a unified campus solution be the ultimate goal of the merged church.

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### *Phase 3 – Unified Campus*

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This phase is projected anywhere from 3-10 years from the start of the transition phase. This phase would consist of consolidating the ministry onto one campus with a worship facility appropriately sized for a congregation of at least 1200 and a school of at least 200. The child care would at least double in capacity.

There are several viable options that have been explored for a unified campus. Several are:

- ✦ Expansion on the Good Shepherd's site
- ✦ Expansion on the Woodlawn site
- ✦ Acquisition of Lane Intermediate School (Hwy 100/Greenfield Ave)
- ✦ Acquisition of Grace Christian Academy (84<sup>th</sup> St/Beloit Rd)

The committee feels any one of the above can be viable options with a concerted effort on the merged congregation's part to financially support the plan.

## Education Subcommittee Report

The subcommittee was tasked reviewing the various children's ministries in a merged congregation. This would consist of school, child care, Sunday School and any other ministries dedicated to those members under the age of 18. The subcommittee has more detailed plans than what is listed below, but for the sake of this report we felt it was best to keep it at a high level and provide additional detail as needed.

### *PHASE 1 – TRANSITION (YEAR ONE)*

The athletic and teen programs are already jointly run by the two schools and three churches.

Both Lamb of God and Good Shepherd's are enrolled into the Milwaukee and Wisconsin School Choice program for 2022-2023 as their respective standalone schools. As such, the proposed merger wouldn't affect the schools until 2023-2024.

Year one would serve as the planning period for the proposed merged school.

### *PHASE 2 – DUAL CAMPUS (YEAR TWO)*

The plan for children's ministry in this phase would involve the Good Shepherd's and Woodlawn campuses for school and child care. There is ample space on the two campuses to have single grade classrooms for the school, and significant expansion of the child care. A number of high-level plans are outlined below:

- ✦ Birth to 3 (non potty trained) daycare - goal is to expand daycare as a ministry/outreach tool and feeder to the school
- ✦ Before and after school care (half day students and outside normal school hours)
- ✦ 3K (potty trained) - 8th grade (single grade per teacher)
- ✦ Full-time Principal
- ✦ Full-time Early Childhood Director
- ✦ Full-time School Secretary

The faculty and post-merger school board would work together to determine the best use of the campuses. Most likely, the split would be upper grades on one campus and daycare and lower grades on the other campus.

Some additional considerations:

- ✦ Dedicated classrooms for science, music, art, etc....
- ✦ Modular classes for the upper grades (6th - 8th) to allow teachers to specialize on subjects that match their strengths and interests

### *PHASE 3 – UNIFIED CAMPUS (OPEN TIMELINE)*

The ultimate goal is a single, unified campus. Ministry as outlined above would be similar, but contained on the single campus. There would be significant benefits from the unified campus, both from a cost basis and operational basis. A split campus presents certain challenges with a united school, transportation, coordination, etc.



## Finance Subcommittee Report

This subcommittee was asked to review the finances of the three congregations and two schools, and to determine the financial implications of the proposed merger and the phased approach to a unified campus. *Simply put: Does the math work?*

In order to properly reach our conclusions, we reviewed past year-end actuals, our current fiscal year budgets, and our current assets and liabilities. We also worked closely with other subcommittees to determine the ministry plans being developed, so that we could properly account for the budgetary impact of any property and ministry changes associated with the phased ministry plan.

Provided in this report are the following:

### **Summarized Budgets for Current State, Phase 1, and Phase 2**

- **Current State:** 2021-2022 combined budget of all churches/schools/childcare.
- **Phase 1:** Jordan church sold. Using remaining Good Shepherd's and Woodlawn campuses for merged church, schools, and childcare. Lamb of God and Good Shepherd's continue as separate schools.
- **Phase 2:** Merged church, childcare, and multi-site school using existing Woodlawn and Good Shepherd's campuses.
- *Note that there were too many unknowns that significantly impacted the budget tied to purchase and/or remodeling costs to complete a Phase 3 unified campus budget with any confidence.*

### **Summarized Assets and Liabilities**

### **Jordan Evangelical Lutheran Church proposed sale and debt repayment**

### **Conclusions and Key Takeaways**

Our subcommittee's goal was to do our due diligence to make sure that this proposed unified church, school, and childcare ministry is financially stable, and that this merger would allow us to realistically achieve our proposed West Allis ministry vision without putting an undue financial burden on this new unified congregation.

## SUMMARIZED BUDGETS

The table below is a summary view of the budgets for the current 2021-2022 fiscal year, Phase 1, and Phase 2 for our combined ministry (church, school, childcare). Our subcommittee has full detailed budgets to back up the numbers listed below, but for the sake of this report we felt it was best to keep it at a high level and provide additional detail as needed.

These budgets should be viewed in conjunction with our summarized assets and liabilities to gain a full understanding of our financial state. However, specific to the budget, we adjusted the budgeting style to be uniform across all congregations using the cash-based model (including principal and interest on loans and removing property/equipment depreciation as a listed expense). We also removed transfers from portfolios or other funded bank accounts that were used to “balance” budgets. This allowed us to show our true current state where each congregation approved a deficit budget, and combined we budgeted to withdraw over \$265,000 in the current fiscal year from accounts to help pay our expenses.

COMBINED BUDGET SUMMARY	PHASE 2: POST TRANSITION UNIFIED CHURCH & SCHOOL		PHASE 1: UNIFIED CHURCH SEPARATE SCHOOLS		CURRENT: SEPARATE CHURCHES SEPARATE SCHOOLS
	2023-2024		2022-2023		2021-2022
	COMBINED TOTAL	DIFFERENCE FROM YEAR 1	COMBINED TOTAL	DIFFERENCE FROM CURRENT	COMBINED TOTAL
Church Income	\$ 1,228,636	\$ -	\$ 1,228,636	\$ -	\$ 1,228,636
School and Childcare Income	\$ 961,448	\$ -	\$ 961,448	\$ -	\$ 961,448
House Rentals	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000
<b>TOTAL INCOME</b>	<b>\$ 2,205,084</b>	<b>\$ -</b>	<b>\$ 2,205,084</b>	<b>\$ -</b>	<b>\$ 2,205,084</b>
Missions	\$ 142,625	\$ -	\$ 142,625	\$ -	\$ 142,625
Salaries and Benefits	\$ 1,525,184	\$ (59,234)	\$ 1,584,418	\$ 4,214	\$ 1,580,204
Taxes / Insurance	\$ 87,352	\$ 509	\$ 86,843	\$ (11,259)	\$ 98,102
Worship	\$ 18,975	\$ -	\$ 18,975	\$ (18,175)	\$ 37,150
Office & Administration	\$ 166,308	\$ -	\$ 166,308	\$ (8,737)	\$ 175,045
Maintenance	\$ 136,908	\$ -	\$ 136,908	\$ (9,326)	\$ 146,234
Utilities	\$ 92,059	\$ 4,384	\$ 87,675	\$ (6,875)	\$ 94,550
Education / Curriculum	\$ 94,696	\$ -	\$ 94,696	\$ (210)	\$ 94,906
Loans	\$ 26,953	\$ -	\$ 26,953	\$ (74,510)	\$ 101,463
One-Time Expenses	\$ 10,000	\$ (45,000)	\$ 55,000	\$ 55,000	\$ -
<b>TOTAL EXPENSE</b>	<b>\$ 2,301,059</b>	<b>\$ (99,342)</b>	<b>\$ 2,400,401</b>	<b>\$ (69,877)</b>	<b>\$ 2,470,278</b>
<b>TOTAL NET INCOME</b>	<b>\$ (95,975)</b>		<b>\$ (195,317)</b>		<b>\$ (265,194)</b>

The Phase 1 budget uses the assumption that the Jordan church will be sold and all associated utilities, building expenses, and debt tied to that location would be removed as well. Details surrounding the sale of Jordan church and repayment of Jordan's debt are discussed later in this report, but based on those findings we are budgeting no carryover expenses tied to that sale and debt repayment. Other key budgetary items tied to Phase 1 are pastors shifting from 5 total pastors to 4 ½ with Pastor Kneser shifting to a half-time role. There would also be adjustments to account for less total worship services as we transition to unified worship in one location, assumption of a 5% increase to utilities at the remaining Woodlawn and Good Shepherd's campuses, and adjustments to align salary scale of our called workers, especially tied to housing allowance. There is also a one-time expense listed of \$55,000 to account for an estimated \$5,000 for lawyer fees tied to our merger as well as \$50,000 for any remodeling as it relates to our remaining campuses and unified worship location. Even with this large one-time expense built into the budget, our budget deficit is reduced by nearly \$70,000 and the Jordan debt would be removed. Note that this does *not* account for any increase in total offerings or conversely for any attrition, nor does it account for any changes to school or childcare income mostly tied to tuition and school choice dollars. Related to school income, we do have several students who are currently on the waiting list for school choice, so if they were to receive a school choice voucher in 2022-2023 it would not only be a welcomed financial burden lifted for the family but it would also mutually benefit the school as the money received from the school choice program greatly exceeds the tuition payment of a non-choice student. However, we have decided to make a note of these income items but not directly make any adjustments one way or the other to avoid any bias in this report saying that income would be more or less based on these factors.

The Phase 2 budget uses the assumption that we are utilizing the existing Woodlawn and Good Shepherd's campuses, the two schools are now merged into one multi-site school with the childcare and part of the school at one location and the remainder of the school at the other. The one-time budgeted expenses of \$10,000 are included to account for remodeling needs tied to the school and the adjustments with switching from two separate schools into one multi-site school and childcare. In addition, Phase 2 includes the adjustments related to the church ministry vision, transitioning to 3 ½ pastors, but including the three new roles (music minister, business administrator, and tech/communications director). There are also yearly salary increases for all salaried roles, and other salary/benefit adjustments as needed to make things uniform in our unified church/school/childcare. Compared to Phase 1, the Phase 2 budget is nearly a \$100,000 cost savings and is a nearly \$170,000 reduction in budget deficit from our current combined budgets. Obviously, removing the Jordan loan of \$72,000 in Phase 1 is a significant portion of that difference, but this summarized multi-year budget in conjunction with the summarized assets and liabilities on the next page indicates that a merger would be a financial benefit to all congregations.

## SUMMARIZED ASSET AND LIABILITIES

The table below shows the summarized assets and liabilities of all congregations as of December 31, 2021:

<b>ASSETS</b>	
Cash	\$ 882,085
Investments: Designated	\$ 1,145,418
Investments: Undesignated	\$ 449,815
Accounts Receivable & Prepaid	\$ 46,735
Net Property / Equipment / Furniture / Other	\$ 3,176,922
<b>Asset Totals</b>	<b>\$ 5,700,976</b>
<b>LIABILITIES</b>	
Payables	\$ 195,054
Designated Funds	\$ 239,586
Undesignated Funds	\$ 118,437
Loans	\$ 852,220
<b>Liabilities Total</b>	<b>\$ 1,405,296</b>
<b>Total Equity</b>	<b>\$ 4,295,680</b>

One key takeaway is that while separately we have enough assets to absorb the current budget deficits at each church, this is not a sustainable model for any of us if we choose to continue separate but somewhat cooperative ministries. Therefore, the proposed merger and phased approach to a unified church, school, and childcare ministry would, from a financial standpoint alone, be a safer and more viable long-term option.

In addition, the sale of Jordan and subsequent repayment of the remaining balance on the Jordan loan will remove nearly half of the current total liabilities. While it will also lower our assets by approximately the same amount, that would allow us to have approximately the same total equity with much less liability, which should put us into a better overall financial state.

## SALE OF JORDAN

One of the concerns that we have heard from congregation members with regard to a merger is the size of the Jordan loan debt. In order to be thorough, we wanted to specifically discuss this item so that everyone is well-informed on the situation and its financial implications on a unified congregation.

With the proposed merger plan, Phase 1 would include the sale of the Jordan church and the repayment of the Jordan debt. The table below includes the Jordan-specific assets and liabilities as of December 31, 2021:

<b>ASSETS</b>	
Portfolio Balance	\$ 126,136
WELS Investment Fund	\$ 79,658
PNC Checking	\$ 8,486
PNC Savings	\$ 67,146
Net Property	\$ 430,000
<b>Asset Totals</b>	<b>\$ 711,426</b>
<b>LIABILITIES</b>	
Loan Balance	\$ 666,117
West Allis Sewer Laterals	\$ 5,931
<b>Liabilities Total</b>	<b>\$ 672,048</b>
<b>Total Equity</b>	<b>\$ 39,378</b>

The Net Property line item is using the \$500,000-\$600,000 property value detailed in the Property subcommittee's report and applying a 10% broker fee (\$50,000) and \$20,000 in attorney fees as an estimate of closing costs.

The Loan Balance line item is the remainder of a consolidated loan that includes work done on the Jordan roof, the cost to install an elevator at Jordan, and the cost to build the Lamb of God school addition in the early 2000s. If we were to continue solely making scheduled payments, this loan would be paid off in 2032.

The West Allis Sewer Laterals line item is the remaining balance on the 10-year payment to the city of West Allis from the sewer lateral work they performed on 77<sup>th</sup> Street in 2015 that the city charged to all occupants of that street (residents, businesses, churches, etc.).

With these numbers as they stand at the end of 2021, this would indicate that the sale of Jordan and subsequent repayment of all debts should actually return a profit to the merged congregation. This is ultimately contingent on the sale price for the Jordan church, so there is a possibility that the merged congregation would incur some debt, but based on the above numbers *if* there is debt then it should be minimal.

## ***FINANCIAL CONCLUSIONS AND KEY TAKEAWAYS***

- ✦ As a starting point, in the current 2021-2022 budgets, each congregation has budget shortfalls with a combined budget deficit of approximately \$265,000.
- ✦ The proposed merger would increase the funded account balances to strengthen us financially for our current state ministry and allow us to expand our ministry as proposed in Phase 2 and beyond.
- ✦ If there is not considerable attrition, then the Phase 1 budget results in a significant cost savings compared to current budget, and Phase 2 results in even more cost savings to the merged congregation.
- ✦ With Jordan's current assets and liabilities, the sale of Jordan and subsequent repayment of Jordan debts should result in the removal of that debt with potentially added income for the newly merged congregation.
- ✦ Overall, the results of this review indicate that a merger would be financially beneficial to the existing congregations, and if nothing else, should allow the congregation members to put any financial concerns to the side and focus their attention on the ministry vision as they prayerfully consider this merger.



## Final Committee Conclusions

It is the opinion of the Executive Committee and Subcommittees that moving forward with the proposed merger would truly be an example of “Better Together”. High points of the final conclusions:

- ✦ A merged church would allow for more specialization in pastoral ministry, allowing for both serving current members at a higher level and expanding evangelism efforts.
- ✦ Additional resources would be utilized to expand areas of ministry, such as music and technology, that we do at a lower capacity than a merged church could accomplish.
- ✦ Expansion of the childcare would be an expansion of a very successful benefit to our community, as well as a larger feeder to the elementary school.
- ✦ A larger school would allow for more specially of teachers, especially in the upper grades. This would offer greater educational opportunities to our students.
- ✦ From a property standpoint, we have the room to combine and still deliver better ministry than at present. There are some challenges, but we can overcome them.
- ✦ There are some real options to accomplish a unified campus ministry if the merged congregation prayerfully focuses their efforts on that goal.
- ✦ Financially we have the resources to accomplish the merger, and will be in a better position with expanded ministry together than apart.

The M4M team appreciates your review of this report and look forward to addressing any questions or concerns members of the congregations have as we approach the merger vote. It is our prayer that you will ponder the information with an open mind and heart as we look to share the Word of God with more lost souls in West Allis and beyond!