

ST. ANDREW'S EPISCOPAL CHURCH

2024 FINANCIAL REPORT

AND

2025 ANNUAL BUDGET

Treasurer *Joe Hamilton.*

Finance Chair *Justin Wahls*

Treasurer's Report

St. Andrew's ends the year with solid financials. Exhibit 1 provides details. The parish, vestry and staff have carefully managed our financial resources throughout 2024. We end the year with a strong balance sheet, significant appreciation of the Endowment and strong cash and investment reserves. However, expenses continue to grow faster than our current revenue, increasing long term strain on the Endowment and reserves. Our operating deficit reflects this fact. Had we taken the budgeted endowment draw, the 2024 deficit of \$216,158 would have been \$16,158.

2024 Revenue

The mix of revenue sources is consistent with previous years, with Pledge income accounting for 82% of income. Except for the deferred Endowment Draw, all revenue categories, including pledges, exceeded Budget. Following multiple years of operating surpluses and the build-up of substantial cash reserves, the Vestry decided to defer drawing funds from the endowment during 2023 and again in 2024. This deferral has enabled a substantial growth in the endowment under favorable market conditions. We have been able to finance the operating deficits of the last 2 years through the cash reserves.

2024 Expenses

Expenses for the year exceeded the budget by \$71.5k (4.4%). Despite inflation, our overall expenses were under those of 2023 by app. \$29k. Those areas subject to economy-wide inflationary pressures accounted for many of the budget overruns: Salary & benefits, Property taxes and insurance; Utilities; Office services. Services provided to a growing parish also resulted in higher costs.

The largest expense overrun in 2024 was in Repair and Maintenance. We have an aging physical plant requiring sustained maintenance and repair. Costs in these areas have increased, due to the number of projects, as well as underlying inflation. In 2024, St. Andrews undertook large, property related projects totaling \$159,869, of which \$121,727 in capital expenses were covered by the Property Endowment Fund. An additional amount of \$98,571 was expended in this category under the General Fund operating budget, 16% more than planned. The Vestry has adopted a new policy to oversee large projects.

Endowment, Reserves and solvency

The church endowment stands at app. \$6.8 million in both unrestricted and restricted funds as of the beginning of the year. It grew at an impressive 11.6% in 2024, net of withdrawals and inflows. More details in Exhibits 2 and 3.

We gratefully recognize the generous, unrestricted bequests of Peter Ferguson (\$180,000) in 2024 and of Carol Jankowski (\$10,000) in January 2025.

St. Andrew's starts 2025 with cash reserves equivalent to 6 months of average monthly expenses and total unrestricted funds equivalent to 4 years of average annual expenses—both healthy measures of financial solvency.

2025 Budget

- In general, the 2025 budget is based on revenue and expense trends of 2024. Exhibit 4 provides comparisons to previous years' budgets as well as 2024 actuals.
- The budgeted increase in revenues reflects patterns from 2024 for Pledges and Plate. Rental income from facility and residential units shows a meaningful increase. Interest income from bank accounts is lower due to depletion of surplus invested funds.
- The 2025 budget reflects expected higher expenses in those areas that exceeded budget in 2024: Systems, Software and Support; Property insurance and tax; Utilities; Clergy discretionary.
- In 2025, we will refocus on a more intentional use of designated funds towards the purposes for which they were donated. Designated funds will be dedicated to Building Repair & Maintenance, Clergy Discretionary and Music. We have accumulated significant funds designated for these areas both within the Endowment and Cash reserves. These funds will complement the funding of activities in addition to the General Fund Budget.
- St Andrew's diocesan assessment has decreased based on the retrospective formula utilized by the Diocese to set assessments.
- It is important to note that returns on Endowment investments substantially exceed the cash operating deficit.

I join the Rector, the Vestry and the Parish in acknowledging the tireless work of Joanne Butler, our Finance Administrator, and Justin Wahls, the outgoing Vestryperson for Finance. I also want to thank Harry Condon, the former Treasurer, who helped familiarize me to the role and has been a generous, ongoing resource. The parish and I as Treasurer are also fortunate to have a dedicated Finance Committee.

The financial and spiritual support of everyone in the parish is key to our financial health. Thank you for helping steward our resources now and into the future.

Joe Hamilton, Treasurer

Exhibit 1
St. Andrew's Church General Fund
Comparative Operating Fund Performance, 2023–2024

		2023	2024	2024
		Actual	Budget	Actual
1	Revenues			
	Pledge Payments and Gifts	1,155,256	1,200,000	1,218,769
2	Plate	46,690	40,000	48,508
3	Endowment Income	0	200,000	0
4	Facility Use	87,430	85,000	88,856
5	Rental Income	60,500	61,200	66,000
6	Special Events Income	46,507	25,000	32,176
7	Clergy Discretionary Income	12,900	6,500	7,800
8	Bank Account Interest	23,639	15,000	18,072
9	Other Income	244	-	-400
10	Total Revenues	1,433,166	1,632,700	1,479,779
11				
12				
13	Expenses			
	<u>Compensation and Benefits</u>	1,006,534	1,015,545	1,032,270
14	<u>Office</u>			
15	Office Expenses	39,411	32,000	40,091
16	Systems, Software, and Support	31,433	36,000	40,651
17	Financial & Legal Services	11,710	13,200	12,023
18	Communications	8,794	15,000	11,050
19	<u>Property</u>			
20	Repair and Maintenance	105,251	85,000	98,571
21	Insurance & Property Tax	42,217	40,000	49,274
22	Utilities	51,422	50,000	59,039
23	<u>Music</u>	14,645	14,500	17,086
24	<u>Christian Education</u>			
25	Adult Formation	8,453	8,500	7,265
26	Youth Formation	1,244	3,000	1,465
27	Church School	10,786	11,000	12,362
28	<u>Outreach</u>			
29	Outreach	65,506	70,000	70,223
30	Theological Education	(150)	-	-
31	Clergy Discretionary Fund	15,029	3,000	16,628
32	<u>Diocese and Parish</u>			
33	Diocesan Assessment	176,706	193,214	193,214
34	Stewardship	1,885	3,500	2,745
35	Fellowship	13,008	12,400	13,147
36	New Member Development	878	1,000	1,207
37	Special Events Expenses	38,160	3,000	4,518
38	Worship	4,478	5,100	6,465
39	Clergy Expenses	9,185	7,500	6,781
40	Vestry	124	2,000	186
41	Other	68,082	-	(324)
42	Total Expenses	1,724,791	1,624,459	1,695,937
43				
44	Net Operating Surplus (Deficit)	-291,628	8,241	-216,158

Revenue and expenses accounted under the General Fund

Exhibit 2

**St. Andrew's Endowment
Holdings & Rollforward
As of December 31, 2024**

Fund Description	Balance as of Dec 31, 2023	Balance as of Dec 31, 2024	% of Total Invested	Target Allocation	Expense Ratio	YTD Returns	Benchmark YTD Returns	% US Equities	% Int'l Equities (Aggregate)	% Fixed Income	% Cash & Other
Vanguard Balanced Index Fund Admiral Shares	\$1,511,405	\$1,606,978	24.3%	25.0%	0.07%	14.59%	14.49%	60.7%	0.4%	37.8%	1.1%
Vanguard Lifestrategy Growth	\$1,501,274	\$1,653,948	25.0%	25.0%	0.14%	13.18%	13.47%	49.2%	30.2%	19.4%	1.2%
Vanguard STAR Fund	\$3,070,469	\$3,348,911	50.7%	50.0%	0.31%	9.07%	12.19%	40.9%	20.2%	35.9%	3.0%
Subtotals	\$6,083,149	\$6,609,838	100.0%	100.0%	0.21%			47.8%	17.9%	32.2%	2.1%
Cash	\$6,837	\$187,246									
Totals	\$6,089,986	\$6,797,084									

Endowment Rollforward		12/31/2021	12/31/2022	12/31/2023	12/31/2024
Balance as of December 31, 2023		\$4,680,059	\$4,291,361	\$4,976,347	\$5,646,043
<i>Inflows</i>					
Bequests	\$180,000	\$45,022	\$346,921	\$407,870	\$346,578
Capital Campaigns	\$0	\$202,195	\$161,120	\$189,415	\$217,034
Transfer of Operating Surplus	\$0	\$137,520	\$109,584	\$128,821	\$147,596
Other Transfers In	\$0	\$323,124	\$257,561	\$302,805	\$342,763
Total Inflows	\$180,000	\$90,459	\$72,083	\$84,729	\$97,070
<i>Outflows</i>					
Scheduled Draws	\$0				
Specific Fund Withdrawals	(\$125,787)				
Total Outflows	(\$125,787)				
Market Gains / (Losses)	\$652,885				
Balance as of December 31, 2024	\$6,797,084	\$5,478,378	\$5,238,630	\$6,089,986	\$6,797,084

2024 YTD Performance and Benchmarks	
Endowment Growth (Net of Draws & Inflows)	11.6%
S&P 500 (SPY)	24.0%
US Investment Grade Bonds (BND)	-2.2%
Foreign Developed Markets Equity (VEA)	-0.2%
60% Equity (VTI) / 40% Bond (BND) Benchmark	11.2%
YTD CPI Increase	2.9%

Exhibit 3

St. Andrew's 2024 Endowment Summary

- The endowment grew by 11.6% in 2024 to end the year with an overall balance of \$6.8 million
 - \$653 thousand of investment gains
 - \$180 thousand of bequests
 - \$126 thousand of draws, specifically from the property and Dorian funds
- Endowment allocations remained within policy guidelines
 - Increased equity exposure from ~60% to ~65%
 - The Vanguard Growth Fund (80% equities) replaced the Vanguard Lifestrategy Moderate Growth Fund (60% equities) in order to achieve the portfolio-wide equity weighting objective; this investment represents ~25% of endowment holdings
 - All three funds performed in acceptable range to their benchmarks
- The finance committee elected to pause the draw on the endowment for 2023 & 2024 and utilize past operating surpluses to fund operations
 - Estimated savings of \$96 thousand between diocese assessment & investment earnings
 - Endowment draw for 2025 will be closely monitored by the finance committee and evaluated based on free cash on hand relative to annual operating expenses

Exhibit 4

St. Andrew's Episcopal Church- 2025 Budget & Comparisons

	Budget	Budget	Budget	Actual	Budget Prop	Year-on-Year Budget to Actual	
	2022	2023	2024	2024	2025	Inc.\$	Inc.%
Revenues							
1 Unrestricted Pledges and Gifts	\$ 1,140,000	\$ 1,200,000	\$ 1,200,000	\$ 1,218,769	\$ 1,225,000	\$ 6,231	0.5%
2 Plate Collection	\$ 35,000	\$ 30,000	\$ 40,000	\$ 48,508	\$ 50,000	\$ 1,492	3.1%
3 Endowment Income	\$ 183,012	\$ 180,000	\$ 200,000	\$ -	\$ 215,000	\$ 215,000	NA
4 Facility Use	\$ 82,500	\$ 85,000	\$ 85,000	\$ 88,856	\$ 112,000	\$ 23,144	26.0%
5 Rental Income	\$ 31,000	\$ 61,200	\$ 61,200	\$ 66,000	\$ 68,000	\$ 2,000	3.0%
6 Special Events Income	\$ 7,500	\$ 25,000	\$ 25,000	\$ 32,176	\$ 32,000	\$ (176)	-0.5%
7 Clergy Discretionary Income	\$ 5,000	\$ 6,500	\$ 6,500	\$ 7,800	\$ -	\$ (7,800)	-100.0%
8 Bank Account Interest	\$ 1,000	\$ 5,500	\$ 15,000	\$ 18,072	\$ 12,000	\$ (6,072)	-33.6%
9 Other Income	\$ 2,500	\$ 2,500	\$ -	\$ (400)	\$ -	\$ 400	-100.0%
10 Total Revenues	\$ 1,487,512	\$ 1,595,700	\$ 1,632,700	\$ 1,479,779	\$ 1,714,000	\$ 234,221	15.8%
Expenses							
13 <u>Compensation and Benefits</u>	\$ 952,942	\$ 1,017,806	\$ 1,015,545	\$ 1,032,270	\$ 1,120,000	\$ 87,730	8.5%
<u>Office</u>							
15 Office Expenses	\$ 19,000	\$ 32,000	\$ 32,000	\$ 40,091	\$ 37,500	\$ (2,591)	-6.5%
16 Systems, Software, and Support	\$ 32,000	\$ 36,000	\$ 36,000	\$ 40,651	\$ 37,500	\$ (3,151)	-7.8%
18 Financial and Legal Services	\$ 11,000	\$ 12,000	\$ 13,200	\$ 12,023	\$ 13,860	\$ 1,837	15.3%
19 Communications	\$ 21,570	\$ 15,000	\$ 15,000	\$ 11,050	\$ 12,500	\$ 1,450	13.1%
<u>Property</u>							
21 Building Repair and Maintenance	\$ 85,000	\$ 85,000	\$ 85,000	\$ 98,571	\$ 75,000	\$ (23,571)	-23.9%
23 Insurance and Property Tax	\$ 35,000	\$ 30,000	\$ 40,000	\$ 49,274	\$ 55,000	\$ 5,726	11.6%
24 Utilities	\$ 40,000	\$ 45,000	\$ 50,000	\$ 59,039	\$ 60,000	\$ 961	1.6%
25 Music	\$ 14,500	\$ 14,500	\$ 14,500	\$ 17,086	\$ 9,000	\$ (8,086)	-47.3%
<u>Christian Education</u>							
27 Adult Formation	\$ 7,000	\$ 8,500	\$ 8,500	\$ 7,265	\$ 10,500	\$ 3,235	44.5%
28 Youth Formation	\$ 2,600	\$ 3,543	\$ 3,000	\$ 1,465	\$ 7,950	\$ 6,485	442.6%
29 Church School	\$ 8,700	\$ 9,000	\$ 11,000	\$ 12,362	\$ 11,880	\$ (482)	-3.9%
<u>Outreach</u>							
31 Parish Outreach	\$ 36,000	\$ 40,000	\$ 40,000	\$ 70,223	\$ 40,000	\$ (30,223)	-43.0%
32 Additional Outreach (Grants)	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 30,000	\$ 30,000	
33 Theological Education	\$ 9,000	\$ 9,000	\$ -	\$ -	\$ -	\$ -	
34 Clergy Discretionary Fund	\$ 3,000	\$ 3,000	\$ 3,000	\$ 16,628	\$ -	\$ (16,628)	-100.0%
<u>Diocese and Parish</u>							
36 Diocesan Assessment	\$ 179,783	\$ 176,706	\$ 193,214	\$ 193,214	\$ 172,000	\$ (21,214)	-11.0%
37 Stewardship	\$ 3,500	\$ 3,500	\$ 3,500	\$ 2,745	\$ 2,000	\$ (745)	-27.1%
38 Fellowship	\$ 10,200	\$ 35,500	\$ 12,400	\$ 13,147	\$ 12,400	\$ (747)	-5.7%
39 New Member Development	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,207	\$ 1,000	\$ (207)	-17.2%
40 Special Events Expenses	\$ 1,000	\$ 3,000	\$ 3,000	\$ 4,518	\$ 3,000	\$ (1,518)	-33.6%
41 Worship	\$ 5,100	\$ 5,100	\$ 5,100	\$ 6,465	\$ 5,500	\$ (965)	-14.9%
42 Vestry	\$ -	\$ 2,000	\$ 2,000	\$ 186	\$ 500	\$ 314	168.2%
44 Clergy Expenses	\$ 7,500	\$ 7,500	\$ 7,500	\$ 6,781	\$ 7,500	\$ 719	10.6%
47 Transfer to Other Funds	\$ -	\$ -	\$ -	\$ (324)	\$ -	\$ 324	-100.0%
48 Total Expenses	\$ 1,525,395	\$ 1,624,655	\$ 1,624,459	\$ 1,695,937	\$ 1,724,590	\$ 28,653	1.7%
49							
50 Net Operating Surplus (Deficit)	\$ (37,883)	\$ (28,955)	\$ 8,241	\$ (216,158)	\$ (10,590)	\$ 205,568	-95.1%

This 2025 budget is provided for illustrative purposes. Actual revenue and/or expense amounts are likely to differ from those presented above.