



# 2011 ANNUAL REPORT

DATED AUGUST 21, 2011

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## THE PURPOSE AND BENEFIT OF AN ANNUAL REPORT

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The purpose of this booklet is to inform our supporters of the current state of our ministry, as well as to lay out our vision for the future.

## THE MISSION OF TRCS

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The specific mission of Three Rivers Christian School shall be to glorify God by providing quality, biblically-based, Christ-centered education dedicated to developing students with a Christian world view who are spiritually, socially, physically, and academically prepared to impact the world for Christ.

## THE VISION OF TRCS

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The vision for Three Rivers Christian School is to produce graduates who will be servants of Christ, committed to excellence and equipped to transform the world.

## ADMINISTRATOR'S LETTER

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The 2010-2011 school year is complete. As I review the events, the data, and the "ups and downs," I thank the Lord for such a successful year even though we were in transition.

Anytime a new leader comes and picks up the reins there is potential for stress, fall out, and resistance to change. This year was that and yet as we took each step into change and program improvement our staff worked hard and overcame the stresses and conflict. I witnessed the faithfulness of allowing God to help us to grow and strengthen a good community. Scripture says, "Unless the Lord builds the house they who labor labor in vain." (Psalm 127:1) Through the challenges God was working. Through the tension we were faithful.

*"FAMILIES WERE OFFERED A GREAT EDUCATION FOR THEIR CHILDREN WITH LOVING TEACHERS."*

Change happened. This was purposeful and intensive. Accountability was the mark of all financial keeping. Communication was standardized. Together, teams were built to ease the load from a few shoulders to many shoulders.

God was served. Families were offered a great education for their children with loving teachers and our professional face was improved.

What did we accomplish?

- Fiscal planning and reporting with checks by an outside source, improved standard bookkeeping practices, better regular clear fiscal communication with the end result of a 1% variance of budget to actuals at the end of the year.
- Technology was improved upon so that all areas of campus will have internet access, all teachers will have email and access to a computer during the school day.
- Various teams were created to help at the board level, administrative level and faculty level in the areas of finance, decision making, curriculum development, and accreditation.

Moving into the 2011 -2012 school year, parents will have online access to their financial account 24 hours, seven days a week. Payments can be made as usual, or through direct withdrawal, or as the parent chooses.

Parents will also have access to their child's grades, assignments, teacher notes, school notes and notices, calendars, and school closures through a web based service called Sycamore. This will enhance communication for families and allow the school a speedier way to let parents know the events or needs of the school.

## TRCS FINANCIAL OVERVIEW

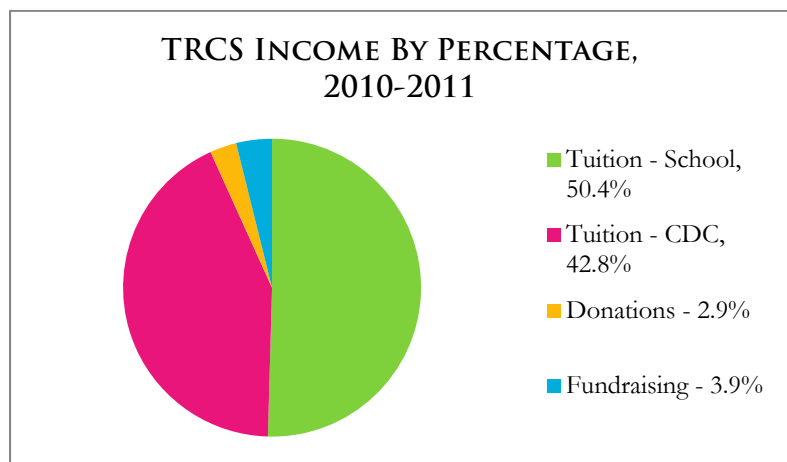
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The 2010-2011 year has been a year of "setting our house in order."

The year began with a financial compilation done by Booth & Davis, which gave us a more accurate picture of where the school stands.

To give you a better picture of how our ministry model works, the following pie charts show the source of our income, as well as the division of our expenses as part of our total budget.

FIGURE 1: TRCS INCOME BY PERCENTAGE, 2010-2011



Tuition is our major source of income. We raised tuition by 6% in order to provide a minimal increase in wages for staff that had not seen an increase in three years. To offset the impact on some families the school board increased the amount of tuition assistance we are providing. That assistance will be paid for by a special Bridge the Gap campaign this fall. We hope to raise at least 60% of that help through donations from our extended community. During these tougher times we can stand together and help those that cannot make the tuition.

This year, we received a generous amount of external funding from different sources, including:

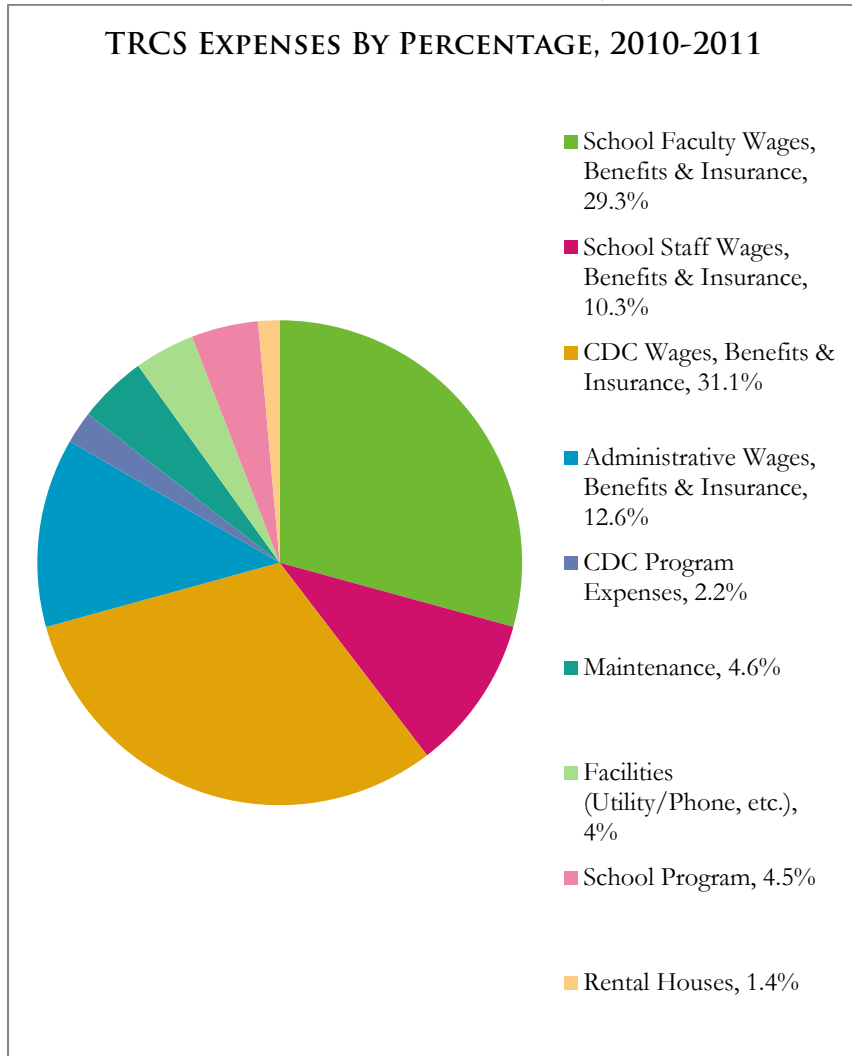
- A technology grant for \$35,000 which brought new computer labs to both campuses
- Title Nine Funds (\$10,000 for Longview and \$5,000 for Kelso) which purchased our Barton Reading Curriculum for the Resource Room under development, curriculum mapping supplies and training, workshops and assorted professional development materials
- ESD 112 provided funding for our Second Step (anti-bullying) training curriculum and our Foss Science Kits which use small live creatures for hands-on learning.

- A technology grant for \$11,000 which purchase laptops for our full-time teachers and will bring high-speed wireless to our elementary campus.
- A safety grant which purchased crossing guard supplies for the elementary campus (\$600)
- A grant from the Washington State Dairy Council “Fuel Up To Play 60” program which has purchased a health curriculum for the elementary school. (\$600)

In a service-based institution, the largest expense is in wages and benefits. However, our average staff salary of \$30,000 for the elementary staff (with an average 16 years experience) and \$25,000 for the high school (with an average 9 years experience) is only 54 to 65 percent of the same position in the public sector (a state average of \$46,326 for Washington<sup>1</sup>). Our general starting wage for staff positions is minimum wage. Out of 26 total faculty, 21 are certified to teach in the state of Washington. We are blessed to have experienced staff people who are willing to work as a ministry calling.

<sup>1</sup> <http://teacherportal.com/teacher-salaries-by-state>

**FIGURE 2: TRCS EXPENSES BY PERCENTAGE, 2010-2011**



Please see “Appendix A” for a snapshot of the 2010-2011 budget. We are happy to report that we came within one percent of hitting our budget projection, and the following fiscal advances have been made this year:

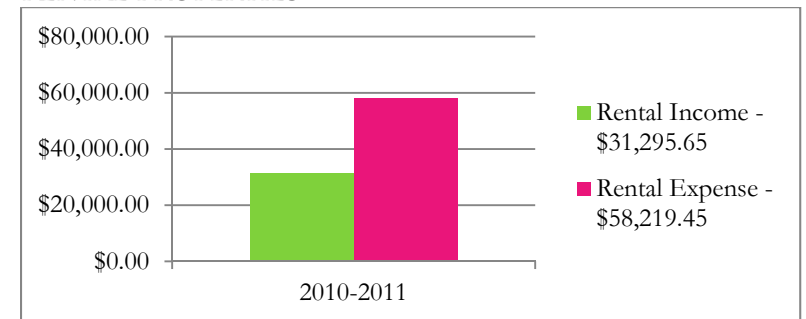
- Since our income is based on a ten-month tuition plan, but our salaries are paid through twelve months, we are setting aside money each year to pay these salaries so that we avoid borrowing from the next year’s tuition.
- We were able to pay for salaries not previously accrued in the 2009-2010 school year.
- We changed our reporting to more accurately match business practices.
- We reduced our accounts receivable by a significant amount, and now have the “Smart Tuition” program in place to avoid future growth in that area.

## ANALYZING THE RENTALS

In 2005, the three adjacent homes on Ocean Beach Highway were purchased by the school for its future expansion. 2588, 2602, and 2604 Ocean Beach Highway, as well as a portion of the land behind and adjacent to 2588 were purchased with notes held by private parties, and since that time, the properties have been rented to help offset the expense.

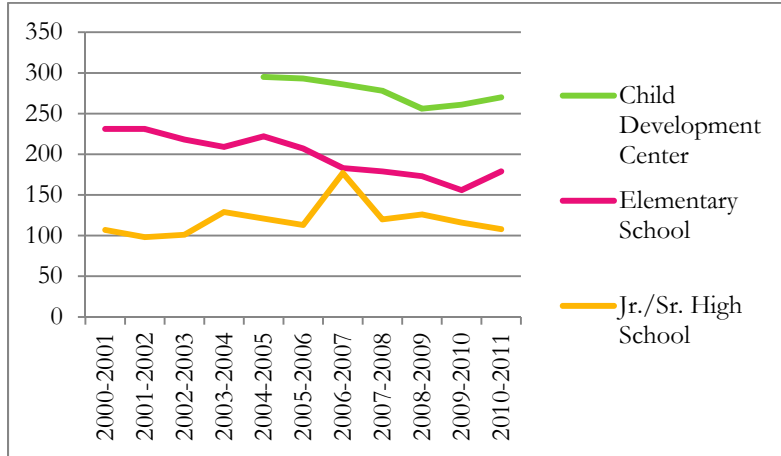
However, as the figure below shows, the rental income only offsets a portion of the total expense to the school. Possible solutions involve refinancing to a single payment, using the rental houses to expand programs (and thus, income), or taking the expenses from the capital account.

**FIGURE 3: CHART SHOWING ANNUAL DEFICIT FROM RENTAL PROPERTIES**



## ENROLLMENT

TABLE 1: TOTAL ENROLLMENT FOR ALL TRCS PROGRAMS



## PROGRAM ANALYSIS: THE CHILD DEVELOPMENT CENTER

As you can see from the Child Development Center graph lines in Tables 1 and 2, enrollment is increasing and the program is strong in both attendance and quality. According to the inspectors from the State of Washington who visit our facility, ours is the largest in operation south of Olympia.

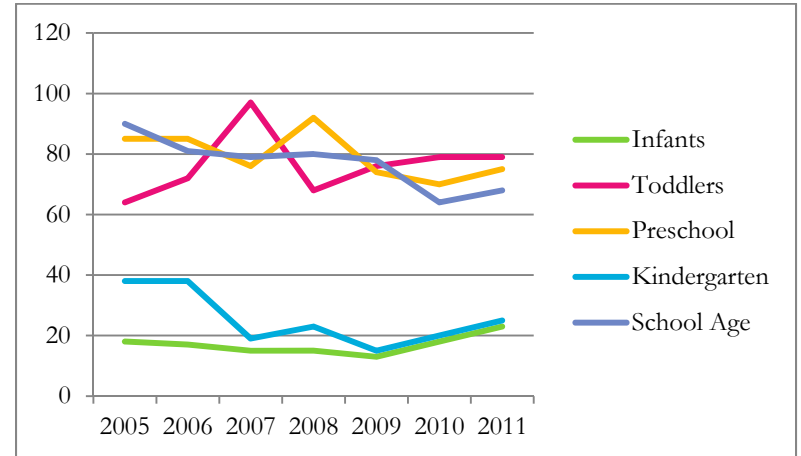
### Employee Statistics:

35 employees

### Employee Education Statistics:

- 14% hold a Bachelor's degree
- 29% hold an Associate's degree
- 20% hold CDA Washington Journeyman Status
- 20% are Washington State Merit Training Status Certified

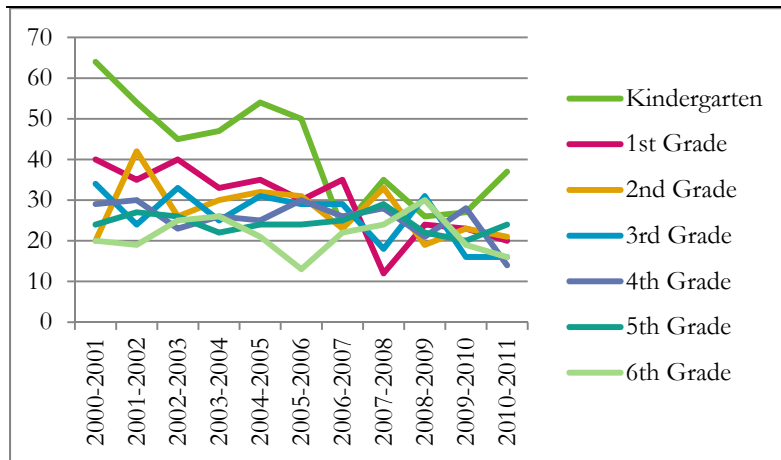
TABLE 2: REGISTRATION FOR CHILD DEVELOPMENT CENTER BY AGE GROUP



**CDC Improvements for 2010-2011** include the main hallway remodel, quarterly enrichment classes, the Kinship Garden, and Community Ministry Outreach.

## PROGRAM ANALYSIS: THE ELEMENTARY SCHOOL

TABLE 3: ENROLLMENT NUMBERS FOR TRCS K-6<sup>TH</sup> GRADE



### Employee Statistics:

12 teachers (9 full-time, 3 part-time)  
3 part-time office staff

### Employee Education Statistics:

8 Bachelor of Arts Degrees, 2 Masters Degrees, a total of 21 of our teachers are state certified

**Elementary School Improvements for 2010-2011** include the remodeling/reconfiguring of the front office area and a new computer lab.

## PROGRAM ANALYSIS: THE JUNIOR/SENIOR HIGH SCHOOL

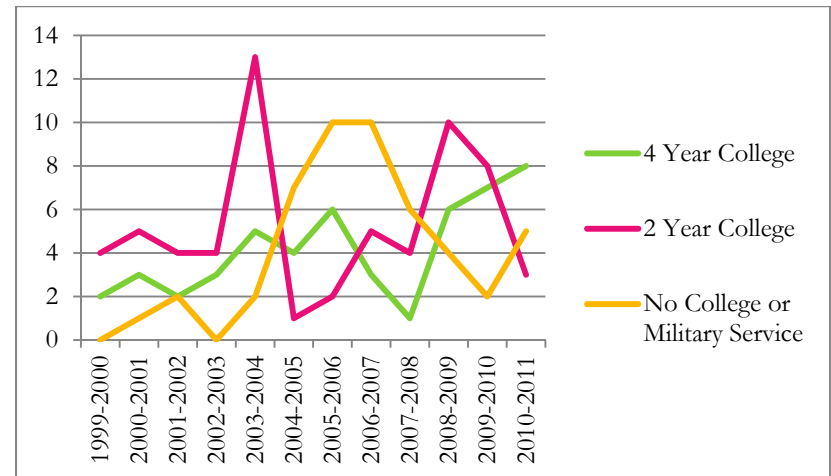
### Employees Statistics:

14 teachers (3 full-time, 10 part-time)  
1 office manager  
1 part-time Athletic Director  
1 part-time Counselor  
1 part-time lunch/gym supervisor  
1 part-time janitor

### Employee Education Statistics:

100% of teaching staff have BA degree and many have earned credits beyond the BA degree. Teacher experience ranges from two to twenty years.

TABLE 4: COLLEGE ENROLLMENT LEVELS FOR TRCS GRADUATES



### Test Scores:

When using the Washington State Test (HSPE – High School Performance Evaluation), our students score above the state average at both the 7<sup>th</sup> & 10<sup>th</sup> grade level. Perhaps a better reflection on accomplishment is the year-end results for students. For the 2010-2011 school year, the final grades reflected the following for the 106 students completing the year:

- 19 students maintained a 4.0 GPA

- 40 students maintained a 3.5 – 3.99 GPA
- 16 students maintained a 3.25 – 3.49 GPA

That is a total of 75 students maintaining a 3.2 GPA or better of the 106 total students. At the other end, only 3 of the 106 students had below a 2.0 GPA. Our goal is always that no student fail while making a high standard of achievement.

**Jr./Sr. High School Improvements for 2010-2011** include a computer lab upgrade, two new sound amplification systems, new flooring in classrooms, and an office remodel. In the sports program, girls tennis was added in the Spring of 2011, and cross country is beginning in the Fall of 2012. For the 2011-2012 school year, we will be adding German as a foreign language option.

## MINISTRY TRAINING CENTER

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We have completed our sixth year of ministry, offering Bible-College level opportunities to local postsecondary students in our region, utilizing the wealth of local instructors. While enrollments are low, we believe we are meeting a clear desire on the part of some for this level of Christian educational opportunities. We communicate with several local congregations the opportunities available each quarter and also on the TRCS website. 22 students were enrolled this year. Classes are offered for \$50 per quarter (\$5 per 2-hour session) to provide small stipends to our instructors.

Classes held this past year are listed below. Other classes, offered on a rotating basis on schedule with the two-year leadership track had to be cancelled due to lack of sufficient enrollment.

### FALL 2010

**“Foundations of Intercession”** 4 students, Terri Hopkins, instructor

### WINTER 2011

**“Soul Therapy”** 12 students, Jim Bass and Joe Garrick instructors

**“Getting a Handle on the Old Testament”** 7 students, Mark Schmutz, instructor

## SPRING 2011

### Classes cancelled due to lack of enrollment

It was determined by the MTC board to only offer two quarters of classes in 2011-12 and no longer try to offer anything past the week of spring break. The busyness of schedules has led to mostly cancellations and we no longer think it best to ask instructors to be prepared and then have to cancel.

We also are investigating with regional schools (i.e., Multnomah and Portland Bible College) if there may be any interest in setting up a satellite campus here. We have perceived interest in this level of education (accredited) to be offered locally if possible. We hope to have this possibility assessed by F2011.

The balance in the MTC fund at year-end is \$170.00.

- Report by Mark Schmutz, MTC Administrator

## CAMPUS DEVELOPMENT TASK FORCE

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Mark Schmutz, senior pastor, Northlake Baptist Church  
 Don Walters, TRCS board chair  
 Jean Zoet, TRCS administrator/Elementary Principal  
 Wayne Hayes, Secondary Principal  
 Debra Zandi, Executive Director CDC  
 Randy Lemiere, athletic director  
 Erin Hart, TRCS Development Director  
 Harold Erdlebrock, TRCS board member  
 Jack Troupe, technology  
 Dan Jones, technology  
 Jim Chenoweth, retired TRCS administrator/elementary principal  
 Jim Conrod, Campus Towers administrator  
 Dave Williamson, Hard Hats for Christ  
 Jenny Oskey, parent  
 Steve Maldonado, parent  
 Melvin Walker, grandparent

By the directive of the Strategic Plan, the Campus Development Task Force has been meeting monthly, beginning in March of this year, including the members listed above. A smaller team had met a couple of times previously; their task has been continued and built upon by this task force with myself

serving as chair. We have assessed needs and vision in light of the purpose statement for TRCS and begun investigating options available to us as we move into the future.

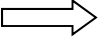
**Our purpose is FOCUS 2 of the Strategic Plan: *Facilities and Campuses***

**“Provide outstanding physical campuses and facilities that support the school and its associated programs, both for now and the future.”**

**Stated Goals:**

**GOAL 1: develop a facilities plan for both short-term and long-term needs**

**GOAL 2: develop a technology plan addressing current and future needs**

 **GOAL 3: develop a long-term campus plan to accommodate current and future programs**

**Objectives:**

- *Establish a Campus Planning Task Force to identify programs needs and sites*
- *Develop a campus plan*
- *Evaluate the possibility of a community center on campus*

**TRCS VISION STATEMENT: “To produce graduates who will be servants of Christ, committed to excellence and equipped to transform the world.”** Some discussion followed touching on Mark 16—**awakening** of individuals through the gospel; and Matthew 28—**reformation** (transformation) of nations through teaching obedience to the commands of God.

We have considered vision for a one-campus “village” educational model, but also considered the possibility of partnerships in the community to make our resources stretch further. At time of convening, the Capital Funds account totaled \$987,287.

Our stated goal and purposes are:

- **One campus by F2013**
- **Completed campus by 2017-2020**

A small team met with City of Longview personnel to assess the requirements in the permitting process which will necessitate a traffic study of both current campuses as well as an updated site development plan. Firms have been contacted and information gathered for bids to do the traffic studies. Several design and build firms have also been contacted and bids secured. We have not yet made final decisions for recommendation regarding either of these matters. The traffic study needs to take place when school is in session, so it is anticipated to be accomplished in the Fall of 2011.

From the beginning, urgency has been expressed to move our students out of the facilities in Kelso at the North Gate City Church. Great appreciation for North Gate’s gracious generosity and partnership for the ministry is readily recognized, but the substandard conditions of the facility and learning environment brought to the fore a consideration to move off the campus even to a temporary location by this Fall 2011.

These considerations took several months to carefully, prayerfully consider. The first impact is that builders we are in conversation with said our initial goal of one campus at the Longview site by F2012 was not a realistic goal, so we adjusted our goal to F2013, as noted above. We also had conversations with several other congregations, including site visits to some, to assess the possibility of short-term and long-term partnership with another congregation for the urgent need to move the secondary campus into better facilities, and also investigate the possibilities of long-term partnership for the development of the facilities deemed desirable by stated goals of staff. This could also aid in the community-wide perception of the ministry beyond Northlake Baptist Church.

It was determined by the team, in consultation with administrative staff, that moving the campus by this Fall 2011 is not realistic due to all the logistics that would need to be addressed. It was also determined that it may not be the best stewardship of the funds we have on hand. Conversations regarding long-term partnership are continuing and anticipated to be brought to conclusion by September 2011.

These considerations in our process have made us take more time to consider options the Lord may be opening up for us, which is a great desire of the task force. But it also has slowed the process in some regards as we consider the possibilities of partnership and maintaining two campuses instead of moving toward the goal of one campus at the Longview site. Serious consideration is being given to the fact that the Lord has opened doors in the past so that we have now a total of about eight acres at the Longview site. One land purchase since the last site plan has necessitated the development of a new site plan, but

the additional land may make the demolition of the houses on Ocean Beach Hwy unnecessary. Questions of egress may none the less make this not entirely achievable.

We anticipate completing the vision task by September 2011 and making recommendations to the TRCS board for traffic studies and site development plans. Considering all options available to us at this time and the impact of these options not only on our financial resources available and anticipated, but also the impact on our educational philosophy, is making us slow down and take time to thoroughly investigate these possibilities.

While the tedious nature of these investigations and the time it takes may frustrate the desire to get this task accomplished quickly, I am confident that the long-term solutions we uncover will bring the greatest benefit and blessing to this important regional ministry. Thanks to everyone on the team for their hard work!

- Report by Mark Schmutz, Task Force Chairman

## APPENDIX A: 2010-2011 BUDGET OVERVIEW

	Jul '10 - Jun 11	Budget	\$ Difference	% of Budget
<b>Income</b>				
CDC INCOME	817,919.66	773,000.00	44,919.66	105.81%
CDC DONATION INCOME	3,519.51	0.00	3,519.51	100.0%
CDC OTHER INCOME	23,350.18	10,000.00	13,350.18	233.5%
<b>TOTAL CDC INCOME</b>	<b>844,789.35</b>	<b>783,000.00</b>	<b>61,789.35</b>	<b>107.89%</b>
SCHOOL OPERATIONAL INCOME	961,599.51	948,000.00	13,599.51	101.44%
SCHOOL DONATION INCOME	51,504.99	90,000.00	-38,495.01	57.23%
SCHOOL OTHER INCOME	73,430.21	75,000.00	-1,569.79	97.91%
<b>TOTAL SCHOOL INCOME</b>	<b>1,086,534.71</b>	<b>1,113,000.00</b>	<b>-26,465.29</b>	<b>97.62%</b>
<b>TOTAL INCOME SCHOOL AND CDC</b>	<b>1,931,324.06</b>	<b>1,896,000.00</b>	<b>35,324.06</b>	<b>101.86%</b>
<b>Expense</b>				
CDC SALARIES/WAGES/TAXES	692,059.45	708,033.31	15,973.86	98.0%
CDC OPERATIONAL EXPENSES	76,801.43	73,570.00	-3,231.43	104%
<b>TOTAL CDC OPERATIONAL EXPENSES</b>	<b>768,860.88</b>	<b>781,603.31</b>	<b>12,742.43</b>	<b>98%</b>
SCHOOL SALARIES/WAGES/TAXES	939,692.60	902,433.69	-37,258.91	104%
SCHOOL OPERATIONAL EXPENSES	147,326.64	152,955.00	5,628.36	96%
<b>TOTAL SCHOOL OPERATIONAL EXPENSES</b>	<b>1,087,019.24</b>	<b>1,055,388.69</b>	<b>-31,630.55</b>	<b>103%</b>
<b>TOTAL OPERATIONAL EXPENSES SCHOOL AND CDC</b>	<b>1,855,880.12</b>	<b>1,836,992.00</b>	<b>-18,888.12</b>	<b>101%</b>
CDC ADMINISTRATIVE EXPENSES	32,400.16	33,424.00	1,023.84	97%
SCHOOL ADMINISTRATIVE EXPENSES	54,768.08	40,300.00	-14,468.08	137%
<b>TOTAL ADMINISTRATIVE EXPENSES SCHOOL AND CDC</b>	<b>87,168.24</b>	<b>73,724.00</b>	<b>-13,444.24</b>	<b>119%</b>
<b>TOTAL INCOME SCHOOL AND CDC</b>	<b>1,931,324.06</b>	<b>1,896,000.00</b>	<b>35,324.06</b>	<b>102%</b>
<b>TOTAL OPERATIONAL EXPENSES SCHOOL AND CDC</b>	<b>1,855,880.12</b>	<b>1,836,992.00</b>	<b>-18,888.12</b>	<b>101%</b>
<b>TOTAL ADMINISTRATIVE EXPENSES SCHOOL AND CDC</b>	<b>87,168.24</b>	<b>73,724.00</b>	<b>-13,444.24</b>	<b>118%</b>
	<b>-11,724.30</b>	<b>-14,716.00</b>	<b>2,991.70</b>	<b>1%</b>

## APPENDIX B: 2011-2012 BUDGET OVERVIEW

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	Approved 2010-2011	Actual 2010-2011	Budget 2011-2012
<b>Income</b>			
CDC Operational Income	773,000.00	817,919.00	795,500.00
CDC Donation Income	0.00	3,518.72	0.00
CDC Fundraising	10,000.00	13,270.00	11,000.00
CDC Other Income	7,000.00	23,348.00	11,000.00
School Operational Income	948,000.00	961,231.00	1,112,023.00
School Donation Income	90,000.00	51,505.00	45,000.00
School Fundraising	55,000.00	61,062.00	0.00
School Misc. Income	20,000.00	8,600.00	0.00
<b>Income Total</b>	<b>1,886,000.00</b>	<b>1,931,324.00</b>	<b>1,963,523.00</b>
<b>Expense</b>			
CDC Wages & Benefits	708,031.31	692,057.00	745,303.32
CDC Program Expenses	73,570.00	76,798.00	79,370.00
CDC Operational Expense	33,424.00	32,407.00	32,700.00
School Wages & Benefits	902,433.69	939,691.00	894,290.56
School Program Expenses	152,955.00	146,130.00	164,242.00
School Operational Expense	40,300.00	41,474.00	39,600.00
<b>Expense Total</b>	<b>1,910,754.00</b>	<b>1,943,048.00</b>	<b>1,955,505.88</b>
<b>Excess</b>	<b>-24,716.00</b>	<b>-11,724.00</b>	<b>8,017.12</b>