The NovusWay 2019 Annual Report

Lutheridge Lutherock LutherSprings Lutheranch

June 1, 2020

Greetings NovusWay Family, Friends, and Supporters,

We write this as our 2019 Annual Report in the midst of navigating COVID-19. We felt it was important to reflect and report on all the work that happened during 2019; however, we ask that our faithful friends and supporters remember the world has changed significantly since the events listed below happened. We have suspended printing most materials in an effort to be good stewards during this time in 2020 when we are unable to host guests or programs. Thank you for your understanding of this new reality and for your continued support of the Light the Fire – A Summer Camp 2021 Appeal, which is helping to bridge the financial gap leading up to the launch of summer camp 2021.

2019 ANNUAL REPORT

During 2019, NovusWay Ministries and our four sites continued a season of change that began in 2018. This annual report highlights many of those changes. In 2019, NovusWay leadership made significant strategic decisions to continue strengthening the ministry's financial position and our ability to impact lives.

LEADERSHIP TEAM

The final pieces of a new leadership team were completed with the hiring of Deacon Chandler Carriker as Vice President for Program and Engagement in March of 2019 and Deacon Mitzie Schafer as Vice President for Development in August. We welcomed Gretchen Ahrens as the new Program and Equine Director at Lutheranch. Deacon Sue Mendenhall was welcomed as full-time Program Director for Luther Springs. Jen Bacher, a recent graduate of Luther Seminary, was hired as the new Program Director for Lutherock. These mission critical staffing decisions opened the doors to improved program capacity, marketing strategies, and a new emphasis on annual fund support, all of which were identified as areas for improvement.






FUNDRAISING AND SUSTAINABILITY

For many years, NovusWay fundraising has been largely focused on capital campaigns for restricted building and other projects at all four sites. These restricted funds are not available for daily operations, including summer camp and year-round programming. Therefore, we are successfully building a fundraising mechanism that is annual-fund and recurring-gift focused to support and secure our programs and ministry impact for years to come.

Revenue from program registrations accounts for only 50% of the annual operating funds needed. The remaining 50% is funded through retreat rentals (25%) and generous gifts to the annual fund (25%) by individuals and congregations. Recent annual operating deficits and deferred maintenance carry a cost that limits the ministry's ability to deliver on NovusWay's promise and great tradition of creating space for intentional community through excellent programs for children and adults.

In 2019, the NovusWay Board of Trustees voted to accept an offer to purchase three acres of land on the Lutheridge site along Airport Road, which is scheduled to close in 2020. The sale of this land:

- Opens up capital from the annual budget to be used to strengthen programs and expand our reach.
- Provides upgrades to the facilities at Lutheridge to enhance guest and camper experiences.
- Serves to pay down a large percentage of annual operating and capital debt, freeing up funds for program impact.
- Increases our endowment of which the annual distribution may be used for program operations in perpetuity.

Finally, we are grateful and pleased to report that we secured over $1,000,000 in planned giving commitments in 2019. Planned and estate giving is part of the ministry's strategy to ensure endowment growth and long-term sustainability.



REGISTRATION UPDATES

- 2,609 Summer Youth Campers in 2019, up nearly 10% over 2018.
- 700 Summer Adult Campers, up nearly 9% over 2018.
    - This is in large part due to an increased emphasis on Camp Sundays, of which we had nearly 10 times more in 2019 than in 2018. We are stronger when we partner with our congregations. NovusWay has set a goal of 400 Camp Sundays in congregations annually by 2025. If your congregation would like to participate in a Camp Sunday to encourage registration for summer camp and programs as well as financial support of the ministry, please visit novusway.org/campsunday.
- NovusWay gave more than $116,000 in camper scholarships to nearly 400 children during the summer of 2019. We continue to strengthen relationships with community partners who support low income and at-risk children in our communities.

SITE UPDATES

- **Lutheridge**: Pastor Tim and Pastor Mary Canniff-Kuhn retired after 25 years as Lutheridge Program Directors. A service celebrating their ministry and impact was held on February 1, 2020 with nearly 500 people in attendance and more than 2,000 watching live online. We also celebrated the retirement of Margo Rabon, Executive Assistant, and her 11 years of faithful service to the ministry.



- **Lutherock**: In July, the new SkyPark Zip Line was erected in the Saddle at Lutherock. Pastor Frank Wagner, who completed several ZiptheRock bikes rides from Florida to Lutherock to raise money and awareness for the project, took the inaugural zip line ride. In partnership with a major donor, 600 *laricobius nigrinus* beetles were recently released to eradicate the Hemlock Wooly Adelgid (HWA) threat to hemlock trees on Lutherock's 768-acre site, which contains a 518-acre conservation easement protected into perpetuity. Key staffing positions were filled, and we have contracted with Aramark to provide food service at Lutherock.
- **Luther Springs**: The iconic dock has been updated with environmentally friendly materials that will last for years to come. Construction on the Atonement Chapel has begun and will be completed in winter 2020, providing much-needed, additional, 125-person space and capacity. Numerous other site improvements including new flooring in the dining hall, new benches and new trails were completed in 2019.
- **Lutheranch**: In 2019, Lutheranch held its first multi-week summer camp program utilizing the property and its own staff. A new Printz Family Athletic field was finished; a craft barn and archery range were added; and the equestrian program was launched. A labyrinth was added, and the inaugural Labyrinth Retreat was a hit with participants, who requested that we make this an annual, or even semi-annual, program.





MINISTRY IMPACT

- NovusWay is proud of the high quality of our summer staff as they go out from here to lead and serve in the church and in the world. We are delighted to report that 9 of our 2019 summer staff went on to serve the ELCA as Young Adults in Global Mission (YAGM).
- Our new website is full of ministry impact stories from the lives of our campers and guests. To read more visit novusway.org/category/impact-stories and get inspired.

ALUMNI NETWORK LAUNCHED

- A group of dedicated summer camp staff alumni gathered to create an official Summer Camp Staff Alumni Network. The mission of this group is to enhance summer staff alumni connection to the ministry and to each other. Initial membership has exceeded expectations and prompting us to raise our goal by 250%, from 200 members to 500 members by the end of 2021. Learn more at novusway.org/summerstaffalumninetwork/.



2019 FINANCIAL SUMMARY

(Unaudited, for the period ending December 31, 2019)

As of December 31, 2019, operating revenue improved $505,942, or 13.9%, over 2018, and operating expenses increased by $532,805, or 14.0%. The net operating loss of ($209,382) is $26,863 worse than prior year's net loss of ($182,519).

This growth in expenses (investments) is an intentional part of our strategy – a strategy which has involved a restructuring of the organization (including all sites and departments) together with significant investment in key capacity-building and revenue-generating efforts, including staffing, marketing, technology, fundraising, and other growth initiatives. We also filled some key gaps created by historical under-investment in refurbishment, marketing, salary compression, and growing debt and interest expenses. The growth in expenses will flatten, as much of this was front-loaded, while we anticipate that the growth rate of revenue will begin to accelerate and surpass that of the expenses.

Typically, in an annual report, we do not allude to the current year, but it is important to note that prior to the COVID-19 shutdowns that began in March, 2020, NovusWay financials were beginning to successfully demonstrate the effectiveness of the ministry's growth strategy. As of February 29, 2020, revenue improved $61,298, or 9.6%, over 2019, and expenses increased by only $33,209, or 5.3%. The net operating gain of $45,122 during the same period reflected a 61% increase over 2019 and out-performed budget by $45,303 – all of this in the ministry's leanest revenue months.

Unbeknownst to many of our constituents and supporters, NovusWay programs and camps are heavily subsidized by fundraising, hosted ministry (retreat rentals), and other revenue. In fact, program and summer camp revenue covers only about 50% of our annual operating expenses. We fundraise, rent out our facilities, and operate a camp store among other things, in order to keep program and camp prices affordable, but this subsidized program model can lead to annual deficits, which we are working hard to eliminate.

We are pleased to report that program and camp revenue grew by 15% in 2019 over 2018, and these other critical sources of revenue grew as well: fundraising revenue grew 12%, hosted ministry revenue grew 5%, and camp stores sales grew 12%. We will continue to execute this revenue growth strategy.

Our continued gratitude for all the campers, participants, congregations, donors, and guests who visit our sites and support this ministry we all share.

Respectfully submitted,



Boyd W. Harris IV
Executive Director-CEO



Charles R. Bridgers
President, Board of Trustees

2019 FINANCIAL SUMMARY

(Unaudited, for the period ending December 31, 2019)

Assets			Liability and Fund Balances		
			Current Liabilities	1,342,566	
Current Assets	4,920,093		Long Term Liabilities	2,719,560	
Net Prop, Plant & Equipment	25,163,135		Fund Balances	26,021,101	
Total	30,083,227		Total	30,083,227	
Sources of Revenue:			Areas of Expenditures:		
Registrations	2,777,481		Program	2,765,846	
Store and other Sales	89,412		Store	67,021	
Contributions			Administrative	751,157	
Unrestricted	1,003,683		Maint./Physical Plant	982,629	
Restricted	517,936	*	Capital Campaign	95,470	
Endowment	195,140		Debt Service	29,440	
Synod Support	148,217		New site	11,480	
Unrealized Gain on Investments	518,948			4,703,044	
Other Sources	181,623				
	5,432,440		Net Consolidated Income	729,396	**

* Total campaigns $257,549.

** Net Operating Income for 2019 (209,382)

ABOUT NOVUSWAY

NovusWay Camp Ministries has formed faith and developed healthy leaders for the church, our local communities, and the world for 70 years. What started as Lutheridge Camp in the mountains of North Carolina in 1950, now offers summer camp and year-round programming across the southeast. Each year, thousands of children, youth, and adults experience the love of Christ in God's good creation. Our high-quality programs led by well-trained staff, develop faith and leaders by promoting safety, independence, relationship, and new challenges through our high adventure, equine, and outdoor adventure opportunities. Summer Camp and year-round programming is available at Lutheridge (Arden, NC), Lutherock (Newland, NC), Luther Springs (Hawthorne, FL), and Lutheranch (Tallapoosa, GA). Each camp has a special focus; but all maintain high expectations that transform and renew the heart of those who visit. NovusWay is a not for profit 501(c)3 ministry originally formed by several synods of the Evangelical Lutheran Church in America. Visit www.novusway.org to learn.