



2018 ANNUAL FINANCIAL REPORT

**SAINT LUKE'S ENDED 2018 WITH A \$12,848 DEFICIT
2019 PROJECTED INCOME IS \$60,000 LESS THAN NEEDED
CAUSING REDUCTIONS IN SOME PROGRAMS**

SUMMARY

2018 - The Lord continues to bless Saint Luke's, but we ended the year with a **\$12,848** deficit which has been carried over to 2019. 2018 started with a \$30,549 surplus due to a large donation at the end of 2017. However, we ended with the deficit due to income that was \$35,725 less than budget. This was somewhat offset by tight expense management from all areas of the church causing expenses to come in \$22,877 less than budget.

2019 - The 2019 Commitment Campaign requested all members to increase their pledge by 7% to support staff and church programs at the same level as 2018. Thanks to the great work of the Commitment Committee and many members who pledged, and especially to those who increased their pledges (60% of members), Pledged Giving increased to \$1,304,316. However, this fell short of the amount needed to maintain all church programs at the 2018 level. Year over year 2019 total income is projected to be \$45,000 less than 2018, coupled with the 2018 shortfall carry forward, 2019 will be short \$60,000. We are prayerfully hopeful that income will exceed budget, and allow Saint Luke's to restore all programs to the 2018 level.

Envision the Possibilities – The Envision capital campaign was kicked off in May to reduce the \$2.5M mortgage balloon payment due in 2021. Thanks to the many members who pledged, by July we achieved our goal by receiving pledges of \$1,254,185. As of the end of 2018, \$360,214 has been received.

Endowment Fund - In a down market, the Endowment fund performed comparable to the market and completed the year with a balance of **\$951,000**. Per the by-laws, Endowment Fund gifts must remain in perpetuity, and up to 5% of the fund can be distributed from investment income to the general operating budget each year. \$50,000 was distributed to the operating budget in 2018, and \$50,000 is budgeted for 2019.

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2018 FINANCIAL PERFORMANCE

Pledged Giving was \$17,583 less than plan, and Unpledged Giving was \$51,562 under plan. However, Expenses were under budget by \$22,877 due to an excellent job of managing expenses throughout the church. The deficit from Pledged & Unpledged Giving were somewhat offset by overages in Designated and Other Giving resulting in a net deficit of \$12,848 which will be carried forward to 2019.

2018 INCOME

Source of Funds	2018	2018	Variance
	Actual	Budget	
Prior Year Carryover	\$30,549	\$30,500	\$49
Member Pledged Giving	\$1,254,812	\$1,272,395	(\$17,583)
Member Unpledged Giving	\$146,043	\$197,605	(\$51,562)
Endowment Fund	\$50,000	\$50,000	\$0
Designated Giving	\$108,204	\$96,900	\$11,304
Other	\$82,067	\$60,000	\$22,067
Total	\$1,671,675	\$1,707,400	(\$35,725)

2018 EXPENSE

Use of Funds	2018	2018	Variance
	Actual	Budget	
Mortgage	\$367,054	\$367,400	(\$346)
Building	\$242,813	\$237,600	\$5,213
Personnel	\$802,467	\$822,500	(\$20,033)
Outreach	\$160,744	\$165,000	(\$4,256)
Programs	\$54,427	\$59,400	(\$4,973)
Operating	\$57,018	\$55,500	\$1,518
Total	\$1,684,523	\$1,707,400	(\$22,877)

2018 NET

Surplus/(Deficit)	(\$12,848)	\$0	(\$12,848)
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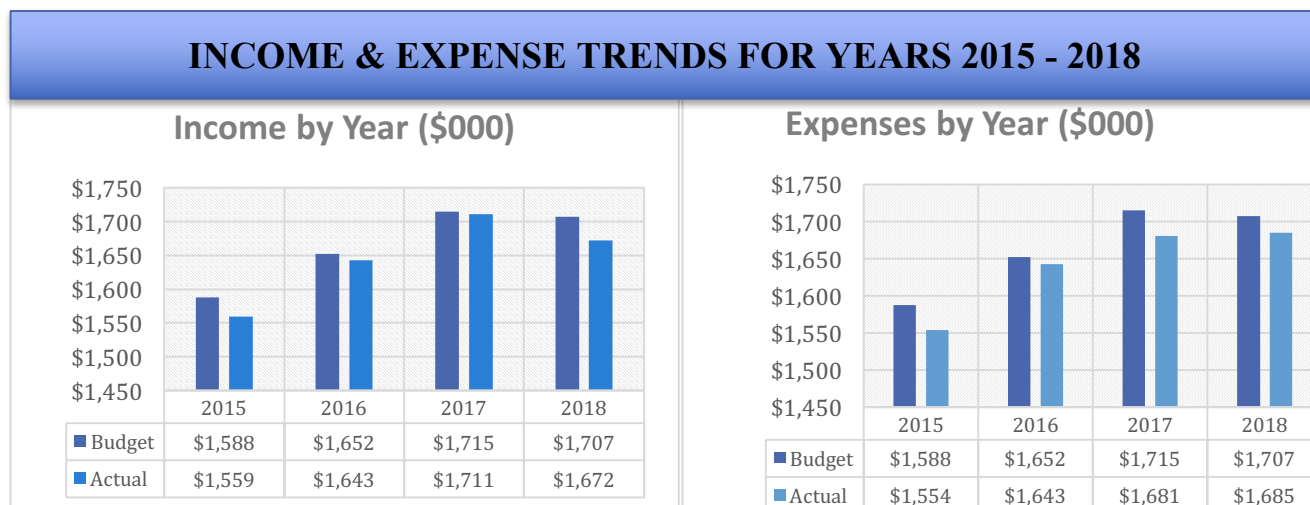
CASH RESERVES

Cash reserves are maintained to cover shortages throughout the year when expenses are greater than income. Giving fluctuates during the year with low income during the summer months, and high income in some months especially during December. When cash reserves are tapped, the balance is restored as soon as funds are available. While cash reserves were used several times during the year, 2018 ended with the Cash Reserve account fully funded at \$254,390.

FOUR YEAR TREND FOR INCOME & EXPENSE

The following charts show Budget vs. Actual Income and Expense performance by year from 2015 through 2018.

- Income increased in each of the years 2015 through 2017, but showed a slight decline in 2018.
- Expenses have been well managed, and have been under budget in each year, as well as being relatively flat during the years 2016 through 2018.



2019 MEMBER COMMITMENT

The Commitment Campaign goal this year was 100% member participation with an increase in pledged amount by 7% over 2018. This was necessary to maintain church staff and programs at the 2018 level.

- Average pledge = \$6,554
- Pledge goal was \$1,361,500
- Actual pledged amount = \$1,311,116 (96% of goal)
- % of Members (Household Units) who pledged = 80%

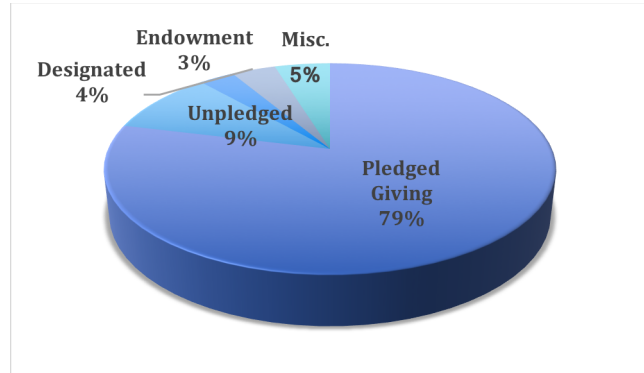
Saint Luke's 2019 Pledge Summary

2019 Pledge Goal = \$1,361,500		% of		
Pledge Statistics	Number	Pledges	Dollars	% of \$
Pledges Over \$20,000	10	5.03%	\$451,940	34.27%
Pledges Between \$10,000 & \$19,999	24	12.06%	\$320,330	24.56%
Pledges Between \$5,000 & \$9,000	45	22.61%	\$283,246	21.72%
Pledges Between \$2,500 & \$4,999	47	23.62%	\$161,979	12.10%
Pledges Between \$1,500 & \$2,000	30	15.08%	\$58,568	4.67%
Pledges Below \$1,499	41	20.60%	\$35,053	2.68%
Zero Pledges	2	1.00%	\$0	0.00%
Total Pledge Amounts	199	100.00%	\$1,311,116	100.00%

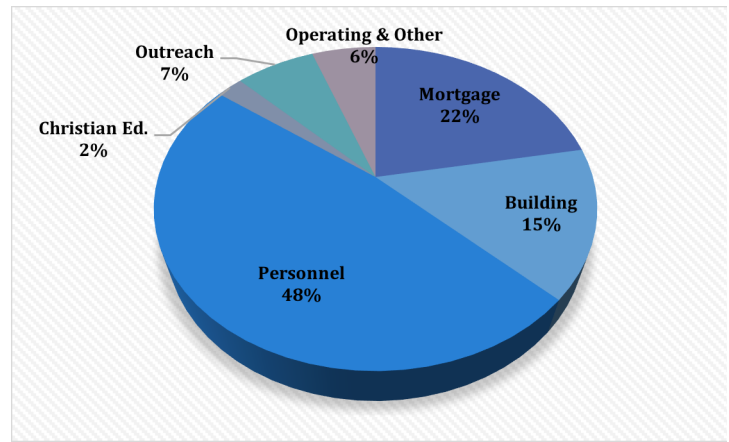
2019 BUDGET

The following charts show the 2019 projected sources of church income and how the funds will be used. Your contributions directly enable Saint Luke's to be a "beacon of faith, hope and love" in in our community and the world.

Source of Funds	2019 Budget
Pledged Giving	\$1,311,116
Unpledged Giving	\$160,000
Endowment Fund	\$50,000
Designated Giving	\$62,850
Miscellaneous/Loose Offering	\$79,000
Total	\$1,662,966

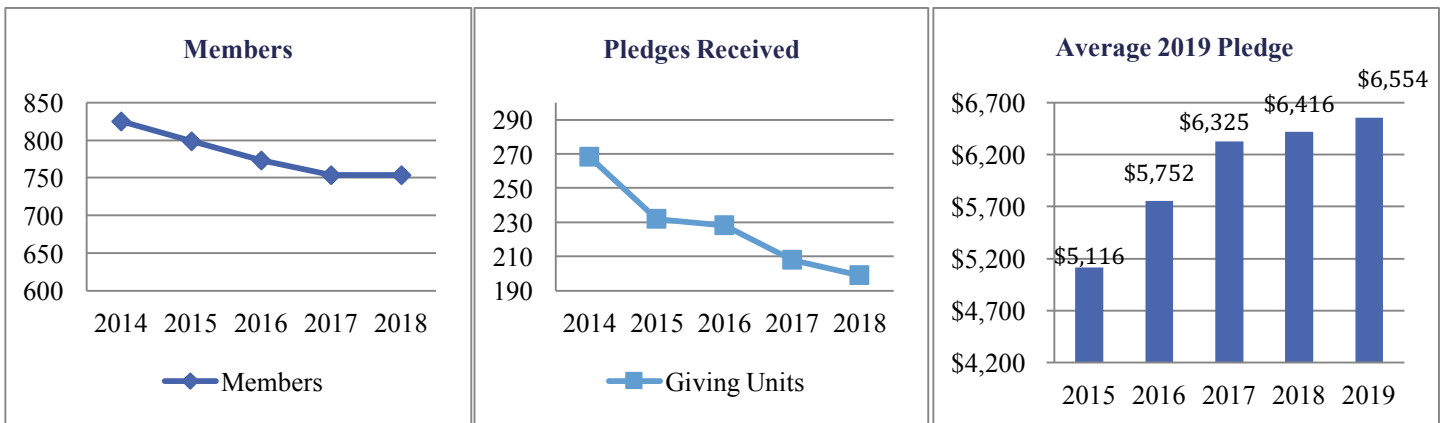


Use of Funds	2019 Budget
Mortgage	367,400
Building	247,600
Personnel	\$801,000
Christian Ed	\$38,000
Outreach	\$115,616
Operating & Other	\$93,350
Total	\$1,662,966



MEMBERSHIP & GIVING TRENDS

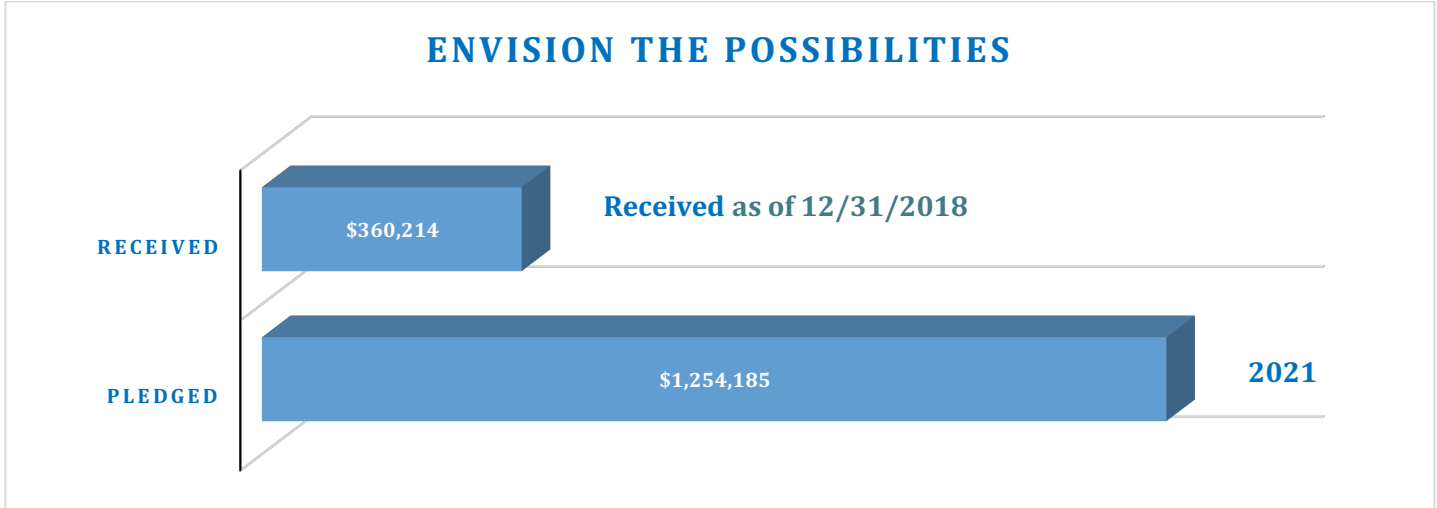
Total membership as of December 31, 2018 stands at 750 **members**. For 2019, 199 "households" submitted their pledge. The following charts show that while the number of pledges has decreased, the members pledging have consistently increased their pledge driving the pledge average up allowing Saint Luke's to maintain a budget comparable to prior years, until 2019 which is less than 2018. Essentially fewer members are doing more, and we pray that all members will feel inspired to do their part.



ENVISION THE POSSIBILITIES

The Envision the Possibilities campaign was kicked off in May and completed in July 2018. The purpose is to reduce the 2021 \$2.5M mortgage balloon payment. Thanks to the many who pledged, the campaign was a huge success:

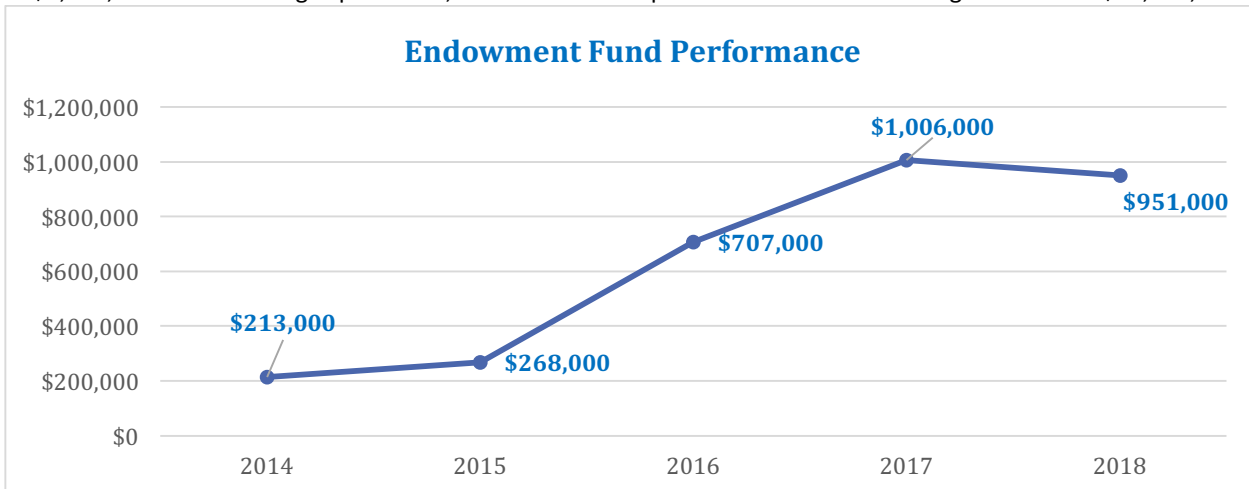
- \$1,250,000 = the goal
- \$1,254,185 = Pledges received
- \$16,000 = the amount projected to reduce the mortgage payment each month starting in mid-2021.
- \$1,900,000 = Projected amount Saint Luke's will save over the life of the new loan



SAINT LUKE'S ENDOWMENT FUND

The Saint Luke's Endowment Fund is separate from the Operating Budget and is overseen by the Endowment Committee. The funds in the Endowment are invested through the investment company, Investment Research & Advisory Group, Inc. Contributions to the Endowment are maintained in perpetuity. At the discretion of the Endowment Committee, earnings from the Endowment may be used to support the annual Operating Budget. In 2018, \$50,000 was distributed from the Endowment Fund to the Operating Budget. This represented approximately 5% of the fund at the time of distribution. There were two rallies during the year, and the Committee decided to take gains in addition to what was needed to support the Operating Reserve. We harvested \$40,000 in gains and established an "Excess Earnings Account," which could be used for unplanned capital expenses. An additional \$34,500 was moved to the operating budget in December to cover unexpected Buildings and Grounds expenses.

During a down investment market in 2018, the Fund's performance was relatively comparable to other investment indexes. The value of the fund dropped \$55,000 during 2018 (5.5%) which included a \$50k gift during the year and the distributions to the operating budget. Fortunately, the market rebounded during the first month of 2019 as did the Endowment Fund which ended January 2019 with a value of \$1,008,000. With earnings up over 9%, the Committee replenished the Excess Earnings Account to \$40,000, the same as 2018.



A MESSAGE FROM THE FINANCE COMMITTEE

God has blessed Saint Luke's in so many ways. We have great pastors, wonderful support staff, an excellent church facility, and many volunteers who give their time to support the church and do God's work.

Saint Luke's staff and church program leaders are to be commended for their continuing excellent expense management. Expense management in 2019 will be an increasing priority, as giving (income) is projected to be roughly \$60,000 less than what is required to support staff and church programs at the 2018 level. This means that budget reductions will be made to all programs unless additional income is received.

We are thankful for all members who support Saint Luke's in so many ways, and we are prayerfully hopeful that Saint Luke's receives more unrestricted income in 2019 than projected, so that church programs can be fully funded. We can expect tight budgets until 2021 when the "Envision" capital is realized and the mortgage is refinanced.

Thank you to all who continue to give of your time, talent, and treasure.

"For where your treasure is, there your heart will be also."

Matthew 6:21.

Finance Committee:

Brad Troha— Chair
Mary Martin

Steve Cashwell
Dave McKenney

Rich Crutchfield
Todd Parker

Don Dill
Mark Rogers

Dan Joyce
Pete Shelton

David Lower
Rebecca Strickland