

**Call to Be Family dba Lutheran Marriage Encounter
North American Region
Annual Financial Report 2018**

OVERVIEW

This Report is an abbreviated version due to not having the Revenue & Expense sheets completely formatted. This Report relies on actual end of year fund balances and thus should have accurate figures. What will be added for the final Report will be the details for line items, tables, and charts.

The end-of-year tax letters have been mailed to all donors who made donations in excess of the Fair Market Value of their LME Experience. There were 226 different donors with 160 receiving tax letters.

The 2018 Financial Report shows that we are reasonably financially stable in operating accounts (see table below). The Operating account had a loss of \$769.67 and DREAM accounts had a reduction in balance of \$19,409. DREAM reductions were primarily, Cost of the marketing programs (\$10,000), expenditures for the INDIA outreach (net \$5800), and unrealized loss in value of investment securities (\$5,600).

During the year we served a significant decrease of 61 in the NAR number of newly encountered couples dropping from 205 to 144 on three fewer weekends. An additional 6 couples completed the India outreach Experience for a total of 151 couples. In the past few years I have used the arbitrary benchmark of ten couples per experience as an efficiency target.. Notably, for 2018 this number dropped to 8.6. For long-term planning purposes this is a significant change.

	Balance summary- Operating acct	Annual Change
2013	\$79,374.21	-\$28,441.04
2014	\$69,811.66	-\$9,562.55
	2-year average change	-\$19,001.80
2015	\$101,762.93	\$31,951.27
2016	\$111,025.27	\$9,263.34
2017	*\$143,595.60	21,667.73
2018	\$142,825.93	-\$769.67
	3-year average change	\$15,528.17

DREAM FUND (see attached detail report)

The DREAM Fund had expenditures of \$10,067.41 for the marketing programs. The DREAM Fund remains viable for a number of years at its current value of \$82,081.91 after considering projected expenditures. We had Investment gains in 2016 and 2017 totaling \$19,429.06 while 2018 had a loss of \$5,629. Investment values are not predictable and can actually be losses in a down market. See attached spreadsheet showing details.

DREAM FUND (con't)

The INDIA Outreach was a major function of the DREAM Fund in 2018. Funding began in 2017 with an initial allocation by the NAR Board of \$6,200 of DREAM funds to cover half of the estimated \$12,400 total cost. Donations received in 2017 exceeded the estimated \$6,200 leaving a balance to start 2018 of \$14,324. Actual costs in 2018 were \$8,405.19 (almost 1/3 less than budgeted). And we received additional donations of \$2,605.14. This leaves an allocated balance of \$8,523.99 which can remain allocated until used. If there is no future need for the India Outreach the NAR Board may de-allocate these funds which would revert to the general DREAM Fund as unallocated.

My intent for accounting for the 2019 50th anniversary applications discount will impact the DREAM Fund. When an application is received I will apply the \$50 paid as an application fee as always. I will also record a \$50 transfer from DREAM to Operating to complete the application fee of \$100. Similarly, if a scholarship is awarded for an attending couple I will transfer the scholarship from DREAM funds to Operating pre-paid weekend facility. In this way our operating accounts won't reflect reduced revenues.

Weekend (Experience) Statistics

The first table below reports the simple statistics of Experiences and attendees. This reflects a decrease of three LME Experiences from 2017 (from 21 to 18). And, a decrease of 61 attending couples (from 205 to 144). As mentioned before, the average couples per Experience is now 8 couples. These data are a significant statistical change and is a measure of our operating efficiency.

NAR Total					
2018 Summary	Experience per District	Total Couples	Lutherans	Lutheran Clergy	Other Clergy
District-1	9	64	75	3	1
District-2	2	21	38	4	2
District-3	5	47	48	1	0
District-4	2	12	12	1	0
NAR Total	18	144	173	9	2
INDIA-Outreach	1	6	12	3	0

The following table shows the weekend statistics for the recent six-year period

Year	Weekends/Experiences	Couples	Cpls per Experience
2013	30	298	9.93
2014	29	252	8.68
2015	22	196	8.90
2016	19	187	9.84
2017	21	205	9.76
2018	18	144	8.00

The implications of this table should be clear. We have had 51% reduction in attendees and a 40% reduction in the number of experiences over six years. If our financial experience matched these figures I would be reporting strong concerns. However, with operating accounts remaining relatively stable and the DREAM Fund viable for a number of years we are not at a critical financial stage. But, the NAR Board should remain fully aware of all implications of service levels and potential resulting financial impacts

The table on the next page is designed to provide a picture of how we are doing with Experience finances. With the application fee at \$100 and the add-on at \$150 I believe this reflects our current model and provides the ability to compare the breakdown of donations with how they are applied. Using the averages shown; attendee donations covered 100% of the non-deductible FMV costs (although there were five Experiences that fell below). And, the charitable donation portion covered an average of \$74.11 of the \$150 NAR Annual Financial Report (2018) Page-2 revised 1/24/2019 10:48 AM

administrative add-on. The balance of the add-on (@ \$75.89 totaling \$10,928.16) is covered by donations from non-attendees or other miscellaneous revenues. I will analyze the add-on amount below the table.

Partial chart of revised weekend finance formulas.

	Experience	Average	Average	Average	Average#
	Avg direct costs (facility + PC travel)	Avg Quoted Fair Mkt Value couple	Per-couple W/E expense Donation	Per-couple charitable donation	PC per experience
District-1	-\$321.01	\$319.44	\$319.44	\$123.96	2.89
District-2	-\$310.74	\$310.00	\$218.43	-\$91.57	3.00
District-3	-\$314.00	\$303.00	\$303.00	\$56.48	3.60
District-4	-\$406.62	\$410.00	\$410.00	\$207.08	3.00
*NAR Aggregate	-\$325.05	\$335.61	\$341.94	\$74.11	3.12

- Col-4 shows how much of the FMV was covered by donations and col-5 shows how much of the \$150 add-on was covered by donations
- The NAR Aggregate Experience cost is the actual amount reported on Experience Finance forms.
- The other aggregates are simple averages of the District amounts above which are derived from Experience Finance Reports of expected attendee donations and might not match actual donations received.

NAR 2018 weekend related finances

account	Acct_name	Total Of Amount	NAR Transactions	District transactions
4010	Application Fee	\$16,300.00	\$15,900.00	\$400.00
4012	Weekend donations	\$28,280.00	\$19,910.00	\$8,370.00
4013	W/E Facil pre-pay	\$3,658.00	\$3,658.00	
4014	Weekend post-dated	\$1,450.00	\$900.00	\$550.00
4016	INTUIT Credit card	\$15,380.00	\$15,380.00	
	Total Weekend related revenue	\$65,068.00	\$55,748.00	\$9,320.00
6900	W/E facility	(\$69,474.42)	(\$29,254.54)	(\$40,219.88)
6920	W/E Presenter trav	(\$1,682.54)	(\$798.00)	(\$884.54)
6940	W/E Pastoral	(\$359.20)		(\$359.20)
6950	W/E postage/supplies	(\$3,717.30)	(\$982.22)	(\$2,735.08)
	Total Weekend related Expenses	(\$75,233.46)	(\$31,034.76)	(\$44,198.70)
	Net Weekend gain or (loss)	(\$10,165.46)	\$24,713.24	(\$34,878.70)

The actual loss shown above closely reflects the results of W/E donations being \$70.59 less than the W/E quote (which includes the \$150 administrative add-on).

In theory, the \$16,300 revenue from applications should cover presenter facility, travel, clergy supply, and misc. other W/E expenses such as printing. Actual total = **(\$25,211.88)**
 To fully cover these costs the application fee would need to be \$175 for all W/E non-facility weekend costs. In actuality, non-W/E donations exceed non-W/E expenses by roughly \$12,000. These donations by previously encountered couples more than offset actual expenses assumed to be covered by the application fee. Excess donations are \$83 vs \$75 needed per attending Couple. Thus, I don't recommend increasing the application fee as long as we recognize donations by previously encountered couples are offsetting the difference.

NAR 2018 Non-Weekend revenues

account	Acct_name	Total Of Amount	NAR Transactions	District transactions
4020	Donations	\$23,717.55	\$21,580.00	\$2,137.55
4056	Thrivent/VANCO	\$8,927.00	\$8,927.00	
4058	Thrivent-Choice	\$800.00	\$800.00	
4070	Donate W/E Travel	\$313.28	\$113.28	\$200.00
4072	Donate District exp	\$1,370.09	\$269.00	\$1,101.09
4074	Donate NAR Expense	\$580.48	\$580.48	
4076	Donate other expense	\$135.02		\$135.02
4100	Area fund raisers	\$288.29	\$288.29	
	Total non-weekend donations	\$36,131.71	\$32,558.05	\$3,573.66
4650	Misc revenue	\$56.65		
	Total Non-weekend revenue	\$36,188.36	\$32,558.05	\$3,573.66

NAR 2018 Non-Weekend Expenses

account	Acct_name	Total Of Amount	NAR Transactions	District transactions
6120	INTUIT fee	(\$763.78)	(\$763.78)	
6130	Thrivent fee	(\$210.88)	(\$210.88)	
6140	Ppal fee	(\$647.55)	(\$647.55)	
6150	Postage non-W/E	(\$449.58)	(\$449.58)	
6175	Internet expenses	(\$250.00)	(\$250.00)	
6184	License fees	(\$1,294.00)	(\$1,294.00)	
6186	Insurance/Liability	(\$1,397.00)	(\$1,397.00)	
6190	Supplies non-W/E	(\$322.94)	(\$322.94)	
6199	Misc expenses	(\$1,009.00)	(\$950.00)	(\$59.00)
6320	District Facility	(\$4,054.29)	(\$981.00)	(\$3,073.29)
6322	District travel	(\$3,241.65)	(\$143.09)	(\$3,098.56)
6330	NAR Facility	(\$2,992.24)	(\$2,992.24)	
6332	NAR Travel	(\$2,498.07)	(\$2,498.07)	
6340	I.F. mtg/travel	(\$1,428.86)	(\$1,428.86)	
6342	I.F. Foundation	(\$200.00)	(\$200.00)	
6400	ILME Travel Expense	(\$3,325.02)	(\$3,325.02)	
	Total non-W/E expenses	(\$24,084.86)	(\$17,854.01)	(\$6,230.85)

These expenses total \$167.26 per attending couple and are expected to be covered by the administrative add-on fee of \$150. This actual expense is close enough to the \$150 that it may not be necessary to adjust the add-on.

As discussed in prior years, our largest administrative cost is for meetings and travel. If these total expenses were reduced by \$2,484 (roughly 10%) it would match the current add-on amount of \$150.

Overall financial status

The table below shows a summary of financial assets as of Dec. 31, 2018. We own no fixed assets. Our accounting is all on a cash basis so that neither revenue nor expense is recorded until deposited or paid.

\$1,331.42	NAR Bank savings
\$21,092.76	NAR Bank checking
\$2,096.63	Dist-2 checking + savings
\$3,711.93	Dist-3 checking + savings
\$7,997.53	Dist-4 checking + savings
\$6,303.54	Pay Pal account holding
\$101,673.10	T Rowe Price account holding/ investment
\$80,700.93	Morgan Stanley investment holdings DREAM
\$224,907.84	Total of account balances
-\$82,081.91	Deduct DREAM Fund end of year total
\$142,825.93	Total of operating account balances

Balance Sheet

The combined balance sheet decrease in the operating and DREAM accounts was **-(20,568.03)** with \$5,629.12 being unrealized losses in DREAM investment accounts. The DREAM Fund incurred most of the added reduction for expenditures for India Outreach and Marketing totaling \$18,472.60 offset by new donations of \$2,605.14. Below are balance sheet details. The most significant change was to move \$100,000 of the PayPal balance to interest bearing mutual funds with T Rowe Price.

Location or distribution of assets	Ending Balance 2017	Ending Balance 2018
Beginning cash, checking, or non-interest bearing accounts	147,076	41,202.29
Savings and temporary cash investments	11,581	1,331.42
Investments-publicly traded investments	86,430	182,374.03
Total assets	245,087	224,907.84
Liabilities	-0-	-0-
Unrestricted net assets (Operating account)	143,595.60	142,825.93
Temporarily restricted net assets (DREAM Fund)	101,911	82,081.91
91		
Total Assets all funds	245,087	224,907.84
Gains or (losses) 2017-2018	\$34,048	-(20,568.03)

Change in DREAM Fund **-\$ (19,829.09)** (See table on next page for details)

Change in Operating Fund **-\$ (769.67)**

We will submit the more complete Report when the line item details are proofed and updated.

Respectfully submitted,

Dean & Marcia Redman

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NAR Finance Attachment: DREAM FUND Details

DREAM Fund Beginning 2018 balances by purpose							
account	Acct_name	Totals	DREAM	DREAM-APPL	DREAM-INDIA	DREAM-Kranz	DREAM-MKTG
1000	Fund Beg Balance	\$101,491.21	\$84,982.17		\$14,324.04	\$2,185.00	
5000	DREAM-Revenue	\$1,795.80	\$1,795.80				
5010	DREAM-INDIA Revenue	\$2,605.14			\$2,605.14		
5020	DREAM-Kranz Revenue	\$445.00				\$445.00	
5040	DREAM-Appl	(\$100.00)		(\$100.00)			
6120	INTUIT fee	(\$3.52)	(\$3.52)				
8000	DREAM-Expense	(\$50.00)	(\$50.00)				
8001	Unreleased losses	(\$5,629.12)	(\$5,629.12)				
8010	DREAM-INDIA Expense	(\$8,405.19)			(\$8,405.19)		
8030	DREAM Mktg Expense	(\$10,067.41)					(\$10,067.41)

DREAM Fund ending 2018 balances/transactions by purpose							
	Totals	DREAM	DREAM-APPL	DREAM-INDIA	DREAM-Kranz	DREAM-MKTG	
Expected fund balance	\$82,081.91	\$81,095.33	(\$100.00)	\$8,523.99	\$2,630.00	(\$10,067.41)	

Calculated balance BEG non-allocated only	\$84,982.17	(Appl & Mktg are unallocated and based on actuals)
Calculated balance BEG allocated only	\$16,509.04	

Gross reduction to DREAM Fund 2018	(\$19,409.30)	Incl \$5,629.12 unrealized loss in value of investments Investments may be a gain or loss in any year.
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Final DREAM Fund balance 12/31/18 \$82,081.91

The INDIA Mission funds include the original \$6,200 allocated from the DREAM plus donations less expenditures
 If there are future developments in India these funds of \$8,523.99 can remain allocated until used
 If there is no future need for India the NAR Board may release the allocation to the general DREAM Fund

The application expenditures are for two 2019 applications paid in 2018. As applications occur in 2019 I will transfer \$50 for each one to the operating account as application revenue. If additional scholarships are provided those will also be transferred to the operating account as pre-paid weekend facility revenue