

**Episcopal Parish of St. Paul
Stewardship & Treasurer's Report for 2018
Susan Boyer**

2019 Stewardship and Pledges

As of this writing we have received 47 pledges totaling \$133,527. We are still hoping for several more pledges to be made and we are targeting \$135,000 as the budget for pledges. In 2019 we have pledges from 2 new individuals. Overall 18 pledgers increased, 8 decreased, 17 stayed the same and 7 we have not heard from. For 2 years in a row we have seen a significant number of pledging individuals or families increase their pledges. The vestry is so grateful for your generosity and support. However, we would be remiss not to note that the total pledge revenue has been shrinking for several years. This is an item that the vestry has been discussing in 2018 and will continue to be a topic in 2019.

	2013	2014	2015	2016	2017	2018	2019
Total Amount Pledged	148,069	156,879	153,256	165,231	141,007	139,766	133,527
Number of Pledges	56	53	49	55	51	55	47
Average	2644	2960	3128	3004	2972	2719	3092
Median	1550	1900	2000	2050	2000	2000	2000
Mode				3000	3000	3000	3000

Math refresher:

The "mean" is the "average" you're used to, where you add up all the numbers and then divide by the number of numbers. The "median" is the "middle" value in the list of numbers. To find the median, your numbers have to be listed in numerical order. The "mode" is the value that occurs most often. If no number is repeated, then there is no mode for the list.

2019 Budget

The 2019 budget and the 2018 results are below.

2019 Budget Revenue Highlights

As you recall due to the tax law changes, we received an unusual amount of 2018 early pledges in late December 2017. We carried those amounts into 2018 as non-operating transfers. Our 2019 early pledges in December 2018, were back in line with a typical year so we have returned to our normal way of budgeting. Pledge revenue/non-pledged donations and early pledges are budgeted at \$141,865. We feel confident we will meet this amount.

After completing some significant projects at the rectory, we are finally ready to increase the rent and we have budgeted for a rent increase effective April 1st.

For 2019, we have reduced our budgeting for outreach and special collections to reflect our current level of activity in that area. The expenses are reduced accordingly.

We have budgeted for one grant expected to be related to the music programming. We have also budgeted for one fundraiser.

The reserve draw of \$15,200 is based on 4% of our designated endowment balance of \$380,000 and we kept that the same as the prior year.

2019 Budget Expense Highlights

On the expense side, payroll and payroll expenses are decreasing overall by \$11,116. There is an increase for our rector in accordance with the requirements of the diocese TCC calculation. We have eliminated the pastoral associate position and replaced it with supply clergy for savings of \$10,000. We eliminated the youth minister position but increased childcare for a savings of \$1,291.

Our facility expense budget is increasing about 2% but we are making some changes among categories. Increasing snow removal and budgeting for a maintenance contract for the furnace but reducing church repair and improvements.

The diocesan assessment is decreasing 4.3% and is calculated by the diocese.

The program budget increased by \$100 overall with small changes among categories

The outreach budget is decreased to match the budgeted decrease in revenues.

The operations budget is increasing due to increased costs for supplies, website and investment expenses.

Similar to last year we are budgeting the use of \$7,000 from the carryover surplus from 2016. We are also carrying over \$2,500 not used from the grant received in 2017. With these 2 carryovers, we will still have a budgeted deficit of \$7,495.

You will see shaded in the chart below that the surplus from this year will cover the actual deficit from 2017 and the budgeted 2019 deficit. Although the vestry has concerns about the budgeted deficit for 2019, we also believe it is important to take this multi-year look at the finances so that we are not making significant reactionary adjustments

in one year. Instead we give ourselves an opportunity to see how the year plays out and whether we might have some upside on the revenues or some savings on the expense side as we had in 2018.

		2017 Actual	2018 Actual	2018 Budget	2019 Budget
Operating Receipts					
Receipts	Pledge and Donations	174,066	127,936	130,094	141,865
	Rentals	39,291	38,830	41,800	43,330
	Sunday Plate, Outreach and Flowers	7,520	7,741	9,480	6,280
	Fundraisers	0	0	5,000	5,000
	Grants	7500	6563	8,000	5,000
	Bank Interest	44	52	50	50
	Reserve Draw	14000	15200	15,200	15,200
	Other	164	20	0	0
	Total Operating Receipts	242,584	196,342	209,624	216,725
Operating Disbursements					
	Payroll	148,190	141,696	167,513	156,398
	Facilities	25,756	29,696	33,216	33,846
	Diocesan Assessment	25,160	19,395	19,395	18,564
	Program	5,747	7,824	9,450	9,550
	Outreach	6,592	2,085	6,950	3,250
	Operations	11,150	12,061	11,537	12,112
	Total Operating Disbursements	222,595	212,758	248,061	233,720
	Operating Surplus/(Shortfall) before transfers	19,989	(16,415)	(38,437)	(16,995)
Non-operating Transfers					
	Grants received in 2017 were designated for 2018 expenses	(7,500)	5,000	7,500	2,500
	Extraordinary Early Pledges in 2017 due to tax changes	(23,906)	23,906	23,906	0
	Budgeted Appropriation of Carryover Surplus Reserve	7,000	0	7,000	7,000
	Total Operating Surplus/(Shortfall) after transfers	(4,417)	12,491	(31)	(7,495)
	Total of 2017 and 2018 actual and 2019 budget (shaded above)		579		

2018 Operating Results

The Parish of Saint Paul ended the fiscal year with a surplus after transfers of \$12,355.

On the revenue side we had a total shortfall of \$13,282 as follows:

- 1) Pledges and donated income were short \$2,158
- 2) Rentals were short \$2,970 because we did not increase the rectory rent as planned and the theatre group outgrew our space so although they rented for practice they could not use it for performances and therefore the rent was decreased.
- 3) Our weekly, first Sunday and outreach plates were down for a shortfall of \$1,739
- 4) We did not hold a fundraiser for a shortfall of \$5,000
- 5) On the grants we did not pursue grants for our pastoral associate due to her departure. Instead we received grants for the parish to provide support to the parish for sanctuary work.

It is important on the revenue side to highlight that the parish received support for the parish as a result of our sanctuary work. The grants and donations noted in the chart below are included as part of the 2018 operating revenues and have contributed to the 2018 surplus. These are separate from the many donations

received for sanctuary and used specifically to support the family. Those donations are not included in the parish operating budget.

Episcopal City Missions		1,000.00					
Sending Serving Deanery Grant		5,562.50					
Diocese of Mass House of Mercy 2018.		1,000.00					
Funds that came into the parish because of Sanctuary		7,562.50	Note these funds are included as operating revenue in 2018				

The 2018 expenses were \$35,168 less than expected. The savings came from:

- 1) The 2018 payroll was \$25,817 less than budgeted and this was due to the priest associate moving in May and the church school director resigning.
- 2) The facilities operating expenses were a \$3,520 under budget. However, there were a number of capital improvements that were required and were paid for with RANC funds. These will be discussed below.
- 3) Program expense has a savings of \$1,626. Half of this was savings in youth formation and the rest was small savings in many line items.
- 4) Outreach has significant savings as the parish has focused mostly on sanctuary work in 2018.

- 5) Operations is over budget because we have 5 insurance payments made in 2018 instead of the 4 quarterly payments.

Please note in the Non-Operating Transfers section of the income statement that we budgeted for \$7,000 use of the carryover surplus reserve in 2018 but we did not need any of those funds. We also only used \$5,000 of the grant for the priest associate.

The above budget is present the revenues and expense grouped by category. If you are interested in reviewing the budget in detail, it can be found on the parish website or Carolyn can send it to you.

2018 Year End Balance Sheet:

Parish of Saint Paul			
Balance Sheet			
	12/31/16	12/31/17	12/31/18
Assets			
Cash and Cash Equivalents	339,031	341,197	283,774
Funds held for Investment	294,949	347,256	358,770
Land Buildings and Equipment (1)	1	1	1
New heating system placed in service 2017 (2)	190,886	283,148	283,148
Total Assets	824,867	971,601	925,693
Liabilities			
Loan from Diocese for Heat System	100,000	93,969	88,291.41
Security Deposit for Tenant	5,903	5,903	5,904.00
Total Liabilities	105,903	99,872	94,195.41
Net Assets			
Unrestricted Net Assets	444,978	427,001	418,801
PP&E Net Assets	190,886	283,148	283,148
Vestry Designated Reserves		16,000	16,000
Sanctuary Designated Reserves			17,315
Temporarily Restricted Net Assets	83,099	145,580	109,725
Permanently Restricted Net Assets	-		
Total Net Assets	718,963	871,729	844,989
Total Liabilities and Net Assets	824,867	971,601	939,184
(1) Values for Land, Building and Equipment from the coverage limit from the Church Insurance Company of Vermont policy for the church, parish hall and rectory are \$3,566,496.			

(2) the value of the heating system installed in 2016 has been capitalized at cost of 283,148

2018 Year End Cash and Investments

	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Cash:					
Brookline Bank - Checking	35,483	37,837	145,462	70,048	30,207
Brookline Bank - Clergy Discretionary	10,727	6,847	4,773	2,139	6,018
Brookline Bank - Security Deposit	5,902	5,902	5,903	5,904	5,904
Brookline Bank - Sanctuary				8,892	21,488
Brookline Bank - Reserves		5,348	81,113	151,609	115,725
Total Cash	52,112	55,934	237,252	238,592	179,343
Investments:					
Fidelity	229,355	227,263	129,282	138,320	160,534
Diocesan Fossil Free Fund			70,000	90,384	83,997
Vanguard Money Market	121,513	121,694	101,779	102,604	104,432
Vanguard Index	103,489	104,899	-	-	-
KLD Funds held at Vanguard	8,559	8,672	9,646	11,791	11,157
Vanguard Social Index	77,126	78,031	86,021	106,761	103,083
Total Investments	540,043	540,559	396,728	449,860	463,202
Total Cash and Investments	592,154	596,493	633,980	688,452	642,545
Less Sanctuary Funds	-	-	-	8,892	21,488
Less loan	-	-	100,000	93,969	88,291
Total Cash and Investments less loan and sanctuary funds	592,154	596,493	533,980	585,591	532,766
				Difference since 2014	59,389

The high balance in checking account on 12/31/17 was related to the prepayment of many 2018 pledges. The balance at 12/31/2018 reflects a more typical checking account balance.

The investment returns during 2018 were positive until taking a dive in late December with the rest of the stock market. Therefore, our returns for FY 2018 ended in a loss of \$6,810. In order to maintain a conservative draw on our endowment funds we have designated the \$463,202 in investments as \$380,000 endowment and \$83,202 as RANC. During 2018, we continued to replenish the RANC funds with transfers from the capital campaign. We also used \$17,425 in RANC funds to cover some major repairs at the church and rectory. These repairs were approved by the vestry as was the use of the RANC funds to cover the costs.

Investment Activity in 2018				
12/31/2016 Balance in Investments	396,728			
Transferred from capital Campaign to Investments	21,023			
Less Draw	(14,000)			
Plus investment return and increase in market value	46,110			
12/31/2017 Balance in Investments	449,860			
Transferred from Capital Campaign to investments	15,200			
Less Draw:	(15,200)			
Transferred from Capital Campaign to investments	17,425	Major repairs		
Vestry approved use of investments for major repairs	(17,425)	Roof /window on church	6675	
Capital Campaign deposit direct to investments	7,012	Stairs on church	0	
Plus Investment return (decrease in market value)	(6,810)	Drainage issue	2400	
Operating Pledges deposited to investments and not transferred	13,250	rectory new oil tank	2750	
Fees/Expenses	(110)	rectory rebuild porch	5600	
12/31/2018 Balance in Investments	463,202			17425
Total repaid to Investments from Capital Campaign 2017 and 2018	60,659			
Designated as Endowment	380,000			
Designated as Ranc	83,202			
	463,202			

Below are the non-operating expenditures for 2018. Non-operating expenditures represent major improvements or activities such as sanctuary which are outside of the church's normal operations.

Non-Operating Revenues and Expenditures in 2018

Sanctuary Refurbishment (chairs/carpet/cushion)			
Donations for Sanctuary Refurbishment		6,500	
Additional donation expected in 2019		2,000	
		8,500	
Sanctuary Refurbishment Costs		14,264	
Shortfall		(5,764)	
Church and Rectory Improvements			
Church Improvements			
Repairs to drainage (prevent basement flooding) 2018		2,400	
Roof, gutter, stair and window repairs - Paid 2018		6,675	
Roof, gutter, stair and window repairs - Paid January 2019		6,675	Committed for 2019
Rectory Repairs			
Front porch - paid 2018		5,600	
Front porch - paid at completion in 2019		4,750	Committed for 2019
New Oil Tank		2,750	
Total of Church and Rectory Improvements		28,850	RANC funds were or will be used to pay for these expenses
Sanctuary Activity - Separate Bank Account:			
Starting Balance in Sanctuary Reserve		0	
FY 17 Sanctuary Receipts		11,019	
FY 17 Sanctuary Expenses		2,125	
Total Sanctuary Reserve Fund Balance 12/31/2017		8,894	
Sanctuary Income 2018		29,723.73	
Sanctuary Expenses 2018		(21,368.95)	
Balance in Sanctuary Account 12/31/2018		17,248.51	

Reserve Account Activity						
Temporarily Restricted Reserves:	12/31/16	12/31/17	12/31/18			
Vestry Designated Parishioner Hardship Fund	6,000	6,000	6,000		capital Campaign Reserve Fund Analysis	
Alter Guild Fund	422	422	422			
Clergy Sabbatical	3,464	3,464	3,464		12/31/2017 starting balance	140,233.00
Meditation Garden	100	100	100			
Garden Fund	641	641	641		Interest	42.18
Knitting Ministry	370	370	370		Loan repayments	(8,001.48)
Music Fund	200	200	200		Transfers to investment	(15,200.00)
Swain Memorial	150	150	150		Transfer to investments	(8,350.00)
					Transfer to investments	(9,075.00)
					2019 capital campaign deposits	4,700.00
	-	-	-			
Total Reserve Fund balances with no activity	11,347	11,347	11,347		12/31/2018 Ending Balance	104,348.70
Capital Campaign payable for various outreach	75,761	140,233	104,307			
Interest	1,991	-	0			
	4	29	71			
Total Balance in Reserve Account at Brookline Bank	89,103	151,609	115,725			
					Vestry Designated Reserve Analysis	
					12/31/2016 Balance	17,000
					Used in 2017	(7,000)
					Used in 2018	-
Total Vestry Designated Reserves					12/31/2018 Balance	10,000
Carry over to support 2017 -2020 budgets	17,000	10,000	10,000			
Total vestry designated reserve	17,000	10,000	10,000			

Note these funds were not put in the reserve account. We will not need these funds in 2018. Carry over to 2019

Note we have the capital campaign has raised \$231,929 as of December 31, 2018. \$209,138 has been collected and \$22,840 in pledges remain outstanding.

** The vestry designated carryover to support 2017 -2020 is being held in the operating account.

Respectfully Submitted,

Susan Boyer, Treasurer