

ST. ANDREW'S EPISCOPAL CHURCH

2025 FINANCIAL REPORT

AND

2026 ANNUAL BUDGET

Treasurer *Joe Hamilton.*

Finance Chair *Sam Burns*

Treasurer's Report

2025 was another positive financial year for St. Andrew's. The General Fund, through which we account for our normal revenue and expenses, performed in line with Budget. Exhibit 1 provides details. When we review results on a consolidated basis including the Endowment, special purpose donations and capital expenditures, our net assets increased by \$1.8 million, largely due to strong investment income (see p. 3 of our audited Financial Statements). We end the year with a solid balance sheet, significant appreciation of the Endowment and strong cash and investment reserves. However, current expenses continue to grow faster than our current revenue, increasing long term strain on the Endowment and reserves. Our General Fund operating deficit of \$ 16,221 reflects this fact.

2025 Revenue

Most revenue categories, including pledges, exceeded Budget and 2024 results. Minor exceptions were a planned decrease in Investment income, primarily interest on cash reserves, and Facility Use, due to an overly optimistic budget increase vs. 2024. Pledge and gift income accounts for 72% of income. We restarted the Endowment draw in 2025; it represents 12.5% of 2025 revenue. Total revenue was 18% over 2024, or 3.3% without the Endowment draw.

2025 Expenses

Expenses for the year exceeded the budget by \$16,221, or 0.9%. Overall expenses were up by 3.9% in line with general inflation. Most expense areas performed close to or under budget. Two of the apparent exceptions appear to be Music and Clergy Discretionary, requiring an explanation. Our accounts are subdivided into discrete Funds. Music and Clergy Discretionary have sources of income from designated donations and specific endowments. Draws from these funds made up for the apparent overspend, as reflected in part in the line "Transfers from Other Funds.". Comparing 2025 to 2024, the overall deficit (Expenses exceeding revenue) is almost identical at \$16.2 thousand in both years if we compare 2024 as if we had taken the planned \$200,000 draw in that year.

The largest expense overrun in 2025 as 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. Net of capitalized expenses, the overrun would have been closer to \$10,000 for Repair and Maintenance. The Vestry is working on a long-term plan for Building and Maintenance and required capital improvements so that we can better plan and manage these costs.

Endowment, Reserves and solvency

The church endowment stands at \$7.7 million in both unrestricted and restricted funds as of the beginning of 2026. It grew at an impressive 13.3% in 2025, net of withdrawals and inflows, and benefitted from the generous, unrestricted bequest of the estate of Pamela Hendrikson in 2025. More details in Exhibit 2,

St. Andrew's starts 2026 with cash reserves equivalent to 5 months of average monthly expenses and total unrestricted funds equivalent to over 4 years of average annual expenses—both healthy measures of financial solvency.

2026 Budget

- In general, the 2026 budget is based on revenue and expense trends of 2025. Exhibit 3 provides comparisons to previous years as well as 2025 Budget and Actual results.
- In general, budgeted revenues reflect patterns from 2025. The Endowment draw will increase based on the growth of these funds and the fact that we will now take a 4.5% draw on all Endowment funds. Facility Use and Rental income are based on 2025 experience.
- The 2026 Budget assumes expenses will increase by 4.7% compared to the 2025 total before transfers to other funds. This increase reflects general inflation and the costs of supporting a growing congregation in an aging infrastructure. Outreach has increased by 10%.
- In 2026, we will continue to focus on a more intentional use of designated funds towards the purposes for which they were donated. Drawing on such funds for Property, Clergy Discretionary and Music will help to offset planned increases in these areas.
- St Andrew's diocesan assessment in 2026 increases by 3.1%. We estimate that approximately 54% of the Diocese budget is expended in Outreach.

I join the Rector, the Vestry and the Parish in acknowledging the tireless work of Joanne Butler, our Finance Administrator, as well as the active involvement of 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 General Fund
Comparative General Fund Performance
2024-2025

	2024 FY Actual	Full Year		
		Actual	Budget	Difference
Revenues				
Pledge Payments (incl gifts)	\$ 1,218,769	\$ 1,248,466	\$ 1,225,000	\$ 23,466
Plate	\$ 48,508	\$ 54,554	\$ 50,000	\$ 4,554
Endowment Income	\$ -	\$ 217,920	\$ 215,000	\$ 2,920
Facility Use	\$ 88,856	\$ 97,970	\$ 112,000	\$ (14,030)
Rental Income	\$ 66,000	\$ 66,000	\$ 68,000	\$ (2,000)
Special Events Income	\$ 32,176	\$ 37,901	\$ 32,000	\$ 5,901
Investment Income	\$ 18,072	\$ 12,901	\$ 12,000	\$ 901
Clergy Discretionary	\$ 7,800	\$ 10,000	\$ -	\$ 10,000
Other Income	\$ (400)	\$ -	\$ -	\$ -
Total Revenues	\$ 1,479,779	\$ 1,745,712	\$ 1,714,000	\$ 31,712
Expenses				
Compensation & benefits	\$ 1,032,269.82	\$ 1,144,317	\$ 1,120,000	\$ (9,717)
Property Insurance & Tax	\$ 49,273.70	\$ 52,506	\$ 55,000	\$ 2,494
Utilities	\$ 59,039.22	\$ 61,349	\$ 60,000	\$ (1,349)
Office Expenses	\$ 40,090.62	\$ 38,620	\$ 37,500	\$ (1,120)
Systems, Software & Support	\$ 40,651.16	\$ 34,548	\$ 37,500	\$ 2,952
Communications	\$ 11,050.20	\$ 10,034	\$ 12,500	\$ 2,466
Repair & Maintenance	\$ 98,570.80	\$ 114,677	\$ 75,000	\$ (39,677)
Music	\$ 17,085.67	\$ 21,222	\$ 9,000	\$ (12,222)
Church School	\$ 12,361.89	\$ 14,454	\$ 11,880	\$ (2,574)
Adult Formation	\$ 7,265.12	\$ 7,654	\$ 10,500	\$ 2,846
Youth Formation	\$ 1,465.26	\$ 3,154	\$ 7,950	\$ 4,796
Fin & Legal Services	\$ 12,022.99	\$ 14,121	\$ 13,860	\$ (261)
Dioc Assessment	\$ 193,214.00	\$ 172,855	\$ 172,000	\$ (855)
Stewardship	\$ 2,744.63	\$ 2,705	\$ 2,000	\$ (705)
Outreach	\$ 70,223.08	\$ 71,723	\$ 70,000	\$ (1,723)
Clergy Discretionary Fund	\$ 16,628.33	\$ 16,578	\$ -	\$ (16,578)
Fellowship	\$ 13,146.81	\$ 11,725	\$ 12,400	\$ 675
New Member Development	\$ 1,207.33	\$ 1,700	\$ 1,000	\$ (700)
Special Events Expenses	\$ 4,518.34	\$ 4,305	\$ 3,000	\$ (1,305)
Worship	\$ 6,465.21	\$ 3,389	\$ 5,500	\$ 2,111
Clergy Expenses	\$ 6,780.63	\$ 5,166	\$ 7,500	\$ 2,334
Vestry	\$ 186.42	\$ 675	\$ 500	\$ (175)
Contingency	\$ -	\$ 316	\$ -	\$ (316)
Transfers from Other Funds	\$ (324.11)	\$ (45,809)	\$ -	\$ 45,809
Total Expenses	\$ 1,695,937	\$ 1,761,933	\$ 1,724,590	\$ (37,343)
Net Operating Deficit	\$ (216,158)	\$ (16,221)	\$ (10,590)	\$ (5,631)

Notes:

1. Transfers to Other Funds are expenses transferred to Agency and Endowment related to specified purposes, i.e. Outreach, Clergy Discretionary, Music, etc.
2. Total Outreach in 2025: \$107, 878 (\$71,722 Gen Fund; \$36,156 Agency Fund)
3. Capitalized Expenses in 2025: \$58,626, paid through Capital Fund
4. 2024 Operating Deficit if planned \$200k Endowment draw had been taken: (\$16,158)

Exhibit 2

St. Andrew's 2025 Endowment Summary

The total endowment grew by 13.3% to \$7.7 million in 2025, another very strong year.

The increase occurred despite resuming our regular draws from the endowment this year, after pausing the draw in 2023 and 2024 to reduce previous cumulative surpluses.

The net endowment increase of \$904K in 2025 came from:

- \$1.1M in investment gains
- \$100,000 of parishioner bequest

Less:

- \$215,000 in scheduled draws
- \$82,000 for property capital expenses, outreach, and rector's discretion

Investment results

The endowment's investment results were strong, and consistent with our policy guidelines.

We continue to use the same three well diversified Vanguard funds listed below, and target an allocation of 65% equities, 35% fixed income.

- Vanguard Balanced Index Fund Admiral Shares (VBIAX)
- Vanguard Lifestrategy Growth (VASGX)
- Vanguard STAR Fund (VGSTX)

All three funds performed in line with their benchmarks, and global markets performed well.

Exposure to international equities, which outperformed US equities substantially for the first time in several years, boosted investment returns significantly this year.

Policy

The Finance Committee plans to maintain the current endowment strategy for investments in 2026, and maintain the same 4.5% annual withdrawal rate, based on trailing 12-quarter portfolio values.

The only changes to endowment plans will be to incorporate draws from the restricted funds (Music, Outreach, Property, Dorian) more explicitly into the operating budget, using the same withdrawal formula as the unrestricted endowment (except for capital expenses drawn from the Property fund).

St Andrews Endowment Positions
December 31, 2025

<u>Account/Fund & Purpose</u>	<u>Balance</u>
Temporarily Restricted Funds	
Vanguard Accounts- Unrestricted Endowment Funds	
General Unrestricted Endowment (UR) ^a \$	6,478,580
Permanently (P) and Long Term Temporarily Restricted Funds (LTR):	
Vanguard Accounts- Designated Endowment Funds	
Outreach (LTR) \$	244,488
Property (LTR) \$	316,189
Music (P) \$	167,551
Dorian (Elders in need)- (P) \$	387,289
Lamerton/Rector Discretionary (P) \$	106,848
	1,222,365
*See notes below for restrictions	
Total Endowment	\$ 7,700,944

*Terms of restriction vary:

Capital campaign, Outreach & Property: Parish/Vestry established.

Vestry discretion re: Principal & Interest for designated purposes

Music- Vestry established. Income for music expenses exceeding annual budget; up to 1/3 of principal for "exceptional circumstances."

Lamerton Fund: income to Rector Discretionary; principal (\$14,456) permanently restricted.

Dorian: income & principal for elderly parishioners

2025 Performance and Benchmarks

Endowment Growth (Net of Draws & Inflows)	16.2%
US Equities (VTI)	17.1%
US Investment Grade Bonds (BND)	7.1%
Foreign Developed Markets Equity (VEA)	35.2%
Short-term Treasuries (Cash/MMF, SHV)	4.2%
60% Equity (VTI) / 40% Bond (BND) Benchmark	13.1%
CPI Increase	2.7%

Exhibit 3

St. Andrew's Episcopal Church

2026 Budget & Comparisons

	2023 <u>Actual</u>	2024 <u>Actual</u>	2025		2026 <u>Budget Proposal</u>	26 Budget to 25 Actual	
			<u>Budget</u>	<u>Actual</u>		<u>Chg \$</u>	<u>Chg %</u>
Revenues							
1 Unrestricted Pledges and Gifts	\$ 1,155,256	\$ 1,218,769	\$ 1,225,000	\$ 1,248,466	\$ 1,300,000	\$ 51,534	
2 Plate Collection	\$ 46,690	\$ 48,508	\$ 50,000	\$ 54,554	\$ 55,000	\$ 446	
3 Endowment Income	\$ -	\$ -	\$ 215,000	\$ 217,920	\$ 258,000	\$ 40,080	
4 Facility Use	\$ 87,430	\$ 88,856	\$ 112,000	\$ 97,970	\$ 102,000	\$ 4,030	
5 Rental Income	\$ 60,500	\$ 66,000	\$ 68,000	\$ 66,000	\$ 68,000	\$ 2,000	
6 Special Events Income	\$ 46,507	\$ 32,176	\$ 32,000	\$ 37,901	\$ 38,000	\$ 99	
7 Clergy Discretionary Income	\$ 12,900	\$ 7,800	\$ -	\$ 12,901	\$ 11,000	\$ (1,901)	
8 Bank Account Interest	\$ 23,639	\$ 18,072	\$ 12,000	\$ 10,000	\$ 12,000	\$ 2,000	
9 Other Income	\$ 244	\$ (400)	\$ -	\$ -	\$ 5,000	\$ 5,000	
10 Total Revenues	\$ 1,433,166	\$ 1,479,779	\$ 1,714,000	\$ 1,745,712	\$ 1,849,000	\$ 103,288	5.9%
Expenses							
11 <u>Compensation and Benefits</u>	\$ 1,006,534	\$ 1,032,270	\$ 1,120,000	\$ 1,129,717	\$ 1,204,972	\$ 75,255	
<u>Office</u>							
12 Office Expenses	\$ 39,411	\$ 40,091	\$ 37,500	\$ 38,620	\$ 40,000	\$ 1,380	
13 Systems, Software, and Support	\$ 31,433	\$ 40,651	\$ 37,500	\$ 34,548	\$ 37,000	\$ 2,452	
14 Financial and Legal Services	\$ 11,710	\$ 12,023	\$ 13,860	\$ 14,121	\$ 14,276	\$ 155	
15 Communications	\$ 8,794	\$ 11,050	\$ 12,500	\$ 10,034	\$ 12,875	\$ 2,841	
<u>Property</u>							
16 Building Repair and Maintenance	\$ 105,251	\$ 98,571	\$ 75,000	\$ 114,677	\$ 115,000	\$ 323	
17 Insurance and Property Tax	\$ 42,217	\$ 49,274	\$ 55,000	\$ 52,506	\$ 56,650	\$ 4,144	
18 Utilities	\$ 51,422	\$ 59,039	\$ 60,000	\$ 61,349	\$ 63,000	\$ 1,651	
19 <u>Music</u>	\$ 14,645	\$ 17,086	\$ 9,000	\$ 21,222	\$ 22,000	\$ 778	
20 <u>Christian Education</u>							
21 Adult Formation	\$ 8,453	\$ 7,265	\$ 10,500	\$ 7,654	\$ 10,500	\$ 2,846	
22 Youth Formation	\$ 1,244	\$ 1,465	\$ 7,950	\$ 3,154	\$ 6,226	\$ 3,072	
23 Church School	\$ 10,786	\$ 12,362	\$ 11,880	\$ 14,454	\$ 11,880	\$ (2,574)	
<u>Outreach</u>							
24 Parish Outreach	\$ 65,506	\$ 70,223	\$ 40,000	\$ 71,723	\$ 77,000	\$ 5,278	
25 Theological Education	\$ (150)	\$ -	\$ 30,000	\$ (50)	\$ -	\$ 50	
25 Clergy Discretionary	\$ 15,029	\$ 16,628	\$ -	\$ 16,578	\$ 11,000	\$ (5,578)	
<u>Diocese and Parish</u>							
26 Diocesan Assessment	\$ 176,706	\$ 193,214	\$ 172,000	\$ 172,855	\$ 178,294	\$ 5,439	
27 Stewardship	\$ 1,885	\$ 2,745	\$ 2,000	\$ 2,705	\$ 3,000	\$ 295	
28 Fellowship	\$ 13,008	\$ 13,147	\$ 12,400	\$ 11,725	\$ 11,200	\$ (525)	
29 New Member Development	\$ 878	\$ 1,207	\$ 1,000	\$ 1,700	\$ 1,400	\$ (300)	
30 Special Events Expenses	\$ 38,160	\$ 4,518	\$ 3,000	\$ 4,305	\$ 3,150	\$ (1,155)	
31 Worship	\$ 4,478	\$ 6,465	\$ 5,500	\$ 3,389	\$ 5,000	\$ 1,611	
32 Vestry	\$ 124	\$ 186	\$ 500	\$ 675	\$ 500	\$ (175)	
33 Clergy Expenses	\$ 9,185	\$ 6,781	\$ 7,500	\$ 5,166	\$ 6,000	\$ 834	
34 Contingency				\$ 316	\$ -	\$ (316)	
35 Transfer from Other Funds	\$ (68,082)	\$ (324)	\$ -	\$ (45,809)	\$ -	\$ 45,809	
36 Total Expenses	\$ 1,588,627	\$ 1,695,937	\$ 1,724,590	\$ 1,761,933	\$ 1,890,923	\$ 83,182	7.3%
37 Net Operating Surplus (Deficit)	\$ (155,461)	\$ (216,158)	\$ (10,590)	\$ (16,221)	\$ (41,923)		

This 2026 budget is provided for illustrative purposes. Actual revenue and/or expense amounts are likely to differ from those presented above.