

BUILDING COMMITTEE UPDATE



AFUMC BUILDING COMMITTEE UPDATE – AUG 2017

Date	Construction Only	Complete Price
December 2016	\$10.703M	\$12.370M
July 2017	\$ 9.135M	\$10.887M
August 2017	\$ 9.074M	\$10.699M

Final Complete Price = \$10.699M

HOW WE ARRIVED AT THE FINAL PRICE

- Scope Reduction
 - Removed Kitchen Hallway/Kitchen Addition
 - Removed One Part of the Canopy
 - Moved MYC Construction to Residential Contractor
 - Removed Walkway between MYC and Main Street Building
- Value Engineering: Over 100 Items

FINANCE COMMITTEE UPDATE – 8/29/17



AFUMC CAPITAL CAMPAIGN UPDATE – 8/29/17

Topic	Comment
Funds Received through 7/31	\$4.4M
Total Pledges through 7/31	\$7.1M
Expect to Receive approx. 90%	\$6.4M
Less Already Spent through 7/31	<\$0.1M> (Capital Campaign)
Less Already Spent through 7/31	<\$0.4M> (Architect*)
Expect Available for Project	\$5.9M (\$6.4M-\$0.5M=\$5.9M)

AFUMC BUILDING PROJECT DEBT – 8/29/17

Topic	Comment
Total Project Cost	\$10.7M
Less: Already paid Architect*	<\$0.4M>
Project Cost yet to pay	\$10.3M ($\$10.7\text{M} - \$0.4\text{M} = \10.3M)
Less: Funds available for project	<\$5.9M>
Expected New Debt (1/1/19)	\$4.4M ($\$10.3\text{M} - \$5.9\text{M} = \4.4M)
Existing Debt (Est. 1/1/19)	\$2.0M
Total Debt (Est. 1/1/19)	\$6.4M ($\$4.4\text{M} + \$2.0\text{M} = \6.4M)

AFUMC BUILDING PROJECT INCREMENTAL EXPENSES – 8/29/17

Topic	Comment
Existing Annual Debt Service for Existing Debt	\$253K Annually
Estimated Annual Debt Service for \$6.4M Total Debt	\$476K Annually (at 4.25% interest rate)
Estimated Added Cost to Service New Debt	\$223K Annually (at 4.25% interest rate)
Estimated Added Cost to Operate New Space	\$115K Annually
Estimated Total Added New Expenses	\$338K Annually
One Time Expenses	
* Bank Fees and Legal, Admin	\$ 30K (in 2017)
* Transitional Operating Expenses	\$ 96K (2017: \$24K, 2018: \$72K)
* Construction Loan Interest, Inspection Fees	\$ 80K (in 2018)

POSSIBLE AFUMC FINANCIAL PLAN – 4/25/17

	2016 Actual	2017 Plan	2018 Plan	2019 Plan
Operating Income	\$3,800K	\$4,000K	\$4,200K	\$4,400K
Operating Expenses	\$3,960K	\$3,960K	\$3,960K	\$3,960K
New Expenses		\$24K	\$72K	\$369K
Total Expenses	\$3,960K	\$3,984K	\$4,032K	\$4,329K
Surplus(Deficit)	(\$160K)	\$16K	\$168K	\$71K

Presented in June 6th meeting

Challenges/Issues: 1) Is it reasonable to keep expenses flat for 4 consecutive years?
2) Is it reasonable to increase operating income by \$200K/year?

POSSIBLE AFUMC FINANCIAL PLAN – UPDATED 8/29/17

	2016 Actual	2017 Outlook	2018 Plan	2019 Plan
Operating Income	\$3,800K	\$4,000K	\$4,300K	\$4,600K
Operating Expenses	\$3,960K	\$3,930K	\$4,140K	\$4,260K
New Expenses		\$54K	\$152K	\$338K
Total Expenses	\$3,960K	\$3,984K	\$4,292K	\$4,598K
Surplus(Deficit)	(\$160K)	\$16K	\$8K	\$2K



Changed since the June 6th Meeting

Challenge/Issue: 1) Is it reasonable to increase operating income by \$300K/year?

YEAR OVER YEAR COMPARISON – 8/29/17

	July 2016 YTD	July 2017 YTD	2017 YTD Better/(Worse) Than 2016 YTD	2017 YTD Better/(Worse) Than Budget YTD
Operating Income	\$2,063K	\$2,250K*	\$187K	\$ 52K
Expenses	\$2,205K	\$2,144K	\$ 61K	\$283K
Net	(\$ 142K)	\$ 106K	\$248K	\$335K

* Includes \$82K of Above and Beyond Giving

FINANCIAL SUMMARY UPSIDE POTENTIAL – 8/29/17

- This plan does not include additional giving from net increases in membership
- The city of Alpharetta and surrounding area is in a rapid growth mode
- The new Legacy and Endowment Committee should produce positive results (Estate Giving)
- The Above and Beyond Campaign has generated > \$82K through July (in less than 3 months)
- There is new attention to controlling expenses by staff and clergy
- There is new attention to giving among Congregation
- There is a newly formed Stewardship/Generosity Committee



Finance Committee 8/22/17 Motion to Proceed with Building Project

Finance Committee recommends moving forward with the proposed building project based on the following factors and conditions:

- We recognize the already successfully achieved actions through July 31st, 2017 by church staff/clergy/congregation of objectives established by the finance committee in March 2017 to increase operating income and reduce operating expenses that should result in at least positive cash flow for 2017.
- Church staff/clergy initiates plans to: Increase giving from members who are not currently giving; Increase outreach to attract new members; Increase giving from new attendees.
- Members continue to honor their capital campaign pledges and 2017 annual stewardship pledges.
- Since the above Church staff/clergy initiatives may not provide the required increases in income as early as 2018 and 2019, current members recognize they may need to increase their annual giving by 7-10% each year in 2018 and 2019.

The motion to proceed was unanimously passed (11-0) by finance committee on 8/22/17.

Summary

LATEST UPDATES

- Finance Committee unanimous approval/recommendation on 8/22/17
- District Committee on Building and Location – unanimous approval on 8/23/17
- Alpharetta City Council – unanimous approval on 8/28

AFUMC IMPROVEMENTS OVER THE PAST 10 YEARS

Year	Improvement	Cost
2007	Funeral Home Property purchased to create Methodist Youth Center	\$3,405,221
2010	Children's classes added over Trinity Hall Fellowship Hall space and Vinebranch Chapel remodeled	\$1,785,105
2011-2012	New Playground added	\$ 230,406
2012-2013	Stream Buffer Project – Parking Lot Improvements	\$1,248,011
	Total Cost of Improvements – past 10 years	\$6,668,743

Thank You for the Support!