



YORKMINSTER PRESBYTERIAN CHURCH

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March 30, 2010

Dear Members and Friends of Yorkminster Presbyterian Church,

Have you noticed how the use of our Fellowship Center has grown over the past three years? Covenant Hall and the Commons are the sites for Vacation Bible School activities, special worship services, receptions for special events, youth activities, Sunday morning fellowship, fellowship dinners, basketball events, July Liberty Celebration, Presbyterian Women meetings, Session & Diaconate meetings and more. And there are special programs that reach out beyond our church to the community such as Steve Green in Concert, a Performance of the Gospel of John, "A Growing Marriage Seminar" by Dr. Gary Chapman, "Leadership Parenting Seminar" by John Rosemond, and accommodations and meals for visiting youth groups. Also, the Fellowship Center is used by community volleyball, basketball and lacrosse teams for practice and by other community groups for special events. Expanding our Ministry to a larger circle of people is an ongoing activity greatly enhanced by our new facility.

Each year, Yorkminster's Financial Improvements Study Committee (FISC) performs a review of the church's growth and financial status and reports on our Capital Fund that supports the financing of our Fellowship Center and the parcel of land along Highway 17 next to Stor Moore (known as Rollins II). Since we have just completed our 2nd three-year Capital Campaign (2007 through 2009), this is an excellent time for us to share highlights of not only last year's summary but also for the past 3 years with you.

Capital Income:

	<u>2009</u>	<u>2007 Thru 2009</u>
For Loan Payments	\$321,695	\$1,202,627

The Capital Fund pledged for 2007 through 2009 was \$1,248,602 and we received 96% of the pledge amounting to a shortfall of \$45,975.

Capital Expenditures:

	<u>2009</u>	<u>2007 Thru 2009</u>
For Loan Payments	\$315,538	\$1,172,571

Note: The income and expenditures do not match due to the carry over at the end of the year not being the same as the previous year and because the cash on hand varies.

For God so loved
the world that he
gave his only
Son, so that
everyone who
believes in him
may not perish
but may have
eternal life.
John 3:16

The church bears two loans on real estate owned: one on the Fellowship Center and one on Rollins II. At the current time, we are required to pay only interest on Rollins II; however, FISC has maintained an unwavering policy to pay as much on the principal of the Fellowship Center loan as possible; this loan carries the higher interest rate and, in the long run, having less principal and interest to pay will be much healthier.

The loan activity for 2007 thru 2009 of the two loans is as follows:

	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Total Paid</u>
Fellowship Center	\$609,521	\$485,929	\$1,095,450
Rollins II Land	0	77,121	<u>77,121</u>
			\$1,172,571

The seller who finances the land for us donates half of the interest payment on Rollins II back to the church; this donation back to the church will end this year and principal payments will begin. Note that for a loan only 3-years old, the principal paid is larger than the interest. This is due to additional principal payments being made over and beyond what the bank loan requires. The original loan on the Fellowship Center was \$2,771,865 and payments started in January 2007. The loan on Rollins II is \$428,444 and interest payments started in 2005.

The outstanding debt as of December 31, 2009, is as follows:

	<u>Outstanding Principal</u>
Fellowship Center	\$2,162,344
Rollins II	<u>428,444</u>
Total	\$2,590,788

Our best estimate to repay these loans, starting with the original loan, is around \$6 million, this includes principal and interest. This is a higher cost than the initial estimate and is due to a recent reduction in income for the Capital Fund and the Operating Fund.

FISC's Capital and Operating Fund income projections are based on Sunday morning worship attendance, which has been slightly decreasing since 2006 whereas FISC had projected a gradual growth until 2012. This decreasing attendance coupled with the current downturn in the economy over the past 2 years has reduced the expected income for these 2 funds. The Operating Income pledge for 2010 has increased over the previous year so maybe this is a sign that the income has bottomed out and we are heading back up. The pledges received from the Capital Campaign last year for the next 3-years (2010 Thru 2012) totaled \$831,088, which is \$54,000 less than FISC's projection. However, considering the economic climate, we feel this is a very good pledge amount since our projection was made several years ago.

The Capital Campaign ends in 2012 and the Operating Fund takes over and makes all debt payments thereafter. As part of the debt payment transition from the Capital Fund to the Operating Fund, the Operating Fund has started contributing to the debt payment and will increase its amount each year until it reaches the full debt payment. This is to provide for an orderly build up in payment rather than face a large step-up debt payment by the Operating Fund in one year. It had been planned that the Operating Fund would reach the full debt

payment in 2013; however, due to the current financial condition such a rapid buildup in four years will impact various church programs. Hence, to minimize this impact, this build up will be stretched out for more than 4 years and the Capital Fund will carry over funds beyond 2013 to assist the operating budget in making debt payments. We are working with the Financial Oversight Committee (FOC) to arrive at the best solution. So what does this mean? Stretching out the Capital Funds beyond 2013 and with the shortfall in income over the last two years and the Capital Pledge for the next 3 years being less than expected, we will not be able to make large additional principal payments as in the past to reduce the loan amount and, hence, the loan pay off time will increase along with the interest cost. From discussions we have had with the FOC and the Session, we may have to refinance the Rollins II over a longer time period to reduce the yearly payment or, depending on our future financial status, we may have to consider selling Rollins II. All of the details are yet to be worked out.

Hopefully, starting in 2010, the financial situation will improve and we will be able to maintain our church programs and reduce the time to pay off our debts. If you have not made a pledge for the Capital or Operating Fund, please do so as this will aid us in our planning.

We thank you for your support of the programs and opportunities we have at Yorkminster Presbyterian Church. And please be at prayer for our Church in support of Gods work.

Belinda Adams, Ed Bruce, Bill Eutsler & Mary Catherine Fralich

Feild Russell, Ex-officio member

Financial Improvement Studies Committee, Yorkminster Presbyterian Church