

saint matthew



2016 Yearbook

From our Senior Leader

Dear Partners in Mission and Friends of Saint Matthew,

2016 - Another revolution around the sun and another year of God's amazing grace and favor filling the lives of the people and faith community known as Saint Matthew. It never ceases to humble me that God invites us into an ever-deeper relationship with God and each other, and ordains us to be "*God's picked representatives of the new humanity, purified and beloved of God*" (Colossians 3:12, *Phillips*).



The hard truth is this – the Church is in decline in Western culture, America in particular, and especially the San Francisco Bay Area. We live in a country of freedom, and Jesus reinforces that freedom when he says, "*If anyone would come after me.*" No one is forced or made to come, not even those who call themselves disciples. Jesus leaves us to decide. Dietrich Bonhoeffer says, "*If any[one] is prepared to spurn all other offers which come [their] way in order to follow Him...nothing is expected of them, nothing forced upon them*" (Bonhoeffer, *The Cost of Discipleship*, p. 71).

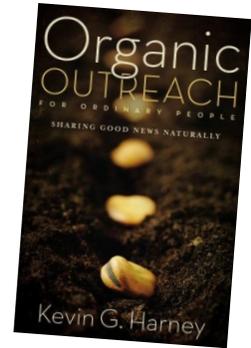
This amazing grace is clung to by those who know they need it, and often presumed upon by others. So the decline of the Church in the West is not so much a rejection of the faith, as it is people choosing other priorities over worshipping God, being connected to fellow believers, and serving others in Jesus' name. It has become acceptable to some to just love God apart from the Church, and for the first time in almost two thousand years, believers are saying, "I don't need to go to church." The pendulum of freedom couldn't swing further in this extreme.

Since this notion is aberrant to the Gospel and the teachings of our Lord and His apostles, it's only a matter of time before we see a shift. I rejoice that many places in England have gone from 3% church attendance just five years ago to 7% today. Those numbers may still seem small, but 100+% change in five years means God is doing something in the Church. Whenever the shift happens in our own culture, congregations like Saint Matthew that have been faithful and alert can benefit to the glory of God's kingdom!

Some examples of that faithfulness are recorded on these pages. There is much for which we want to say, "Thank you, Lord." Thanksgiving is a sign of faithfulness and the response of faith. As I enter into my nineteenth year as the senior leader of Saint Matthew, I am thankful to our Lord for His mercy and thankful to all of you for the way in which you have responded to the call to be the Church in the 21st Century. May we be keenly aware of God's love and favor during times of transition and change!

In Jesus' joy and your service,
Pastor Kevin

JANUARY



Church-Wide Study: *Organic Outreach*

During Epiphany, the Saint Matthew community engaged in a book study on *Organic Outreach: for Ordinary People*. The central question of this season was, "If God has called us to be everyday missionaries, how do we find ways to share our faith in a natural, unforced way?"



We were challenged to think about how we can share our faith with those who we love and with whom we are in close proximity. We also considered how we might share our faith in a simple seed-planting way to those with whom we might have a brief or casual relationship.

Our five-week study was concluded with a wonderful two-day conference with Pastor Kevin and Shari Harney, who is the author of *Organic Outreach*, and also Dr. Lon Allison, who recently headed up the Billy Graham School of Evangelism in Wheaton, IL. In addition, Pastor Harney shared the Sunday morning message, passing out candy like he was sowing seed (see picture at right).

As we seek to be a "missional" church, how can we share our faith as we conduct ourselves as everyday missionaries? It's a question we continue to discuss.





Tami Gomez New Care Ministries Coordinator

As our new Care Ministries Coordinator, Tami will coordinate a team that visits hospital and homebound members, Tender Loving Care ministry and the email prayer tree and emergency pastoral care coverage.

Tami was also challenged to be one of our newer, younger voices in preaching at Saint Matthew. This is a role she can increasingly see herself grow into, and the congregation has appreciated her direct preaching style, along with sharing personal stories of how God speaks to her.

FEBRUARY

Council and Staff Retreat

Saint Matthew staff and council members gathered for a retreat at the home of John and Kathy Frattini. Jody Bagno Dill led the group in a Personal Vibe Workshop where we explored our personal communication styles and gifts. We each shared our vision of what Saint Matthew might look like in the next five years. What would it look like for Saint Matthew to win the “World Series”?





Pastor Swap Sunday

The first Sunday in Lent we participated in the Church Without Shoes (the fellowship of pastors and congregations in the Ygnacio Valley) pastor swap for the ninth time. Pastor Jeff Reed from Hillside Covenant Church preached at Saint Matthew and brought his usual winsome style and great heart in his message.

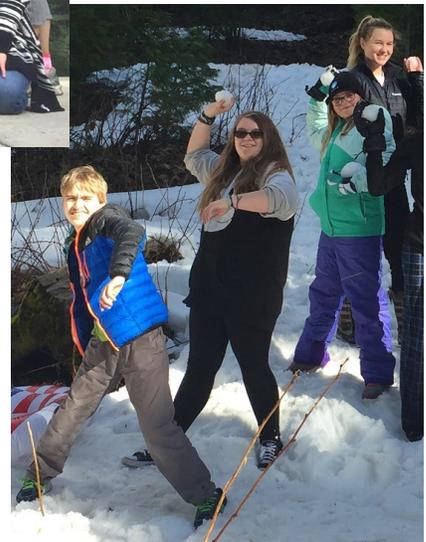
Pastor Andy Smith preached at Hope Center (Covenant Church) in Pleasant Hill as our part of Pastor Swap Sunday.

Saint Matthew (and our pastors and staff) have been greatly enriched by our fellowship with the valley pastors. Most of our congregations have gone through times of transition and the support and encouragement we have received from each other has been priceless!



Middle School Snow Blast

Snow Blast 2016 was a great time of getting away from the rigor of school and sports in order to see God more clearly in our lives. The focus this year was prayer and how we can see God in the daily journey of life. We had a great time and despite there being little snow, we still were able to have a snowball fight!



MARCH

First Communion

Sixteen boys and girls received their First Communion. Parents and kids attended classes together to learn about communion and the importance of this step in their spiritual journey. One of the highlights of the class is the tasting of the elements, including the wine.



Our First Communicants this year:

(top to bottom, left to right)

- Talia Jones
- Mattea McCloskey
- Gemma Carlson
- Elyse Wood
- Ellie Basil
- Allison Hudson
- Anthony Campopiano
- Liam Fruchtenicht
- Isaiah Gipson
- Zackary Upshaw
- Carolyn Jones
- Lianna Hardt
- Sophia Pettibone
- Preston Briskie
- Emily Bauer
- Roman Maddox



Roundtable on Race

Building on a 15-month relationship with Community Church in Christ (Wesleyan) in Oakland, our two congregations came together to have an extended conversation about race, inclusion and Christian community. The discussion was led by Pastor Lawrence VanHook of Community Church, and time was spent in worship before breaking into smaller groups to talk about our experiences of being embraced and being marginalized. We continue to thank God for the chance to get to know each other better as brothers and sisters and to hear the stories of how different our experiences can be in a culture that wants to celebrate equality, but doesn't always practice equity.





Quintessential



Pastor Kevin Murphy

Easter Sunday

Saint Matthew knows how to celebrate the Resurrection of our Lord (Easter)! Three full worship services (we worshipped almost 1100 on Easter morning), music by our choir and Quintessential, a message by Pastor Kevin and an Easter Egg Hunt for the kids, with an Easter Breakfast for everyone were all part of a glorious morning where we could say with confidence, "Christ is Risen! He has risen indeed!"

Beyond our usual Easter offering which went to benefit Love-A-Child and Young Life Krasnodar (summer camps), Saint Matthew set a goal of raising \$20,000 to buy a van for Young Life ministry in Krasnodar. We met and exceeded that goal, and the staff in Russia was able to buy a very nice used minivan for use in the summer of 2016.





Appalachia Mission Trip

Six high school youth and three adults from Saint Matthew ventured to the Appalachian Mountains of West Virginia during Spring Break for a unique mission trip opportunity. Their service time included two significant home repairs which took four days, times of food, fellowship and evening worship and sharing.



It was truly eye-opening for everyone to see the poverty of some people within our own borders. The people of Saint Matthew generously supplied the cost of material repairs and subsidized our team's journey to the other side of America. We heard the report of the difference they made in the lives of the people they served, as well as their own lives being touched by being extensions of Jesus' hands and heart to the families there.



APRIL

Church-wide FAQ Forums

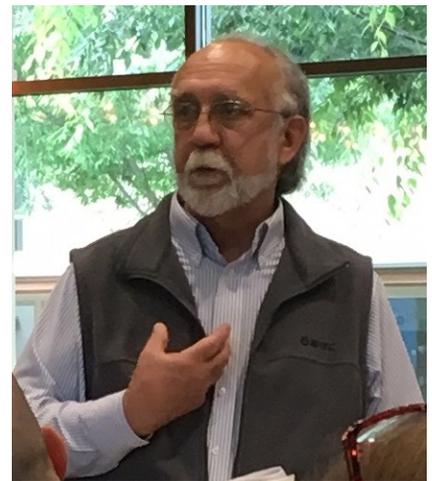
In response to a more direct conversation between the leadership and congregation, the church council of Saint Matthew hosted forums in which people could ask their questions directly of some council and staff members. These were well-attended and addressed concerns particularly related to worship and governance.



MAY

Healing Ministry Training

Pastor Bill Irwin, Director of Delta Healing Rooms in Brentwood provided training on Friday night and all-day Saturday for everyone interested in learning how to pray for healing. His Bible teaching was studded with many stories of this-day healings that he has seen and heard about. Our Healing Prayers ministry on the second and fourth Tuesday nights is based on the model used by Delta Healing Rooms.





Trinity Sunday

On Sunday, May 22, Saint Matthew celebrated Trinity Sunday a little differently than in years past. The message was titled, "Trinity in Action" and Pastor Andy welcomed our friends from the

Trinity Center in downtown Walnut Creek. The theme of the morning was not about the doctrine of the Holy Trinity, but the everyday practice of the Trinity in our lives. What if the Amazing Grace of the Son, the Extravagant Love of the Father, and the Intimate Fellowship of the Holy Spirit showed up in our everyday lives?

Layette Ministry

Every year, the Grandmother's Group leads the assembly of layettes for under-resourced moms and their babies. These layettes are made up of quilts, receiving blankets, onesies, booties, etc. to which the group adds a book for the parents to read to their children.

The Saint Matthew congregation collects these items over the course of a couple of weeks and the layettes are lovingly assembled and delivered to the social services of Contra Costa County that distributes them to the new mothers.



JUNE

Saint Matthew Foundation Scholarships

Since 2001, the Saint Matthew Foundation has been providing scholarships to graduating high school seniors. These scholarships are sent directly to their schools for their credit. Almost half of the money in the Saint Matthew Foundation has been designated for scholarships, and in 2016, four senior women were the recipients: Vanessa Lamoureux, Amanda Lewandowski, Katelyn Parsons, and Annalee Sasahara.



The first Sunday in June is Graduate Sunday at Saint Matthew. All of those students who are graduating High School, Technical Schools, University and graduate study programs are featured on this Sunday, and it is the Sunday the SMLC Foundation awards their annual scholarships.

Church Council Creates Three Task Forces: Constitution Revision, Transition, and Strategic Planning

The Saint Matthew Council appointed three task forces in June:

The Constitution Task Force was formed to bring the Saint Matthew Constitution into alignment with current practices and to clear up several inconsistencies that had developed in the wording of the Constitution and By-Laws over time. The goal was to present the Constitutional revisions to the congregation at their annual meeting in December. This task force was chaired by Bill Diffenderfer.

The Transition Task Force was formed to assess the staffing needs of Saint Matthew and prepare for when there will eventually be a transition in the senior leadership. They met with Bishop Mark Holmerud on a couple of occasions, and he was very open to the types of issues the Saint Matthew team raised over our trying to be an increasingly multi-denominational church. Their report was received by the Council in October. This task force was chaired by Anne-Leith Matlock.

The Strategic Planning Task Force was created to assist Pastor Kevin Murphy in creating a short and long-term strategic plan for Saint Matthew. They did a survey of the entire congregation, as well as held cottage meetings to gain information and concerns within our faith community. After many hours of information gathering, processing and conversation, it was determined that a true long-range strategic plan should be postponed until a new senior leader is called at Saint Matthew. Their report was received in October. This task force was chaired by Joanna Aragon.



Saint Matthew App Launched

After two years of discussion, the development of a Saint Matthew App for use on personal devices like phones and tablets, was budgeted and developed. Kathy Frattini spear-headed the effort and Mike Basil gladly jumped into the design. Care was taken to vet the App for security in being used for mobile donations, and it was instantly used by folks who wanted to give electronically either during worship, or at other times for registrations, etc. The Saint Matthew Council recognized Mike Basil for his excellent work in developing the App and it's now widely used for downloading sermons, accessing important news and information as well as financial contributions.



JULY



All Church Family Camp-IN

For the first time in Saint Matthew history, we decided to have a church camp-in where families would camp-in overnight at Saint Matthew. We had a great showing of families with young kids, couples without kids and even some singles. This fun event started off with a potluck dinner, followed by crafts and games suitable for kids of all ages. We enjoyed worship and s'mores together. After our fun evening of activities, families climbed into tents or into one of the classrooms for a warmer and quieter option. The next morning we shared breakfast and communion together. We also had a service project where kids and parents were able to assemble care packages for people that are homeless. Perhaps the beginning of a new tradition when we don't go away to family camp off campus.





Farmers' Market

Each summer, Saint Matthew has a farmers' market in which members contribute from their own gardens, or create crafts or baked and canned goods. One family will usually donate corn from Brentwood, which is always a favorite. The Fellowship Hall fills with joy and conversation during these eight weeks each summer, and the beneficiaries are The Monument Crisis Center and Loaves and Fishes. Both of these agencies have many volunteers from Saint Matthew. The proceeds from

this summer's Farmers' Market was \$7,625.79. A special word of thanks to Toshiko Barrett and her team for this amazing annual effort.

Council and Staff Retreat at B'Nai Tikvah

Jody Bagno-Dill from Jazz Business Consulting led a morning-long seminar on Crucial Conversations with the council and staff from Saint Matthew. The B'Nai Tikvah Congregation of Walnut Creek which uses Saint Matthew for their High Holy Days every year, hosted the retreat. The entire church staff and the Saint Matthew Council meet in a morning-long retreat twice a year through the lunch hour, and then the staff is released and the Council conducts their monthly meeting the rest of the afternoon.



Teen Center Roof Repaired

Both a design flaw, as well as the Teen Center and Office Building roofs not being built to the design specifications, created mold forming in the closed cavities of the roofs in both buildings. It took months for a new design to be approved and to get the agreement of the original builder to supply a complete new roofing system. Both of the buildings had brand new roofs installed in July. Thanks to Jerry Hanson, Kevin Morgan, Roger Hughes and Forest Borene for the many meetings, and sometimes not easy negotiations, that accomplished this repair. Thanks also to Hilbers Construction for showing their willingness "to make things right" from the very beginning.



High School Hume Lake

Going to Hume Lake is one of the highlights of the FORGE Teen Ministry each year. This is the 19th year that Saint Matthew has gone to Hume Lake Christian Camp, the largest and most popular in California. The teens were glad to see that the camp had been spared from the horrific fires that came right up to the camp's property in the summer of 2015. A great time was had by all, and we brought the teens into worship for a blessing before their buses left for Hume on Sunday morning.



AUGUST



Sticky Faith Conference with Brad Griffin

Fuller Seminary's Youth Ministry Institute has been creating cutting-edge research for the church for the past fifteen years. From that research a book was published five years ago entitled *Sticky Faith*. FORGE Ministry Team Leader, Alex Hardt, invited Brad Griffin, the Assistant Director of Fuller's Youth Institute to do a day-long workshop on *Sticky Faith* at Saint Matthew, to which we invited other local churches and their pastors and teen leaders.

Sticky Faith suggests that families are one of the most critical elements in faith development. This is not a shocking revelation, but what is most interesting is that the local church can function as extended family to teens, and these other adult relationships with teens have a lasting effect.

Saint Matthew is committed to being an increasingly multi-generational church, and *Sticky Faith* is a key element. Saint Matthew placed a deposit with Fuller's Youth Ministry Institute to join a learning cohort (a twelve month training program that includes taking a team to Pasadena every six months with monthly coaching) that will assist us in becoming more multi-generational.



SEPTEMBER

Rally Day 9/11

September 11, 2016 marked the kick off day for our Sunday morning programs: SPARK and IGNITE. Kids joined their leaders for a fun morning of SPARK and IGNITE programs. After our programs ended, parents joined us in the Teen Center where they got to hear our mission and vision for the upcoming year. Parents also got to meet the SPARK, IGNITE and FORGE leaders. Since Rally Day fell on September 11th, we thought it would be cool to ask our local police officers to join us for the morning. They brought a police car for the kids to check out and then we all gathered together and spoke words of gratitude to our Walnut Creek officers and did a blessing over them. They were very moved by our blessing. What a great way to start off our Fall programs.



SCREENAGERS: Growing Up in the Digital Age

Screenagers was the kickoff to our Student Ministries calendar this year. Seeing a huge need in our community concerning how to raise children in a digital age, Saint Matthew hosted the event. We saw our sanctuary completely filled with not only Saint Matthew families but those from the surrounding neighborhood.

Coat Drive

Over 100 new and gently used coats and jackets were collected and donated to the Trinity Center as a response to Paul's call in Colossians 3 to cultivate love.



OCTOBER

Women's Retreat at Mt. Hermon

After years of planning their own retreat, several of the women at Saint Matthew decided this year they would try something different. They went to a non-denominational Women's Retreat at Mt. Hermon Christian Camp. Twenty-four women from Saint Matthew spent the weekend together with the program and all the food provided; they just had to relax and enjoy God speaking to them and each other's company. Special thanks to Debi Murphy for spear-heading this effort.



Men's Retreat at Redwood Christian Camp

The Men of Saint Matthew invited Rev. Dr. Lawrence VanHook from Community Christian Church in Oakland to speak at this year's Men's Retreat. Pastor VanHook brought four men from his church who also joined us. The relationship between the black and white church in America has always been strained, and add to that the increased awareness of racial tensions in America over the last few years, and some of Pastor VanHook's message was challenging to hear.

It was a fruitful weekend and deeper relationships were formed, and several men have joined the ongoing relationship with Saint Matthew and Community Church. Thanks to Scott Gallagher and the Men's Ministry Team for their great work putting this weekend together.

Family Fun Fest

Our first annual Family Fun Fest was amazing! The Teen Center was overflowing with laughter, music, and food. We had some great costumes, a ton of party games, and new families that came to be a part of the festivities. This event was the continuation of our Family Game Nights from the summer and was a great time where the whole family could celebrate God's goodness together.



NOVEMBER

Core Team to Dallas, TX for Multi-Ethnic Conference

The Saint Matthew Core Staff Team (minus Pastor Andy who had surgery, plus Tami Gomez who took Andy's place) traveled together to Dallas, Texas to the triannual



Multi-Ethnic Church Conference sponsored by Mosaix. The speakers, worship leaders and elective teachers were from a very diverse range of backgrounds and points of view, and the vast majority were under the age of 35! This gave us a wonderful opportunity to be exposed to a

vision of the emerging church of which we all want to be a part. As always, you will see and hear the influence this time of observation and reflection created in each of us. I want to thank the staff for their willingness to use their continuing education funds to have this group experience.

Strategic Partners in Mission Strategy and Focus Roll Out and Reception

Pastor Andy, together with Mission Beyond Saint Matthew, hosted a reception featuring our Strategic Partners in Mission. The morning worship (*Practicing the Compassionate Life: The Social Justice Movement*) and reception highlighted the various outreach ministries of Saint Matthew that are touching the lives of those in greatest need in our community and in our world. Connection Cards were



presented with contact information from several of our Strategic Partners in Mission for anyone interested in getting further involved. These ministries represent the three primary sectors of our mission focus: Children in Crisis, Relational Evangelism and Poverty/Homelessness.



Thanksgiving Eve Worship & Pie Fest

Each year we gather on Thanksgiving Eve as a church family to worship together before heading out to the many places our families and extended families celebrate the national holiday. The pies from the Pie-fest which are not consumed go to Thanksgiving for Everyone, hosted by First Lutheran Church in Concord.

The Thanksgiving offering of \$7,791 was divided between Trinity Center Homeless outreach and ELCA Hunger Appeal.



Worship with Saint Matthew and Community Church in Oakland

For the fourth time in 2016, the Saint Matthew and Community Church in Oakland shared a day together. We gathered on All Saints evening, and Pastor Lawrence had asked Pastor Kevin if he would bring a message. Pastor Kevin then asked if members of our Prophetic Team and Healing Prayer Team would accompany us and we had a rich time of worship, fellowship and sharing faith. Real bonds of friendship are being shaped, and fears and suspicions overcome.

DECEMBER

Constitution Revision Passed Congregational Meeting

After 18 years of referring to “Mission Partners” instead of “members” at Saint Matthew, that language has finally been placed into Saint Matthew’s Constitution, with the new title being “Partners in Mission.” It further replaces taking the Sacrament once a year and making one material contribution a year as minimum requirements and states that: 1) becoming a daily worshiper, including coming to church on Sundays; 2) being engaged in discipleship and mission; and 3) making and fulfilling a pledge to the Mission of Saint Matthew are the new guidelines.

Other technical changes were also part of the revision, including allowing the membership of Saint Matthew to call pastors from any of the ecumenical partner churches, per the national policy of the ELCA, though the model Constitution still states “rostered pastors of the ELCA.”



The Surprising Christmas Pageant

Using the considerable talents of our Joyful Noise Kid's Choir and some of our SPARK members, Emily Andrews and TJ Burke put together a wonderful Christmas program the third Sunday of Advent. The fun and humorous script, "The Surprising Christmas Pageant," had a clear message about God's love for us being demonstrated in Jesus coming to Earth for all of us.



Staff Changes

Alex Hardt's position as Forge (High School) Team Leader was eliminated in the budgeting process in the fall of 2016. Several goodbye events were held for Alex as we wished him and his family God-speed.



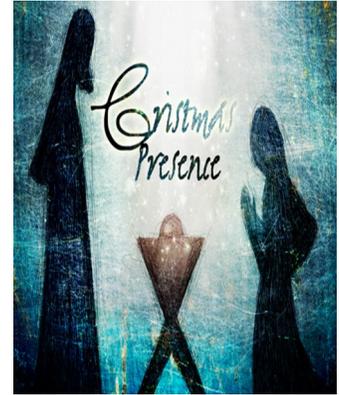
After fourteen years of late Saturday night gigs and early Sunday morning band rehearsals, **Geoff Carter** asked to be released from both being our choir director as well as our band arranger and keyboardist. Geoff took over the choral program at Northgate High School in September, and the program and the demands on his time exploded. We give thanks to God for his faithful years of service at Saint Matthew.

Two years ago, **Shannon Perez** returned to the workforce by taking a job at Saint Matthew. This year, she made the decision to go to work for her husband's company. Her joyful spirit and amazing creativity will be greatly missed.



Advent Conspiracy

For the second year, Saint Matthew participated in Advent Conspiracy. This is a time to remember what Christmas is really all about, and limit the consumerism that has become Christmas for so many. By taking a deeper look into our spiritual lives and the things that really matter (God, family, making a difference in the world), we have reclaimed the real meaning of Advent and Christmas. This year we asked everyone to consider spending less on ourselves and loved ones and take that money and give toward water projects sponsored by Lutheran World Relief. We raised \$28,435 toward the Advent Conspiracy goal of \$20,000. Thank you, Saint Matthew. We continue to be one of the top congregations in the U.S. for giving to Lutheran World Relief for the past 15 years.



Christmas Eve

Mike Basil, our IGNITE and FORGE Team Leader brought the message at all three Christmas Eve worship services, drawing our attention to the good news that was proclaimed to shepherds by heavenly messengers, a most unlikely audience for the announcement of God becoming a human being! Over 1200 people gathered at Saint Matthew on Christmas Eve to sing, "Glory to God in the highest, and to all on earth, Peace."



Christmas Day

Christmas Day fell on a Sunday in 2016, and Pastor Kevin shared a message from John's Gospel along with celebrating baptisms.



FINANCIAL STATEMENTS YEAR 2016

The financial data included with this report presents the respective activities of the General Fund, Capital Building Fund and the Saint Matthew Foundation Fund. The combined funds total of Saint Matthew Lutheran Church is compared with the prior year and the financial statements are unaudited.

The Cash and Equivalents as of December 31, 2016 was \$412,182 compared to the December 31, 2015 amount of \$424,663, a decrease of \$-12,481. The Change in Net Assets for 2016 was \$-285,524 (expenses in excess of revenue) compared to 2015 for \$-442,394 (expenses in excess of revenues). The Change in Net Assets includes depreciation expense of \$362,439 in 2016 and \$356,694 in 2015. Net cash provided by operating activities in 2016 was \$106,340, and cash used for purchase of improvements and equipment was \$9,969, and the mortgage principal payment was \$83,158.

Total contributions received in 2016 were \$1,407,410 compared to \$1,578,314, a decrease of \$-170,904. General Fund contributions (pledged and unpledged) were \$1,256,953 in 2016 compared to \$1,343,728 in 2015, a change of \$-86,775 (-6.4%).

Missions funded totaled \$153,294 in 2016 compared to \$209,152 in 2015. In 2015, Saint Matthew celebrated its 50th Anniversary contributing \$43,000 to selected ministries. In 2016 the following mission projects were funded: Lutheran World Relief for water for small farms in Africa \$28,435, Young Life Krasnador Russia \$25,000 including purchase of a van for youth activities, Missionaries \$14,250, Children's Rescue Mission in Honduras \$15,293, and the Trinity Center Homeless project in Walnut Creek \$8,209 for food. In addition, approximately fifteen other mission projects were funded.

During 2016, the interest rate of the mortgage note held by Mission Investment Fund was scheduled for the three-year periodic review. The interest rate of 3.75% has been continued for the next three-year cycle. The principal balance as of December 31, 2016 was \$1,897,520.

The Saint Matthew Foundation Total Assets as of 12/31/2016 were \$501,135 compared to \$482,243 as 12/31/2015, an increase of \$18,892, principally due to securities valuation adjustment. Of the Total Assets, \$316,795 of the funds are Permanently Restricted as to the principal. During 2016 distributions of \$9,500 were allocated, principally for scholarships for education.

Respectfully submitted,
Marvin Schick

SAINT MATTHEW LUTHERAN CHURCH
 COMBINED STATEMENT OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2016 AND 2015
 (UNAUDITED)

	General Fund	Capital Building Fund	Saint Matthew Foundation Fund	12/31/2016 Saint Matthew Combined	12/31/2015 Saint Matthew Combined
Assets					
Current Assets					
Cash and Equivalents	\$ 356,498	\$ 37,851	\$ 17,833	\$ 412,182	\$ 424,663
Prepaid Expenses	11,807			11,807	\$ 13,608
Deposits, Advances, Other	3,678		0	3,678	7,650
Total Current Assets	<u>371,983</u>	<u>37,851</u>	<u>17,833</u>	<u>427,667</u>	<u>445,921</u>
Marketable Securities (Mutual Funds)			396,620	396,620	371,126
Property, Plant and Equipment					
Cost	10,838,408	2,500	109,969	10,950,877	10,940,908
Accumulated depreciation	-4,761,445		-23,287	-4,784,732	-4,422,718
Net Book Value	<u>6,076,963</u>	<u>2,500</u>	<u>86,682</u>	<u>6,166,145</u>	<u>6,518,190</u>
Other Assets					
Loan costs	6,354			6,354	6,763
Total Other Assets	<u>6,354</u>	<u>0</u>	<u>0</u>	<u>6,354</u>	<u>6,763</u>
Total Assets	<u>\$ 6,455,300</u>	<u>\$ 40,351</u>	<u>\$501,135</u>	<u>\$ 6,996,786</u>	<u>\$ 7,342,000</u>

See Accompanying Notes.

SAINT MATTHEW LUTHERAN CHURCH
 COMBINED STATEMENT OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2016 AND 2015
 (UNAUDITED)

	Capital Building Fund	Saint Matthew Foundation Fund	12/31/2016 Saint Matthew Combined	12/31/2015 Saint Matthew Combined
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 10,472	\$ -	\$ 10,472	\$ 6,923
Accrued liabilities	69,355		69,355	53,277
Deposits received	3,913		3,913	2,690
Current portion of note payable	83,325		83,325	80,507
Total current liabilities	<u>167,065</u>	<u>0</u>	<u>\$ 167,065</u>	<u>143,397</u>
Long-term Liabilities				
Deposits, deferred engraving revenue	0	22,626	22,626	22,826
Note payable, less current portion	1,814,195		1,814,195	1,897,353
Total long-term liabilities	<u>1,814,195</u>	<u>22,626</u>	<u>1,836,821</u>	<u>1,920,179</u>
Net Assets Unrestricted				
Net Assets Temporarily Restricted	4,426,331	161,714	4,628,396	4,916,271
Net Assets Permanently Restricted	47,709	0	47,709	51,838
Total net assets	<u>4,474,040</u>	<u>478,509</u>	<u>4,992,900</u>	<u>5,278,424</u>
Total liabilities and net assets	<u>\$ 6,455,300</u>	<u>\$501,135</u>	<u>\$ 6,996,786</u>	<u>\$ 7,342,000</u>

See Accompanying Notes.

SAINT MATTHEW LUTHERAN CHURCH
 COMBINED STATEMENT OF REVENUE AND EXPENSES
 AND CHANGES IN NET ASSETS
 YEARS ENDED DECEMBER 31, 2016 AND 2015
 (UNAUDITED)

	General Fund	Capital Building Fund	Saint Matthew Foundation Fund	12/31/2016 Saint Matthew Combined	12/31/2015 Saint Matthew Combined
Revenue					
Contributions	\$ 1,369,315	\$ 31,615	\$ 6,480	\$ 1,407,410	\$ 1,578,314
Columbarium niche license fees			3,700	3,700	2,400
Camps, events, retreats receipts	92,816			92,816	115,928
Interest and dividend income	2,799	67	8,085	10,951	11,963
Other income	50,524	0	18,088	68,612	23,442
Total Revenue	<u>1,515,454</u>	<u>31,682</u>	<u>36,353</u>	<u>1,583,489</u>	<u>1,732,047</u>
Expenses					
Missions beyond Saint Matthew	153,294			153,294	212,152
Employment	967,386			967,386	1,040,959
Programs	110,794		9,500	120,294	187,349
Plant occupancy	190,164		2,472	192,636	301,575
Interest expense	72,964			72,964	75,712
Depreciation	359,000		3,439	362,439	356,694
Total Expenses	<u>1,853,602</u>	<u>0</u>	<u>15,411</u>	<u>1,869,013</u>	<u>2,174,441</u>
Change in Net Assets	<u>-338,148</u>	<u>31,682</u>	<u>20,942</u>	<u>-285,524</u>	<u>-442,394</u>
Net Assets, beginning of year	4,802,488	16,519	459,417	5,278,424	5,720,818
Cash transfers	9,700	-7,850	-1,850		
Net Assets, end of year	<u>\$ 4,474,040</u>	<u>\$ 40,351</u>	<u>\$ 478,509</u>	<u>\$ 4,992,900</u>	<u>\$ 5,278,424</u>

See Accompanying Notes.

SAINT MATTHEW LUTHERAN CHURCH
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(UNAUDITED)

	Year 2016	Year 2015
OPERATING ACTIVITIES:		
Change in net assets	-\$285,524	-\$442,394
Adjustments to reconcile change in net assets to Cash provided (used) by operating activities:		
Depreciation	362,030	356,285
Amortization of loan costs	409	409
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
(Increase) decrease in prepaid expenses	1,801	-2,552
(Increase) decrease in deposits, advances, other	3,972	-3,455
Increase (decrease) in accounts payable	3,549	-5,185
Increase (decrease) in accrued liabilities	16,062	1,758
Increase (decrease) in deposits received	1,223	-8,244
Increase (decrease) in current portion of long-term debt	2,818	2,958
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	106,340	-100,420
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) of building improvements, furniture, fixtures and equipment	-9,969	-265,639
(Acquisition) disposition of marketable securities	-25,494	557
(Acquisition) disposition of deposits, other assets	0	0
NET CASH USED IN INVESTING ACTIVITIES	-35,463	-265,082
CASH FLOWS FROM FINANCING ACTIVITIES:		
Addition(payment) of principal of mortgage note payable	-83,158	-80,552
Increase (decrease) deposits, deferred engraving revenue	-200	0
NET CASH USED IN FINANCING ACTIVITIES	-83,358	-80,552
NET INCREASE (DECREASE) IN CASH	-12,481	-446,054
CASH, beginning of year	424,663	870,717
CASH, end of year	<u>\$412,182</u>	<u>\$424,663</u>

See Accompanying Notes.

SAINT MATTHEW LUTHERAN CHURCH
 NOTES TO COMBINED FINANCIAL STATEMENTS (UNAUDITED)
 Years ended December 31, 2016 and 2015

General

St. Matthew Lutheran Church of Walnut Creek, California also known as Saint Matthew Lutheran Church (Saint Matthew) is a nonprofit public benefit corporation incorporated in the State of California June 29, 1965. Saint Matthew maintains three main funds to reflect their activity. They are as follows:

General Fund – The general fund is used for ongoing religious and charitable activities. Activities within this fund are generally unrestricted.

Capital Building Fund – The capital building fund is utilized for capital project appeals and accounting for new construction. Activities within this fund can be unrestricted or temporarily restricted depending on the nature of the activity or the intent of the donor.

Saint Matthew Foundation Fund – The Saint Matthew Foundation holds endowment fund contributions and maintains the licensing of the columbarium niches. Activities within this fund can be unrestricted, temporarily restricted and permanently restricted depending on the nature of the activity or the intent of the donor.

Preparation of Financial Statements

Saint Matthew's policy is to prepare its financial statements on the accrual basis of accounting.

Investments

Investments in marketable securities with readily determinable fair values are reflected at their fair values based on market prices for identical instruments in the statement of financial position. Unrealized gains and losses are included in the statements.

Saint Matthew invests its money in mutual funds with a financial institution. The investments are shown at fair market value as of December 31, 2016 and 2015. The historical cost of the mutual funds is \$414,304 and \$396,207, respectively. Total unrealized gain (-loss) as of December 31, 2016 and 2015 is \$7,397 and \$-25,081, respectively. For the year end December 31, 2016 and 2015, realized gain is \$10,221 and \$12,513 respectively, and is reflected in the accompanying financial statements.

Federal and State Taxes on Income

Saint Matthew is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(f) of the California Revenue and Taxation Code.

Property and Equipment

Saint Matthew records depreciation on its property and equipment on a straight-line basis using the following estimated useful lives:

Computer equipment and software:	5 years
Furniture and fixtures	10 years
Heating/Cooling and roof replacement:	20 years
Building and improvements:	40 years

Maintenance and repairs are expensed as incurred.

The cost of assets sold and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale. Any resulting profit or loss is reflected currently in the statements.

Property and equipment at December 31, consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$137,580	\$137,580
Building and improvements	9,585,847	9,585,847
Furniture and fixtures	1,117,481	1,107,512
Leasehold improvements	<u>109,969</u>	<u>109,969</u>
Total property, plant and equipment	10,950,877	10,940,908
Less: accumulated depreciation	<u>(4,784,732)</u>	<u>(4,422,718)</u>
Net property, plant and equipment	\$6,166,145	\$6,518,190

Depreciation expense for the year ended December 31, 2016 and 2015 was \$362,439 and \$356,694, respectively.

Notes Payable

Notes payable at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Note payable of \$3,200,000 obtained September 2007, secured by real property, with an initial interest rate of 6.25%, through Mission Investment Fund of the ELCA (Fund). The Fund reviews and may adjust the interest rate in its discretion every 3 years. Effective October 1, 2010 the interest rate was adjusted to 4.5% and was reset October 1, 2013 and October 1, 2016 with the interest rate adjusted to 3.75% and is reviewed every 3 years thereafter. Note matures September 1, 2032.	\$1,897,353	\$1,977,860
Less: Current portion of long-term debt	<u>(83,158)</u>	<u>(80,507)</u>
Total Long-term debt	\$1,814,195	\$1,897,353

Interest expense for the year ended December 31, 2016 and 2015 was \$72,964 and \$75,712, respectively.

Temporarily Restricted Net Assets

The temporarily restricted net assets at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Programs	\$36,009	\$49,638
Advanced Giving	<u>11,700</u>	<u>2,200</u>
	\$47,709	\$51,838

Permanently Restricted Net Assets

Saint Matthew Lutheran Church maintains one endowed fund of permanently restricted net assets. Permanent restrictions arise when donors contribute money to Saint Matthew with a restriction stating the money is to be invested and that the principal is not to be spent. This is considered a donor-restricted endowed fund that Saint Matthew must hold in perpetuity. Donors do not set a restriction as to the use of the earnings. The income from the permanently restricted net assets is considered a temporarily restricted net asset, which becomes unrestricted when it is spent for the purpose that the Church Council has designated. The endowment fund is classified and reported based on the existence or absence of donor-restricted restrictions and includes net assets permanently restricted at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Categories of Endowments:		
Scholarships	\$130,891	\$127,430
Missions beyond Saint Matthew	35,244	35,225
Needs not included in the General Fund budget	13,190	12,690
Donor leaving discretion for designation to the foregoing three categories	<u>137,470</u>	<u>134,970</u>
Permanently restricted net assets	\$316,795	\$299,175

The *Saint Matthew Foundation* was established in 1990 with a donation of \$1,000. The fund was established to enhance the work of the church by establishing new ministries and stewardship opportunities additional to and apart from the general operation of the congregation.

In 2002 the Saint Matthew Foundation expanded the categories that donors can designate their gifts for scholarships, ministries (missions) beyond Saint Matthew and the foundation fund. The Saint Matthew Foundation Scholarship Fund provides scholarships to encourage the people of Saint Matthew Lutheran Church to pursue their education beyond high school. The Saint Matthew Ministries Fund is used to support and enhance new or existing ministries (missions) beyond Saint Matthew Lutheran Church. The Saint Matthew Foundation fund responds to special needs and new programs within Saint Matthew Lutheran Church which are not covered by its operating budget, as determined by the Saint Matthew Lutheran Church Council.

Up to 5% of the funds may be spent annually based on the Fund's average fair market value, as averaged over the trailing 12 quarters.

Interpretation of Relevant Law

The Church Council (Board of Directors) and the Saint Matthew Foundation Board of Saint Matthew Lutheran Church has interpreted the California State Uniform Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the endowment fund. As a result of this interpretation, Saint Matthew Lutheran Church classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Saint Matthew Lutheran Church in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Saint Matthew Lutheran Church considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Saint Matthew Lutheran Church and the donor- restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of Saint Matthew Lutheran Church

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires Saint Matthew Lutheran Church to retain as a fund of perpetual duration. There were no such deficiencies as of or during the year ended December 31, 2016.

Subsequent Events

Management has evaluated subsequent events through February 21, 2017, the date the financial statements were available to be issued.



Saint Matthew Lutheran Church
399 Wiget Lane
Walnut Creek, CA 94598
925-932-1955
FAX 925-932-7580
www.saintmatthew.org