

Financial Improvements - Quarterly Report

January 31, 2007

Dear Members and Friends of Yorkminster,

The Financial Improvements Study Committee (FISC) is sending this letter to provide you with a financial summary of our capital improvements to date. This is a good time to review our progress because on December 31, 2006, we completed our 1st 3-year capital campaign for our Fellowship Center. There have been significant accomplishments in the expansion of our facilities in the period of 2000 thru 2006. After the critical steps of purchasing surrounding land and conducting essential facility design and engineering studies in the early years of our expansion project, construction of our long awaited Fellowship Center was begun in late 2005 and the facility was placed in operation in November 2006. Now that we have completed this major milestone we will be focusing on the program and mission portion of the church's "Expanding our Ministry" goal under the leadership of our Session.

A summary of our facility-related accomplishments includes:

2000-2002 Capital Campaign: Campaign contributions of \$997,008 were used primarily for the purchase of the parcel of land next to the Sanctuary and along Highway 17 (Rollins I).

2003 Interim Year: Capital contributions of \$145,000 were used primarily for the initial payments on the parcel of land next to Founders Hall and Highway 17, located on the Grafton Dodge side of the church (Meredith Wood).

2004-2006 Capital Campaign: Campaign contributions of \$1,381,846 were used primarily to pay off the loan on Meredith Wood property; to initiate purchase of the parcel of land along Highway 17 and next to Stor Moore (Rollins II); and for engineering site studies, architectural design, final site work and construction of Yorkminster's new Fellowship Center.

Details of the 2004-2006 Capital Campaign and current status of the Capital Budget

Funding Available:

During the past 3 years, the total income received for the capital fund was \$1,381,846, a gracious 26% over the pledged amount of \$1,100,000 made in 2003. Included in this total amount are designated donations made by various families for specific items: sound system, kitchen equipment, chandelier, walk in refrigerator/freezer, enhanced heating/cooling controls and a sports floor in Covenant Hall. In addition to income from members and friends, we obtained a loan from The Old Point National Bank on which the current balance is \$2,771,865.

From members and friends- - - -	\$1,381,846
From the bank- - - - - - - - - - -	<u>2,771,865</u>
Total	\$4,153,711

Allocation of Funds (Discussion below)

Paid off loan and demolished house on	
Meredith Wood parcel - - - - -	\$174,122
Paid interest on loan for Rollins II parcel- - - - -	51,414
New Fellowship Center- - - - -	3,754,180
Building and site work	\$3,713,132*
Outfitting (tables, chairs, etc.)	41,048
Deposit with York County - - - - -	37,600
Cash On Hand- - - - -	<u>136,395</u>
Total	\$4,153,711

(* \$2,771,865 from bank loan)

Rollins II Loan Payments

On the Rollins II parcel of land, we still have a debt of \$428,444 and, at this time, only interest is being paid on this amount. This is to our advantage since the seller of the lot is financing it for us at an interest rate of 6% and the seller donates half of this back to the church, hence, the net interest rate is 3%. This allows us to use the capital fund income to pay on the bank loan that has a higher interest rate of 6.5%. In the year 2010 we start paying on the Rollins II loan principal and the seller no longer makes a donation to the church.

Paying off the Loans

The two loans as of December 31, 2007 totaled \$3,200,309. From our recent computation, all capital debts will be paid-off by September 2025. As you are aware, we pay interest on the loans and FISC's best estimate is that with interest the total amount the church will pay is around \$4,408,000.

Deposit with York County and Cash On Hand

The deposit with York County is required to insure that the drainage retention pond will meet their requirements. Once the aquatic plants are planted this spring we will get this deposit back. For Cash On Hand, some of this is committed (such as for aquatic plants), some is for planned equipment and services yet to be purchased, some is kept as a reserve fund and some is not obligated at this time. The unused amount will be used to pay down

the bank loan. Starting in 2007, all undesignated capital income, except for a small reserve, will go to pay down the debt.

Looking forward, the capital pledge (as of August 2006) of \$1,248,602 for the next 3-year campaign (2007 through 2009) exceeded the goal of \$1,100,000. We rejoice with the congregation on Yorkminster's financial stewardship and the accomplishments made in support of the church's "Expanding Our Ministry" goal.

The Financial Improvements Study Committee

Mary Catherine Fralich--Chair Bill Eutsler Belinda Adams Wayne Darnell
Ed Bruce---Vice-Chair Co-Pastors Jenny and Feild Russell (ex officio)

NOTE: Key features of loan from The Old Point National Bank

Our bank loan is with The Old Point National Bank and we think that we have an excellent financial arrangement with them. Some of the key features are,

1-Interest rate and term

A-Fixed rate: 6.5%

B-Term: 7 years. (Renegotiate a new loan at the end of 7 years)

2-No prepayment penalty for acceleration of payments

3-No loan origination fee

4-During the construction phase, we pay only interest on funds withdrawn

5-Collateral: 1st lien in the amount of \$3.1 million on all property except Rollins II

6-During the 7 year period, provisions to increase principal outstanding to incorporate existing debt on Rollins II