

InterAct Ministries, Inc.

Finance Director's Report

February 1, 2019

The first thing I will share is that God has led me to the decision that I will be leaving InterAct as of June 1st. He has not provided a clear roadmap but has asked me to trust him completely and that is what I'm doing. I'm feeling called to serve others more intimately than my position at InterAct provides. I am very thankful for the past 9 years that I have had the privilege of serving as accountant and most recently Finance Director for this great organization.

Our Allen Trust investment balance has dropped 9.4% in the past 12 months, from \$1,835,577 at 12/31/2017 to \$1,662,367 at 12/31/2018. A schedule detailing the activity in the accounts is included in the packet. The largest piece of this decline has been cash withdrawals totaling \$120,000 to cover operating expenses. In addition, the market value of our investments dropped \$90,000, or 4.9% of our beginning investment balance. Our current investment allocation at Allen Trust is in line with board recommendations as follows:

	Board Recommendation	Current Allocation
Cash/Short Term Securities	5-10%	10%
Fixed Income Securities	55-60%	55%
Equities	35-40%	35%
Totals	100%	100%

For reference, in 2018 the Dow Jones Industrial Average and the S&P each decreased 6.7%, and the NASDAQ dropped 8.9%. Our heavy allocation percentage in Fixed Income securities helped to keep our market value loss to only 4.9%.

A review of the enclosed Statement of Activities shows total revenue for the 9 month period ending December 31, 2018 down 13% from the same period last year. Much of this decrease is a result of a decline in the market value of our investments, combined with a decrease of \$133,000 in contributions. Expenses are down by 1% for the 9 month period. InterAct ended the period with a net operating deficit of

(\$136,996) as compared to a net surplus of \$75,721 in the prior year. Total net assets on December 31st were \$1,824,677, down \$267,934, or 12.8% from a year ago. This decrease is primarily a result of the \$120,000 cash withdrawn to cover operating expenses, the market value decline in our investments, and a reduction in overall giving to the mission.

I am encouraged with the appointment of Thomas Slawson as Director of Development. He is excited to move forward with some grant writing and appeals in the upcoming months that will hopefully fill some of the holes we have had in our revenue stream in the past several years.

With much input from Dale, the field directors and other team leadership, I have drafted a break even proposed 2019-2020 budget to be presented to the board. We have once again made a conservative estimate of revenues, and have scaled back expenses as much as possible.

Thank you again for the opportunity to have served InterAct alongside you for the past years. It has been a privilege and an honor to be part of this organization.