

## Annual Fund Development

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Living Word Lutheran School, Rochester, MI

[www.livword.net](http://www.livword.net)



Living Word Lutheran School is a PK-8 Lutheran Church-Missouri Synod school serving approximately 150 students in Rochester, MI. When Living Word Lutheran Church opened its doors in 1997 it did so with a church and an early childhood center under the same name. The seven million dollar building was built to serve a dual purpose. The nearby St John Lutheran School in Rochester was, at the time, the largest Lutheran School in Michigan and one of the largest Lutheran schools in the United States. The building they occupied could not house their entire student body, so St John Lutheran Church decided to plant a new church, to be named Living Word, north of their location in downtown Rochester. The dual purpose spoken of previously was for the building to serve as the location of Living Word Lutheran Church and Early Childhood Center and also to house approximately 250 elementary-aged students in grades one through four from St John Lutheran School – known as the “St John, North Campus”. St John and Living Word worked side-by-side, sharing the mortgage expense, in this building until 2003 when St John started to experience a serious decline in enrollment and no longer needed the extra classroom space. At that time Living Word was faced with the decision of vacating the building and continuing their current church and preschool ministry elsewhere, or to stay in the building, taking on the full mortgage debt load on its own, and operating its own school. A demographic study was done and after serious prayerful consideration the congregation made the decision to go forward with starting its own school to be the main ministry of the church. In the fall of 2003 Living Word Lutheran School and Early Childhood opened its doors as a completely independent entity, without the assistance or support of St John Lutheran Church. There were numerous families within Living Word Lutheran Church who had school-aged children and were willing to support the school ministry. Enrollment started out steady and gradually began to improve over the next few years. However, Living Word is located just miles away from Chrysler World Headquarters and many of her members hold employment within the automotive industry. What no one could have known at the time was that the economy, specifically the economy in the Detroit area connected to the automotive industry, would take a major hit with the economic downturn that began in 2007. This economic downturn affected Living Word enormously as school enrollment began to decline and more and more families were requesting financial aid. Since the church carries a \$5 million mortgage debt and has no reserve money, it became harder and harder to for Living Word and its ministries to survive.

A capital fund campaign was entered into in 2009 to address the issue with the mortgage (as a requirement of the mortgagor) and to raise funds for a badly needed roof. Approximately \$600,000 was raised in five years, most of which went to the mortgage, the rest of which went to replacing the roof in 2013. Since the majority of the funds raised from this campaign went to the general fund there were not many families who were willing or able to give above and beyond gifts to support scholarships, so I felt that a strategic plan needed to be developed to address the growing need for scholarship funds. Unfortunately, there are a number of additional issues that make raising funds difficult at Living Word when compared to other traditional ministries. There are very few congregants who are over the age of sixty. We have held three funerals in the past six years, none of whom left any substantial amounts of money to the church or school. Additionally, since Living Word is a “young” ministry its alumni are only in high school and college, so are obviously not in a position to give large gifts.

With the assistance of our Van Lunen consultant, Don Distelberg from the Timothy Group, we began the enormous task of formulating an annual financial development plan (AFDP). The AFDP was written with the assistance of Mr. Distelberg, and incorporated four major strategies for raising funds to be allocated for tuition assistance.

- Personal solicitation
- Telephone solicitation
- Events solicitation
- Mail solicitation

Three of the four strategies in the AFDP were approved by the Board of Directors, when presented. The Board did not approve the telephone solicitation strategy (for now) because they didn't feel that we had the proper staffing to make this strategy effective. Mr. Distelberg was very helpful throughout the process, checking in with me periodically, coaching me on the tasks and keeping me on track according to the timetable we set. Eventually we decided to name the AFDP *The Noah Fund*. Just as Noah was called, and so heeded that call, to prepare for the future, the people of Living Word Church and School have been called for the same purpose. *The Noah Fund* was structured to put money in reserves to provide financial aid for deserving families of the future. A total goal of \$43,000 (would have been \$53,000 with the telephone solicitation) was set.

The three strategies were addressed in the following manner:

1. Personal Solicitation

**Goal:** \$25,000

**Raised:** \$19,000

**Plan:** As the Director of School Ministries I would, with the help of the Board and our Pastor, identify a list of five to ten major donors of whom I would begin to cultivate a personal relationship. This would be done with the goal of asking each of these individuals for a gift of a specific amount, each of \$5,000 or more.

**Execution:** This was a fairly difficult task for a number of reasons. First, I had to be coached through and practice how to ask donors for “large” amounts of money since I had never previously done this within our congregation or school. Although we had just participated in a capital campaign, all of the pledged money came from simple, public requests within the congregation. This was not within my “comfort zone” (which is one of the reasons why I specifically chose this as my project, to ensure personal growth while benefitting the ministry). However, at the end of August I made my first request, which resulted in a \$10,000 gift two weeks later! Two other gifts were given as a result of the cultivation of personal relationships. These two gifts totaled \$9,000. Although I fell short of the goal in this area I am encouraged by the momentum and feel that the experience has opened new doors for ongoing relationships and additional gifts as the years go by.

## 2. Events Solicitation

**Goal: \$13,000**

**Raised: \$24,000**

**Plan:** The original plan identified two specific events: the annual golf outing (in the fall) and the annual PTO carnival (in the winter). I added one other event as the year went on – a scrapbooking event that took place in the spring.

**Execution:** We ended up far exceeding our goal thanks to our first event. The annual golf outing was a huge success and raised \$14,000! Additionally, the annual PTO carnival also exceeded its goal and raised \$7500! The third event, added later, was a scrapbooking event and raised approximately \$2500. All three of these events have taken place in the past, but were far more successful this year and are already being planned again for next year. A large number of people helped with each of these events and they take major planning to pull off. Many people participate in all three events and enjoy attending them. Eventually, I’m sure they will “run their course”, but in the meantime we will continue them as long as people enjoy attending. I would definitely increase the goal for next year to reflect an increase based on the popularity of these events.

## 3. Mail Solicitation

**Goal: \$5,000**

**Raised: \$1800**

**Plan:** This was to be a simple request letter written by me, which was to happen in two separate mail appeals. The first letter would go out before the end of the calendar year. The letter would not go to previous donors, but would instead go to school families and possible new donors within the congregation. The second mail appeal would be sent to “special friends” of Living Word – grandparents, aunts, uncles, friends, etc. who would attend our “Special Friends Day” event.

**Execution:** Our Van Lunen consultant, Mr. Distelberg, helped me compose this letter by providing a number of template letters for the same purpose. The letter was being written when I unexpectedly had to go into the hospital and undergo surgery. Unfortunately, the first mail appeal did not go out before the end of the calendar year, as planned. The second mail appeal went home with our visitors at the end of “Special Friends Day”. As a result of this event and letter combination we received a small number of contributions that totaled \$1800. In the future the first mail appeal will occur between Thanksgiving and Christmas to school families and new donors. I believe that the loss of the first mail appeal a direct reflection of why we fell short in this goal. I would keep the same goal for next year in hopes that the first mail appeal is successful.

**GOAL TOTAL: \$43,000**

**ACTUAL TOTAL: \$44,800**

I learned several valuable lessons throughout this process. As I stated previously, I chose this project because I wanted to do something that would promote personal growth, pushing me outside my comfort zone, while directly benefiting my ministry. I feel that I was able to accomplish that goal. Our congregation and school have experienced extensive struggles in the six years during my leadership. We have had to make very difficult decisions, which have resulted in reduction in force, reduction in activities and programs offered, and struggling morale because of the financial difficulties. Our enrollment has seen a decline and without substantial increases in financial reserves for tuition scholarships less students will be able to attend our school. Third-source funding, including this AFDP is absolutely essential to the survival of our ministry.

I also learned that even in the midst of economic crisis there are always people who have a heart for Christian education and are in the position to contribute towards our ministry. Sometimes those people are able to contribute in small amounts. However, there are also a small number of people who can make substantial contributions and are just waiting to be asked. Once I got over the fear of offending someone, realizing that the worst thing that could happen is hearing the word “no”, I was able to start cultivating very valuable relationships. These relationships take time. They do not develop overnight and they require a lot of attention. I became very aware of this fact when I became ill throughout the school year and was unable to give these relationships the attention they needed. I pray that my personal health will not get in the way of this plan in the future, but it also made me realize that I cannot be the only person working on this ADFP. *The Noah Fund* will need to be embraced by Board members, our Pastor, and other key figures within our congregation and school in order for this ADFP to be truly effective.

Our original goal, including the telephone solicitation was \$53,000 and although I fell short of the original goal I exceeded the amended goal. I feel good about the funds that were raised, especially in light of my personal health issues. In the future I believe that it’s possible for even

more funds to be raised using this plan. However, I have found that anytime I received a donation there was always question as to “who was going to get the money”. I don’t believe that everyone understood the purpose of the AFDP and different people had different ideas for the money should be spent. Since we continue to struggle financially there are many people who feel that any money brought in should go toward the general fund. I found myself explaining the concept of special gifts and the value of having these funds in reserve. I believe I may have begun this project a bit too hastily and may have left out an important step – explaining the concept more fully. In the coming year I intend to spend a lot of time educating people on the value of *The Noah Fund* and why we need to prepare for the future education of students within our school. I believe that once people fully understand the purpose they will not only be supportive of the AFDP, but will also look for ways to contribute to it, either by helping with events or even making financial contributions of their own.

There is no doubt that many challenges that lie ahead. However, the groundwork of a clear plan with very distinct goals has been set and I believe that this process will be blessed immensely going forward. Many relationships have been established and Living Word is developing a strong reputation within the community. I am grateful for the opportunity to have worked through this project and I pray that the ministry of Living Word Lutheran Church and School is blessed by the work that has been done. The process will not be easy and will require the work of many people in order to be successful, but I am confident that God has prepared the path for us and will walk with us as we do the work to further His Kingdom. To God be the glory!

Respectfully submitted by Stacy Hoeft

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