

SAINT LUKE'S

P R E S B Y T E R I A N C H U R C H

MID-YEAR FINANCIAL REPORT

JUNE 30, 2018

SAINT LUKE'S ENDS 1st HALF OF 2018

IN GOOD FINANCIAL STANDING

At mid-year, Income was \$962,970, slightly below budget, and Expenses were \$20,541 above budget at \$893,513 (see charts).

The expense overage was due to unexpected building maintenance, and expenses related to installing the new church software (Realm). The Income shortage was due to soft pledged giving in June.

YTD Income exceeds Expenses by \$69,000, a good result, but this is lower than in previous years.

Giving slows during the summer & back-to-school months, and we typically run a cash flow deficit until yearend. We maintain a \$254,000 cash reserve so that we no longer need to borrow from the bank to cover our intermittent shortfall, but we encourage all members to keep their pledges current.

Last year, the Finance Committee adopted a four-year financial plan based on three "needs":

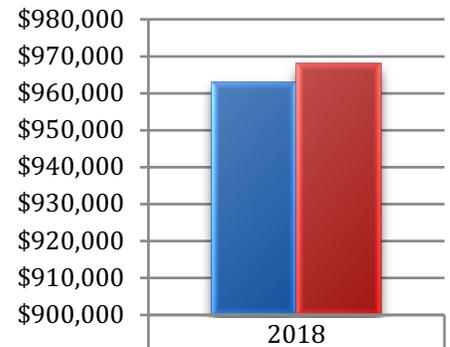
- 1) Tightly manage expenses,
- 2) Maintain annual pledges to support recurring expenses, and
- 3) Raise capital to reduce future mortgage expenses.

We are happy to report that Saint Luke's has made significant progress in addressing these needs as noted below, but we remain vigilant as we continue to operate in a challenging financial environment.

- 1) All staff and committees are doing a good job of managing expenses.
- 2) Income is currently below plan, but we are prayerfully hopeful that we will be back on plan by yearend.
- 3) See Page 2 for a report on the Envision the Possibilities campaign to raise capital to pay down the mortgage.

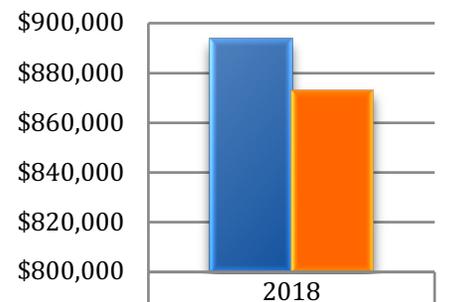
Thank you to all Saint Luke's members and friends for your continued contributions of time, talent, and treasure.

YTD Income



Actual	\$962,970
Budget	\$968,000

YTD Expense



Actual	\$893,513
Budget	\$873,062

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Envision the Possibilities Closes in on \$1.25M Goal

For several years, the Finance Committee has discussed Saint Luke’s perennial cash flow problem resulting from the \$30,600 per month mortgage payment, and a balloon note balance of about \$2.5 million that must be paid or refinanced in 2021.

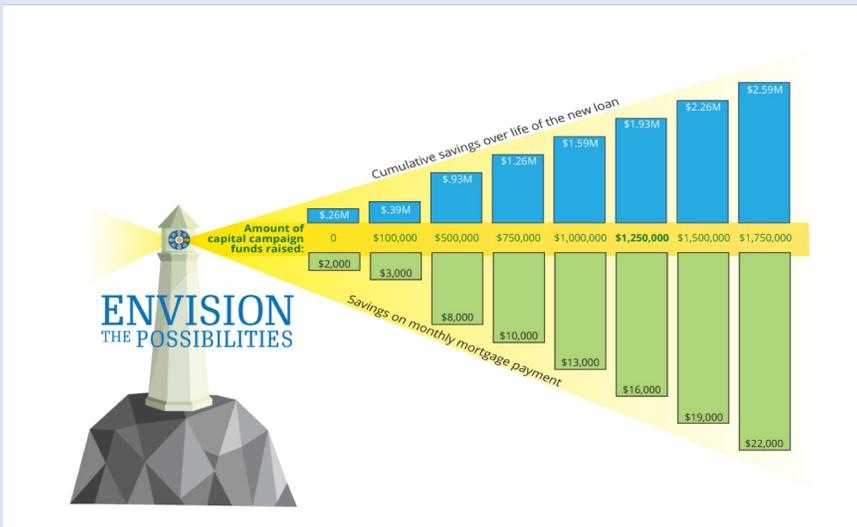
The Envision the Possibilities Committee was formed in April to conduct a capital campaign to raise half of the mortgage balloon balance between now and July 2021. Eight members of the congregation were selected and invited to join this committee, and when the numbers presented were so clearly convincing, all eight accepted the job and pledged to the campaign.

Organization and planning occurred in April, and the three-month high energy campaign began in May. As this mid-year financial report to the congregation goes to press near the end of July, we are pleased to announce that **over 60% of our members have pledged almost 99% of our \$1.25 million goal!**

There are a number of other families that have expressed their intent to pledge, and we invite all who have not yet turned in their pledge to do so as soon as possible. As a reminder, pledges are payable over four calendar/tax years—2018 through July 2021, and they can be paid in cash or with appreciated securities.

As you can see from the following chart, when all of the pledges are paid and the mortgage balance of half of the \$2.5 million balance is refinanced over 15 years, we will reap monthly savings of about \$16,000. We are all excited about the possibilities!

Many thanks to the many members who have made this critically important effort successful, and to the staff for their encouragement and support.

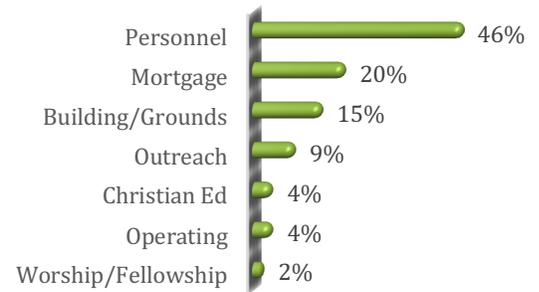


Co-Chairs: Bob Crutchfield, Kay Loerch, and Dave McKenney
Committee Members: Sonny Jester, David Lower, Chuck Seets, Rebecca Strickland, Justin Wilkes, Chip Williams, and Kari Young

Operating Budget 2018 YTD Source of Funds



Operating Budget 2018 YTD Use of Funds



SAINT LUKE’S 2018 GIVING PROFILE

	2018	2017
% of Membership Who Pledged	67%	75%
Average Pledge	\$6,299	

Income Pledged	Pledging Members/ Households	% of Pledged Income
Pledged > \$10,000	33	59%
Pledged \$5,000 - \$9,999	42	20%
Pledged \$2,500 - \$4,999	49	13%
Pledged \$1,500 - \$2,499	29	4%
Pledged < \$1,500	Remainder	4%

Why Give to the Endowment Fund?

An endowment is a tax-deductible gift given to an educational institution, a church, or other registered charitable institutions. The gift is usually given in memory of a loved one or as a bequeath from one's will, but it can be given outright at any time. The principle (the original gift) of the endowment remains in perpetuity, and a portion of income from Saint Luke's Endowment Fund (usually 4% to 5%) is used to support the annual operating budget. This year the Endowment Fund will contribute \$50,000 to the operating budget.

A gift to Saint Luke's Endowment Fund will help ensure the long-term financial stability of the church.

Gifts of cash, stocks, bonds, or mutual funds are gladly accepted. Please contact the church office or a member of the Endowment Committee for additional information.

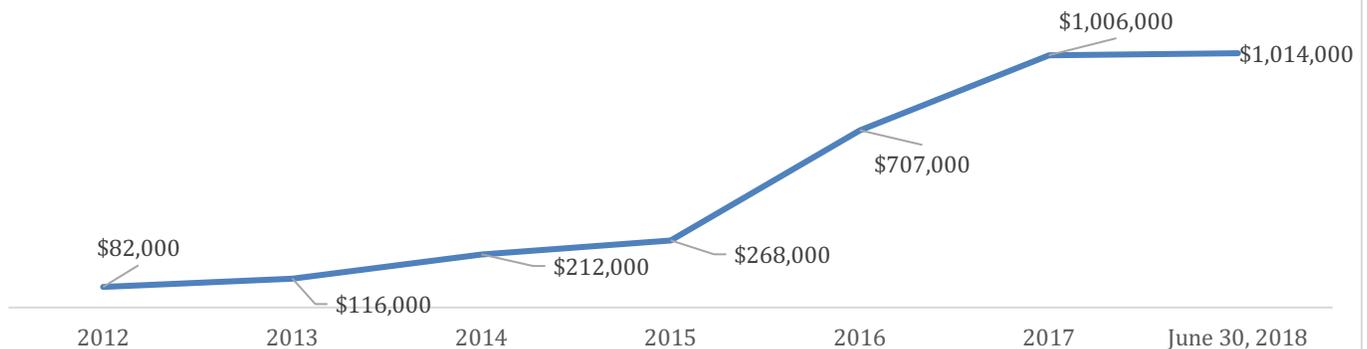
SAINT LUKE'S ENDOWMENT FUND UPDATE

For the first six months of the year, assets grew from \$1,006,000 to \$1,014,000, a gain 0.8%. There were no contributions or distributions during the period. After a prolonged period of strong performance and heavy contributions (assets grew from \$82,000 to \$1,006,000 over the five years ending 12/31/17), the stock market continued to rally during January of 2018 and the Endowment Committee elected to take \$30,000 in investment gains and establish an Excess Earnings Reserve. The market then entered a correction and fell over 10%. The first quarter was down slightly, and then domestic stocks continued an upward trend, with positive returns in the second quarter. Foreign stocks and bonds had negative returns year-to-date. The fund is currently structured with 77% in the Permanent Fund (100% stocks) and 23% in the Distribution Reserve (short-term fixed income investments). The investment objective is to support a 5% of beginning year balance as a payment to the annual operating budget. The Excess Earnings Reserve is designed to fund unforeseen capital expenses.

The Endowment Fund Charter requires that all distributions must come from earnings and the principal remains in the trust in perpetuity. There is a total of \$230,000 in the Reserve Accounts to finance future distributions. The Endowment Committee reviews the Fund's Investment Policy annually with its independent investment consultant and early in the year the Policy was amended to include the Excess Earnings Reserve. For any questions regarding the Endowment Fund please contact any of the Committee Members.

Chair, Mark Douglass
Investment Advisor, Dan Joyce
David McKenney
Mike Kitchens
Pete Shelton
Todd Parker

Saint Luke's Endowment Fund Growth



A MESSAGE FROM BRAD TROHA, CHAIRMAN-FINANCE COMMITTEE

Each day we take a step closer to the Promised Land.

When God led Moses and the Israelites to the Promised Land, there were years when His people knew it was there, they could see it, but they weren't allowed to go into it...yet. God had a plan for His people, and that plan required patience, conservation of their resources for extended periods of time, and cooperation among all the people.

Each time the Finance Committee meets, I feel a little bit like the Israelites in that I can see the financial Promised Land on the horizon where Saint Luke's is free of mortgage debt, and the financial constraints of the church aren't as burdensome. But I also know that is way down the road, and for now we must be patient and conserve what we have for the next few years before we can enter the Promised Land.

Your Finance Committee has diligently worked toward setting up a plan that will get us to the financial Promised Land. The Envision Committee's efforts have been nothing short of amazing, and the financial seeds that were planted in 2018 will bear fruit in 2021 when we can refinance the mortgage and significantly reduce our monthly expenses. Of course, it's not as simple as just planting and then reaping. Our Envision commitments must be fulfilled over the next three years for the church to reap the benefits of the harvest.

Until that time, we still face the pressure of balancing daily needs and requirements of the church with the contributions of our members. The extremely tight budget doesn't allow much room for unanticipated expenses. Within the church, rising healthcare costs and aging facilities are a constant battle that we all bear. The staff of SLPC continue to do an incredible job of keeping expenses as low as possible, so we ask that you prayerfully consider your 2019 financial commitment to help further SLPC's vision of being a beacon of faith, hope and love for our community.

In God's Love,

Brad Troha, Chairman
Mark Rogers, Treasurer
Steve Cashwell
Rich Crutchfield
Don Dill
Dan Joyce
Mary Martin
Dave McKenney
Todd Parker
Pete Shelton
Rebecca Strickland

**Saint Luke's Presbyterian Church
1978 Mount Vernon Road
Dunwoody, GA 30338-4617**