

Good afternoon. We hope you're enjoying the break in the summer heat and the slow transition to fall temperatures.

Pastor McCrory and the Governance Council have formally kicked off the 2024 budget planning process. The Governance Council wanted to provide you with updates in several areas as we begin that process. These updates will focus on the DFCL's current financial situation, key upcoming dates/events for DFCL's 2024 budget planning process, and the Governance Council's perspective on the Growing Legacy Building Campaign.

Desert Foothill Lutheran Church & Preschool's (DFCL) Current Financial Situation:

DFCL is blessed with a dedicated congregation that is committed to our mission of "Connecting People to Jesus." We are also blessed with a talented staff that focuses on being stewards of DFCL's finances.

As of August 31, 2023, DFCL has a total of **\$4,612,064** in cash reserves. This amount is broken down between restricted funds and unrestricted funds.

Restricted funds include moneys allocated to the Growing Legacy Campaign, the Endowment Fund and other funds that have been specifically designated by the member(s) that made specific donation to DFCL. Unrestricted funds would include offerings, tithes and other contributions.

DFCL currently has **\$4,179,120** in restricted funds and **\$432,944** in unrestricted funds. These funds are held in accounts controlled by DFCL in institutions such as Chase, Lutheran Federal Credit Union, and Thrivent. DFCL's Endowment fund, which is categorized as restricted, is **\$411,522** and is included in the restricted funds amount referenced above.

Again, all the amounts above are as of August 31, 2023. As you can imagine, there is a significant amount of detail that is linked to the above figures. Please do not hesitate to contact us if you have any questions.

Upcoming Dates & Events:

DFCL's 2024 formal planning process has begun. The Governance Council will work in lockstep with Pastor McCrory and his staff to ensure DFCL is in the best financial position throughout 2024 and beyond. We will hold two meetings with the Voting Assembly as part of the formal budget process for DFCL.

On **November 5, 2023**, we will hold an informational meeting after the second service. Pastor McCrory and the Governance Council will provide the congregation with updates on the 2024 budget and planning process. We are finalizing the agenda for this meeting, but our intent is to share updates on the 2024 budget, share financial assumptions that are being used to create

the budget and, most importantly, provide the opportunity for the Voting Assembly to ask questions to Pastor McCrory and the Governance Council.

On **November 19, 2023**, we will hold another meeting with the Voting Assembly. During this meeting we will vote on the 2024 budget and vote on new members of the Governance Council and Endowment Committee.

The Governance Council's Perspective on the Growing Legacy Building Campaign:

On May 8, 2022, the Voting Assembly passed a motion to *“move forward with the building program Phases 1 and 2 as revised and presented today not to exceed a total cost of \$12,000,000 utilizing the committed dollars and a LCEF final mortgage not to exceed \$5,000,000 including our existing mortgage.”*

Minutes of this meeting can be found on DFCL's website and through the following link

https://www.dflc.org/files/ugd/64933b_6a3b8eb175734dc78a37ed1cefe17130.pdf

We are blessed with a talented staff at DFCL. DFCL's staff created various financial projections and models to help the council assess the impact on DFCL's finances. As many of you know from business, models are used to try to look into the future to help with current budgeting. Said another way, models tell you what may happen tomorrow so you can make decisions today.

Anyone that has used models knows that they are point-in-time projections. World class economists have their models proven right or wrong all the time. Despite their inherent volatility they are incredibly valuable for planning purposes.

We firmly believe that the Growing Legacy Campaign will position DFCL to achieve its mission of “Connecting People to Jesus.”

Please be assured that the Governance Council, the building committee, Pastor McCrory and the DFCL staff continue to work to minimize the debt while maximizing the opportunity to connect people to Jesus. A good example of these efforts is the completion of the preschool refurbishment project for half of what we had budgeted for that work.

Interestingly – the price of the various components of our building project continue to change sometimes in unexpected ways. While most would expect that all the project costs would be increasing based upon what we hear about inflation in the news, actually some of the building costs are coming down. The Governance Council and the building committee will continue to monitor these changes and share the information with the congregation as the costs become more fixed.

We plan to report progress during the meetings we mentioned before. However, we want to ensure you are aware of our perspective in advance of the 2024 budget planning process and in advance of these meetings.