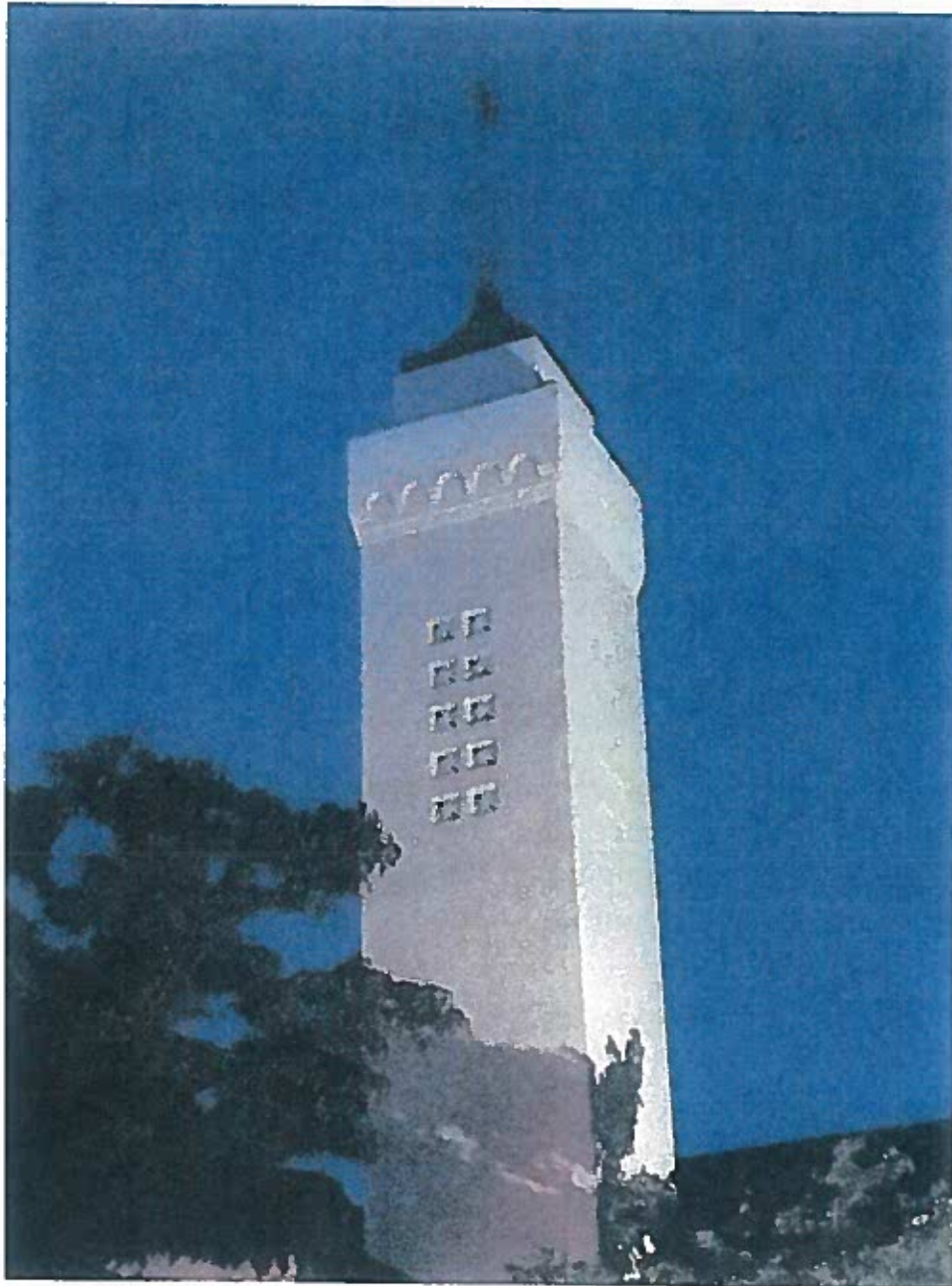

2019 FINANCIAL UPDATE



The Episcopal Church of the Ascension • 800 S. Northshore Drive • Knoxville, TN 37919
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November, 2019



Dear Fellow Parishioners,

As we prepare for the season of Advent and its accompanying reflections on a year of grace and blessings, we want to share with you a brief perspective on Ascension's financial health.

While we as a community are always balancing our aspirations and fiscal discipline, we strive for transparency so that everyone can feel a part of our mission. This report provides context around our current budget, our financial priorities, and how we balance the need to maintain our facilities with the prudent use of debt. We will conduct a special meeting to provide more details and answer questions on Wednesday evening, December 11. It will be open to all parishioners and video recorded to share with those who are unable to attend.

We deeply appreciate your pledges, indeed all of your contributions whether by time, talents, or treasure. In these ways that you honor God, our parish, and this community, so we honor you for your continued commitment to our shared journey.

I thank you for your support of Ascension.

Sincerely,

A handwritten signature in cursive script that reads "Marilyn L. Roddy".

Marilyn Roddy
Senior Warden

2019 Budget

Our ability to operate the church and pursue its mission rely primarily on our parishioner pledge base. In 2019, for a variety of factors including tax law changes and deaths of parishioners, our pledge base decreased to slightly over \$1.2 million. In previous years, it had tracked closer to \$1.4 million.

Fortunately, we have been able to control expenses and limit the projected deficit. The figures below do not yet include several large expected gifts and our typically strong year end pledge income.

	2019 Budget	Actual Year to Date
Income	\$1,571,789*	\$1,266,034
Expenses	\$1,619,234	\$1,362,852
Deficit	\$47,445	\$96,818

* Total Income includes pledges, plate offerings, special donations, program and pass through income.

The two important points here involve the overall health of the parish and a fully funded budget. Our programs are vibrant and our membership is healthy. In the coming months, we will explore together what it takes to fulfill the church's mission financially. Central to this will be the presentations and discussions we undertake at the Parish Annual Meeting on November 17, and the Financial Meeting on December 11.

Building Restoration & Maintenance

Over the past 5 years, we have completed over \$750,000 in long overdue major renovations, of which \$415,000 was paid for by special donations.

\$75,000 Youth Room Renovation in 2016
\$250,000 Sunday School Wing HVAC Replacement
\$90,000 Nursery Renovation in 2017
\$350,000 Nave HVAC Replacement in 2018
\$765,000 Total Completed Renovations

In addition, the Building and Grounds Committee estimates a need for \$550,000 to replace the Nave roof, \$538,000 to restore the Nave ceiling, and \$1,137,000 in anticipated projects over the next three to five years.

Endowment

Ascension's Endowment has a current balance of roughly \$2.1 million, and distributes approximately \$75,000 annually. For 2019, reflecting budget stringency, the Endowment Committee tentatively committed to supporting parts of the annual budget to include debt repayment.

While it is the Endowment's purpose to support the mission of Ascension, we want to demonstrate a balanced approach that does not rely on it for operating support, yet acknowledges donors whose priorities include maintaining our beautiful worship spaces and facilities.

Debt Financing

Much discussion and deliberation attends our use of debt at Ascension. When critical maintenance needs arise, we have arranged debt prudently. As of September 30, 2019, the parish carries \$742,930.82 in debt. The current debt's components and objectives are:

\$27,730.38 Home Federal Line of Credit

Used to provide cash flow flexibility

Available credit up to \$400,000, at a variable interest rate equivalent to the Prime Rate, not less than 4%, currently 5%

\$396,512.90 Home Federal Long Term Loan

Used to refinance \$500,000 in long term debt in June, 2016, with a fixed interest rate of 3.5%, until June, 2021, payments based upon a 10 year amortization, which will leave approximately \$320,000 in balance in June, 2021

\$318,687.54 Diocesan Long Term Loan

Used to finance the replacement of the Nave's HVAC system in 2017, with a fixed interest rate of 3.825%, for 15 years

We must always consider the budgetary impact of repaying debt. The loans above account for \$75,000 of debt service in our annual operating budget.

We have an additional \$500,000 loan approved by Home Federal to fund replacement of the Nave roof.

2020 Financial Goal

As we begin to plan for 2020, the Vestry and Finance Committee are committed to exploring what a fully funded budget looks like, and communicating with you about how we can fully live into the mission of the church. We have provided an outline below as a starting point, so that we can share and discuss to find the best solutions.

Expenses	2020 Prospective Budget
Program	\$140,000.00
Building & Grounds	\$130,000.00
Diocese	\$150,000.00
Personnel	\$1,050,000.00
Administration	\$130,000.00
Debt Repayment	\$75,000.00
Total	\$1,675,000.00

