

Call to Be Family dba Lutheran Marriage Encounter
North American Region
Mid-year Financial Report May 2019

OVERVIEW

The 2019 Year-to-date as of June 2, 2019 Financial Report shows statistically no change in our financial status. Our account balances do have an increase of \$16,349 which is about 7.3% of beginning balances. This is statistically insignificant because pending expenses of one weekend, the NAR Meeting, and the ILME Meeting will offset all of the current increase. Also, about \$7,200 of the YTD increase is for unrealized gains in DREAM investments

Our program activities (Weekends) show a 30% reduction in the number of weekends (from 10 to 7) and a 65% reduction in the number of attendees (from 119 to 42). This follows a 25% drop in the number of attendees between 2017 and 2018 for the comparable period. (These data do not include the India outreach).

For mid-year reporting the results do not include significant analysis of revenues and expenditures. What I do report is the simple status of accounts. In simple numbers, our accounts have a balance of \$241,784. which is an increase of \$16,876 from the 2018 year-end balance of \$224,907.84. Of the increase in value, about \$7,200 is unrealized gains in DREAM Fund holdings and about \$9,700 in actual gains of operating accounts. The total is allocated with approximately \$95,000 in DREAM funds and \$146,000 in operating funds. Precise allocation to the funds will be done at the end of the year. The final updating will include a shift of funds from DREAM to Operating for the 50% application fee and for scholarships not yet applied. Also, we have unpaid DREAM funds for the marketing plan. Those allocations will reduce the DREAM Fund and increase the operating accounts by about \$5,000.

The DREAM Fund had an increase in unrealized gains with no significant YTD revenues or expenses. The result of the DREAM India Outreach has an unspent budget balance as shown below. This balance is due primarily to donations in excess of the approved budget and significantly lower travel costs for Phase-1 Outreach presenters.

INDIA-DREAM Fund Phase-1 financial status June 1, 2019 Balance \$8,523.99

We are not aware of any outstanding revenue or expenses for Phase-1 of this outreach. Remaining balance could be closed out and returned to the DREAM General fund balance. Or, it could be allocated to fund Phase-2 to assist Indians in presenting their own Experience.

Experience Statistics

As reported in the overview, we held 7 North American weekends which compares to 10 in the comparable 2017 period. For the current year-to-date there has been a significant drop in the number of couples encountered in North America dropping from 118 to 89. This is a 25% drop for one-half year of experiences. As we consider our services it will be important to recognize that the YTD decrease of 25% in couples served follows a similar 25% reduction for the full year of 2018.

Listed below are the basic results for the comparable periods in 2018 and 2019.

	2019 W/E's	2019 couples	2018 W/E's	2018 Couples
Dist-1	3	25	5	36
Dist-2	1	4	1	15
Dist-3	1	5	2	27
Dist-4	2	5	2	12
NAR Sub-total	7	42	10	119
NAR-India	N/A	N/A	1	6
Totals	7	42	11	125

Financial Statistics

I am attaching a copy of the report we send to World Wide Marriage Encounter (WWME). We should note that the ER Marriage Encounter experienced a similar result in fewer attending couples dropping from 129 to 89 or -31% in the comparable period.

Account balances May 31, 2019

\$23,100.42	PayPal holding account
\$16,996.05	Wells Fargo NAR Acct (checking & savings)
\$1,239.18	D2 banking
\$990.00	D3 banking
\$8439.29	D4 banking
\$87,964.59	Morgan Stanley DREAM investments
\$102,558.29	T Rowe Price DREAM Money Market checking
241,293.82	Total balance of all accounts
\$87,964.59	May 2019 DREAM Investments (current year transactions transfer at end of year.)
\$153,329.23	May 2019 Operating Fund balance (incl some non-transferred DREAM funds).
+\$16,351.47	YTD Increase in Operating and DREAM account balance

The increase in balances shown above will be offset by pending costs for one weekend and for the NAR and ILME meeting expenses. Thus, statistically, our finances are even for the first half of 2019.

Financial perspective

As finance officer I believe that these data obligate me to provide some financial perspective. We have consistently maintained operating viability in spite of declining statistics. As several on the Board will recall; seven to eight years ago the Schiess' and us were giving dire warnings of financial viability. If not for decisive actions of increasing previously encountered donations, and reducing overhead for business meetings, we likely would have already depleted our operating funds. We reduced the number of Districts from five to four thus cutting costs for business meetings. My perspective is that those changes were critical for us to maintain current viability. However, in spite of significant expenditures for our marketing program we have not been able to come near to maintaining service levels. In 2013 our goal was to recover from declining numbers of couples but we have actually dropped from around 400 couples to a projection of fewer than 100 in 2019 (a realistic 2019 projection would be 75 couples). We can speculate whether current year results are from implementing the pre-pay program. My perspective is that our service levels consistently dropped prior to the pre-pay program. Our year-to-date experience may be temporary, but the trends suggest otherwise.

A key question for the NAR Board is when to make changes to our organizational and operational plans to address the realities of our business model. The basics of our organizational model were developed in the 1970's to 80's when we were serving as many as 8,000 couples per year. We are now serving 100 couples, and the original model is unrealistic. We have survived largely from the support of the previously encountered whose donations annually offset about \$10,000 of attendee expenses as well as all business overhead. I see our condition similar to numerous brick and mortar retailers who failed to adjust to the impact of on-line retailers. Some adjusted and survived but many did not. Obviously, our on-line presence has not offset decades of changes in social structure. We are in an enviable position of still having assets to carry us forward but the question has to be how long do we continue on the current path. I would caution against locking ourselves into extended financial obligations in case our reserves drop.

I believe that the time is right for a full re-organization. Having a Board of ten couples (20 persons) plus three staff couples is a huge overhead for the service levels we provide. And, multiple districts providing only one or two experiences each are highly inefficient. I would opt to eliminate all districts but perhaps having two might be a reasonable option. If we had a Board of NAR Execs plus two sets of District Execs we could improve operating efficiency somewhat.

Respectfully submitted,

Dean & Marcia Redman

Dean & Marcia Redman,
NAR Finance

Attachment: YTD WWME statistical with notations

WWME INTERFAITH BOARD STATISTICS:

First Half of 2019 (January-June)

WEEKENDS							
FAITH EXPRESSION	No. of Weekends	# Couples Beginning		# Couples Ending		Total Ending	Avg. No. Completing
		Lay	Clergy	Lay	Clergy		
BME						0	#DIV/0!
EME (US)						0	#DIV/0!
EAME (Canada)						0	#DIV/0!
AME (UK)						0	#DIV/0!
LME (US & Canada)	7	42	2	40	2	42	6
LME (Europe/India)	7	89	7	82	6	88	12.6
M&B						0	#DIV/0!
PME						0	#DIV/0!
SDA (US)						0	#DIV/0!
SDA (Italy)						0	#DIV/0!
UM						0	#DIV/0!
YTD TOTALS NAR+ER	14	131	9	122	8	130	9.3
2018 YTD TOTALS	19	218	14	214	13	227	11.9
YTD NAR 2019	7	42	2	40	2	42	6
2018 YTD NAR	10	85	5	84	5	89	8.9
NAR Change 2018-19	-3	-43	-3	-44	-3	-47	-2.9