

**Call to Be Family dba Lutheran Marriage Encounter**  
**North American Region**  
**Annual Financial Report 2018**  
**Updated 6-5-19**

**OVERVIEW**

This Report is an updated version with adjustment for one expense item originally taken from the Operating account and was actually for the DREAM Marketing Program. This Report relies on actual end of year fund balances and thus should have accurate figures.

The end-of-year tax letters have been mailed in January 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 gain of \$1,892.83 and DREAM accounts had a reduction in balance of \$22,491.59. DREAM reductions were primarily, the cost of the marketing programs (\$12,730.), 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 150 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.

	<b>Balance summary- Operating acct</b>	<b>Annual Change</b>
<b>2013</b>	<b>\$79,374.21</b>	<b>-\$28,441.04</b>
<b>2014</b>	<b>\$69,811.66</b>	<b>-\$9,562.55</b>
	<b>2-year average change</b>	<b>-\$19,001.80</b>
<b>2015</b>	<b>\$101,762.93</b>	<b>\$31,951.27</b>
<b>2016</b>	<b>\$111,025.27</b>	<b>\$9,263.34</b>
<b>2017</b>	<b>\$143,595.60</b>	<b>21,667.73</b>
<b>2018</b>	<b>\$145,488.43</b>	<b>1,892.83</b>
	<b>4-year average change</b>	<b>\$16,193.79</b>

Balance sheet summary is listed below Full balance sheet on Page-5:

<b>Distribution of assets</b>	<b>Ending Balance 2017</b>	<b>Ending Balance 2018</b>
Liabilities	-0-	-0-
Unrestricted net assets (Operating account)	143,176	145,488
Temporarily restricted net assets (DREAM Fund)	101,911	79,419
Total Assets all funds	<b>245,087</b>	<b>224,908</b>
<b>Net gains or losses 2017 and 2018</b>	<b>\$34,048</b>	<b>-\$20,179</b>

## 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
<b>NAR Total</b>	<b>18</b>	<b>144</b>	<b>173</b>	<b>9</b>	<b>2</b>
<b>INDIA-Outreach</b>	<b>1</b>	<b>6</b>	<b>12</b>	<b>3</b>	<b>0</b>

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 tables on the next page are 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 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	<b>-\$91.57</b>	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
<b>*NAR Aggregate</b>	<b>-\$325.05</b>	<b>\$335.61</b>	<b>\$341.94</b>	<b>\$74.11</b>	<b>3.12</b>

- 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	
	<b>Total Weekend related revenue</b>	<b>\$65,068.00</b>	<b>\$55,748.00</b>	<b>\$9,320.00</b>
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)
	<b>Total Weekend related Expenses</b>	<b>(\$75,233.46)</b>	<b>(\$31,034.76)</b>	<b>(\$44,198.70)</b>
	<b>Net Weekend gain or (loss)</b>	<b>(\$10,165.46)</b>	<b>\$24,713.24</b>	<b>(\$34,878.70)</b>

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 Operating finances:  
NAR 2018 Non-Weekend Operating 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 Operating 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 Wells Fargo
\$21,092.76	NAR Bank checking Wells Fargo
\$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 Operating account holding/ investment
\$80,700.93	Morgan Stanley investment holdings DREAM
<b>\$224,907.84</b>	<b>Total of account balances</b>
<b>-\$79,419.41</b>	<b>Deduct DREAM Fund end of year total</b>
<b>\$145,488.43</b>	<b>Total of operating account balances</b>

## 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 \$21,135.10 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
<b>Total assets</b>	<b>245,087</b>	<b>224,907.84</b>
Liabilities (All transactions are on a cash basis)	-0-	-0-
Unrestricted net assets (Operating account)	143,595.60	145,488.43
Temporarily restricted net assets (DREAM Fund)	101,911	79,419.41
<b>Total Assets all funds</b>	<b>245,087</b>	<b>224,907.84</b>
<b>Gains or (losses) 2017-2018</b>	<b>\$34,048</b>	<b>-(20,568.03)</b>

Change in DREAM Fund **-\$ (22,491.59)** (See table on next page for details)

Change in Operating Fund **+\$1,892.83**

This is an updated report prepared after preparing the IRS Form 990 report and correcting any errors in the preliminary Report prepared for the January NAR Board meeting..

Respectfully submitted,

*Dean & Marcia Redman*

Dean & Marcia Redman, NAR Finance Couple, Treasurer

NAR Finance Attachments:

DREAM FUND Details

Form 990 Brief Report