

EXPLANATION OF FINANCING AND CASH FLOW

ST MARK'S CHURCH - RENOVATION PROJECT							
PROJECTED MONTHLY COSTS - THROUGH COMPLETION OF CONSTRUCTION							
Revised: February 21, 2012 (based on Design Option 3)							
Cost Projection Duration: April 2011 through July 2013							
Development Budget (excl. finance costs) =		\$ 3,619,389					
Finance Costs =		\$ 75,000					
Total Development Budget =		\$ 3,694,389					
2/21/2012							
Month	Projected Monthly Expenditure	Pledge Payments	Line of Credit	Interest on LOC	Sale of Baxter House	Loan from Endowment	Mortgage
Apr-11	\$5,600.00						
May-11	\$15,900.00						
Jun-11	\$32,100.00						
Jul-11	\$46,800.00						
Aug-11	\$37,100.00			\$78.00			
Sep-11	\$38,500.00		\$50,000.00	\$387.00			
Oct-11	\$40,100.00	\$58,279.08	\$100,000.00	\$679.00			
Nov-11	\$46,700.00	\$59,162.46		\$657.00			
Dec-11	\$39,900.00	\$135,621.59		\$679.00			
Jan-12	\$18,400.00	\$1,626.00	(\$75,000.00)	\$329.00			
Feb-12	\$13,500.00	\$31,501.67		\$329.00			
Mar-12	\$43,600.00	\$3,000.00		\$329.00			
Apr-12	\$52,800.00	\$5,000.00		\$329.00			
May-12	\$43,900.00	\$3,000.00	\$200,000.00	\$916.00			
Jun-12	\$22,500.00	\$30,000.00		\$916.00			
Jul-12	\$21,900.00	\$10,000.00		\$916.00			
Aug-12	\$16,100.00	\$3,000.00		\$916.00			
Sep-12	\$42,300.00	\$5,000.00	\$50,000.00	\$1,083.00			
Oct-12	\$30,600.00	\$3,000.00		\$1,083.00			
Nov-12	\$413,200.00	\$30,000.00	\$50,000.00	\$1,250.00			
Dec-12	\$415,700.00	\$400,000.00	\$625,000.00	\$3,333.00			
Jan-13	\$421,400.00	\$30,000.00		\$3,333.00	\$1,200,000.00		
Feb-13	\$423,200.00	\$5,000.00		\$3,333.00			
Mar-13	\$436,500.00	\$3,000.00		\$3,333.00			
Apr-13	\$435,400.00	\$30,000.00		\$3,333.00		\$50,000.00	
May-13	\$431,900.00	\$10,000.00		\$3,333.00		\$431,900.00	
Jun-13	\$17,700.00	\$3,000.00		\$3,333.00		\$14,700.00	
Jul-13	\$16,100.00	\$5,000.00		\$3,333.00		\$11,100.00	
Dec-13		\$300,000.00	(\$1,000,000.00)	\$19,998.00		\$19,998.00	\$700,000.00
Dec-14		\$250,000.00				(\$250,000.00)	
Dec-15		\$200,000.00				(\$200,000.00)	
Dec-16		\$100,000.00				(\$100,000.00)	
	\$3,619,400.00	\$1,714,190.80	\$0.00	\$57,538.00	\$1,200,000.00	(\$22,302.00)	\$700,000.00

Column 1 – Months

The left-hand column lists the months from April 2011, when we began incurring expenses, through July 2013, the anticipated end of construction. The four lines at the bottom represent the “out years” – 2013 through 2016, when we expect to continue receiving pledge payments.

Column 2 – Projected Monthly Expenditure

This column reflects the actual expenditures from April 2011 through February 2012, and the projected expenses in subsequent months. The key cash flow issues arise in the period from November 2012 to May 2013, the period of actual construction, when we'll be incurring expenses in excess of \$400,000 per month for 7 months.

Column 3 – Pledge Payments

This column shows the income received from the payment of pledges. After February 2012, the amounts are estimates of what is anticipated, based on how individuals indicated they would be paying their pledge (i.e., monthly, semi-annually, annually, etc.). At the bottom of the column is the anticipated pledge income for the remainder of 2013 through 2016. Those numbers represent the total amount of income expected by the end of each year, though it likely will be paid over the course of the year.

Column 4 – Line of Credit

In this column, we show when we expect to draw on our \$1 million line of credit from National Capital Bank (which currently has an interest rate of 4%). We drew on the line in September and October 2011, and then paid some of that back in January 2012. The key takeaway from this column is that we anticipate reaching our \$1 million limit by the end of 2012.

Column 5 – Interest on line of credit

This column shows the amount of interest we will pay each month on the line of credit.

Column 6 – Sale of Baxter House

Once we have reached our maximum on the line of credit, we will need to sell Baxter House. We show this as taking place in January 2013, though it could take place earlier.

Columns 7 and 8 – Loan from Endowment and Mortgage

The last two columns show our proposed way to close the financing gap. In Column 8, we show a \$700,000 mortgage at the end of construction. However, the Steering Committee is concerned that a mortgage of that size would require annual servicing costs that would be a stretch for the church's annual operating budget. One possible way to alleviate this would be to borrow from our Endowment, specifically from the Building Preservation Fund, which was funded by proceeds from the sale of the Rectory in 1998. The chart shows us paying the Endowment back from pledge payments – but the reality is that we will need to pay back the mortgage first. If we did so, we would end up with a mortgage of slightly less than \$200,000 and owing the Endowment about \$500,000.

It is important to note that this is an illustration of how we could finance the project. The exact details are likely to be slightly different. The important takeaway is that we believe this is reasonable approach for paying for the project without overburdening the parish in the future.