

# **St John's Episcopal Church**

## **Financial Picture**

**Annual meeting**

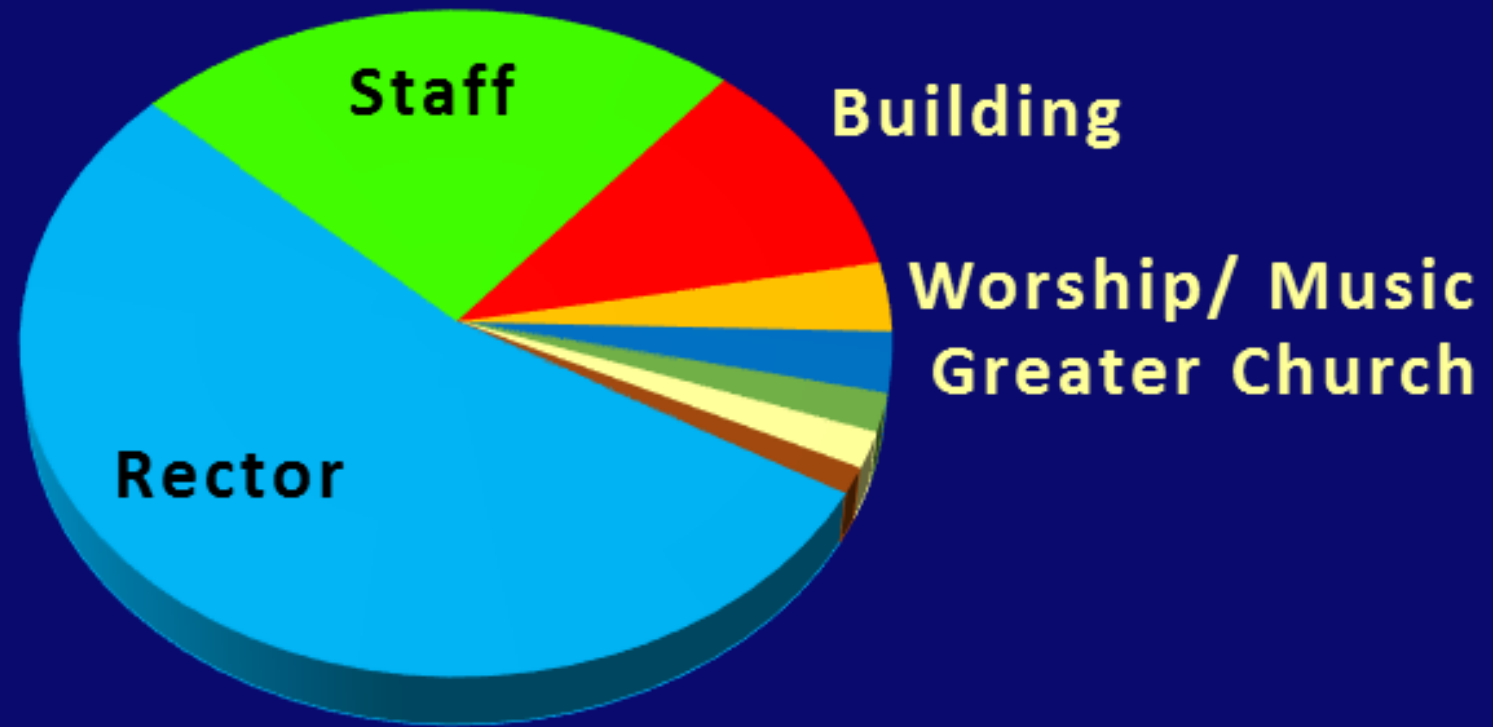
**January 27, 2019**

# **Current State of Finances**

- **2018 Expenses- Personnel was 77% of the \$184 thousand**
- **2/3rds of the personnel costs are for the Rector**
- **Building/overhead is half of the remainder.**
- **This includes both designated funds and non-designated funds**

# 2018 Actual Expenses

\$184 thousand



■ Rector

■ Building

■ Greater Church Participation

■ Outreach

■ Staff Payroll and Related

■ Worship Music & Other

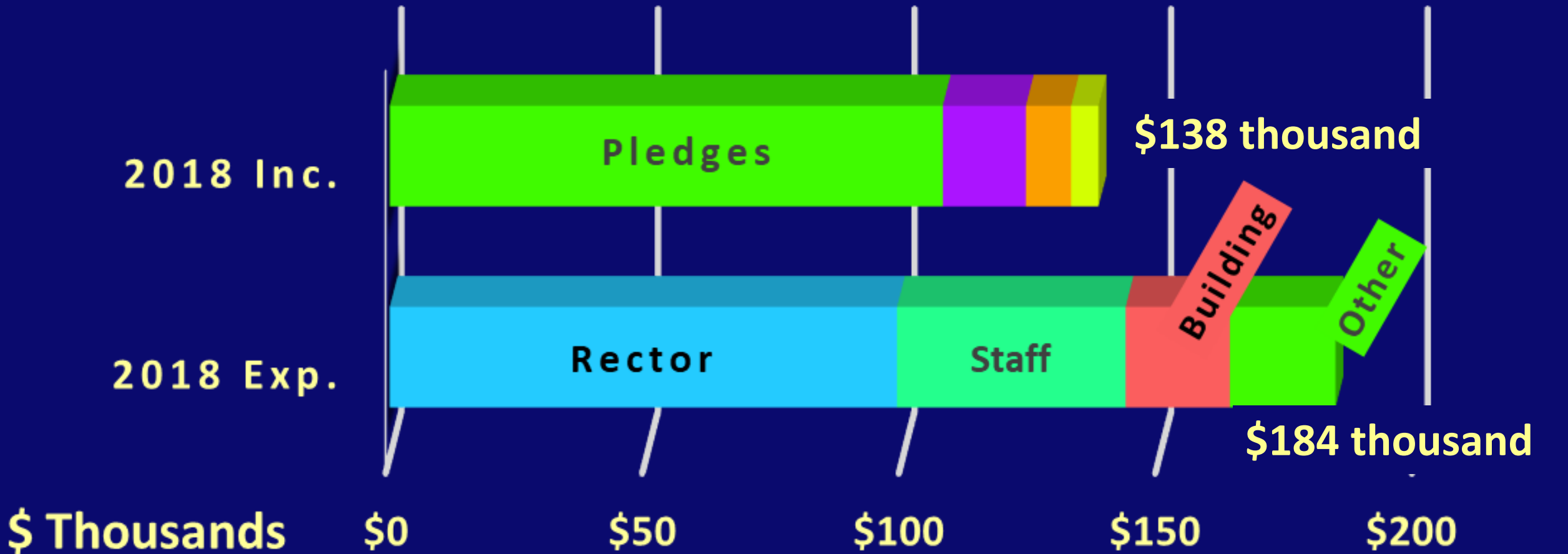
■ Office and Other

■ Christian Ed & Shrinemont

# **2018 Income and Expenses**

- Income - \$138 thousand – \$124 thousand contributions Other income \$14 thousand.**
- Pledgers made up \$108 thousand of the contributions.**
- 2018 expenses \$46 thousand (30%) more than the income**
- Personnel costs exceeded income.**

# St. John's Income & Expenses for 2018



■ Pledges

■ Contrib. Other

■ Other Income

■ Investments

■ Rector

■ Staff

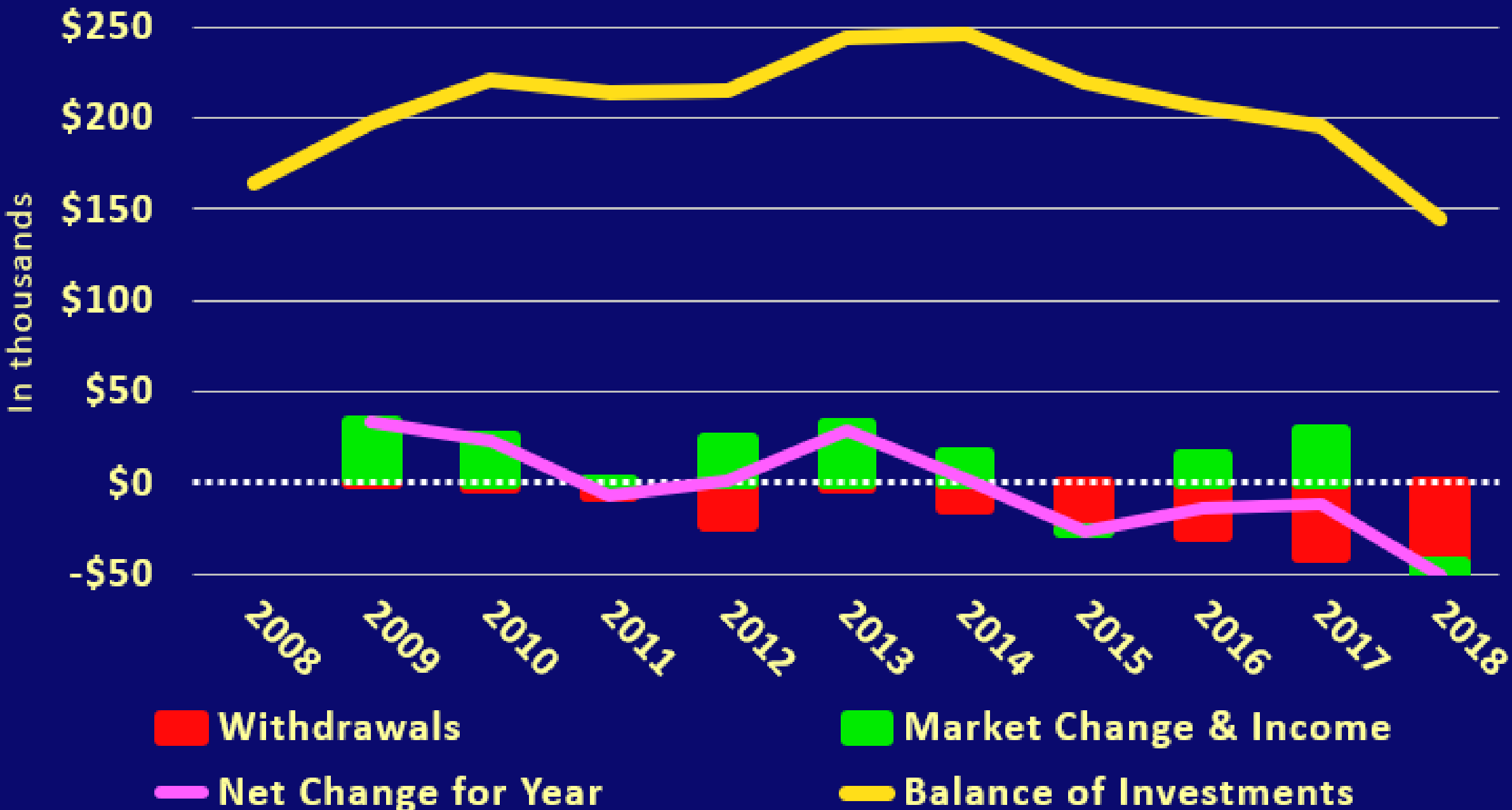
■ Building

■ Other

# **How Were the Deficits Funded?**

- Deficits are covered by withdrawal from investments**
- Have had deficits for over 8 years and size has been growing**
- Investment income and market value increases had covered the annual withdrawals until 2014.**

# St. John's Investment Gains and Usage



# Impact of Deficits

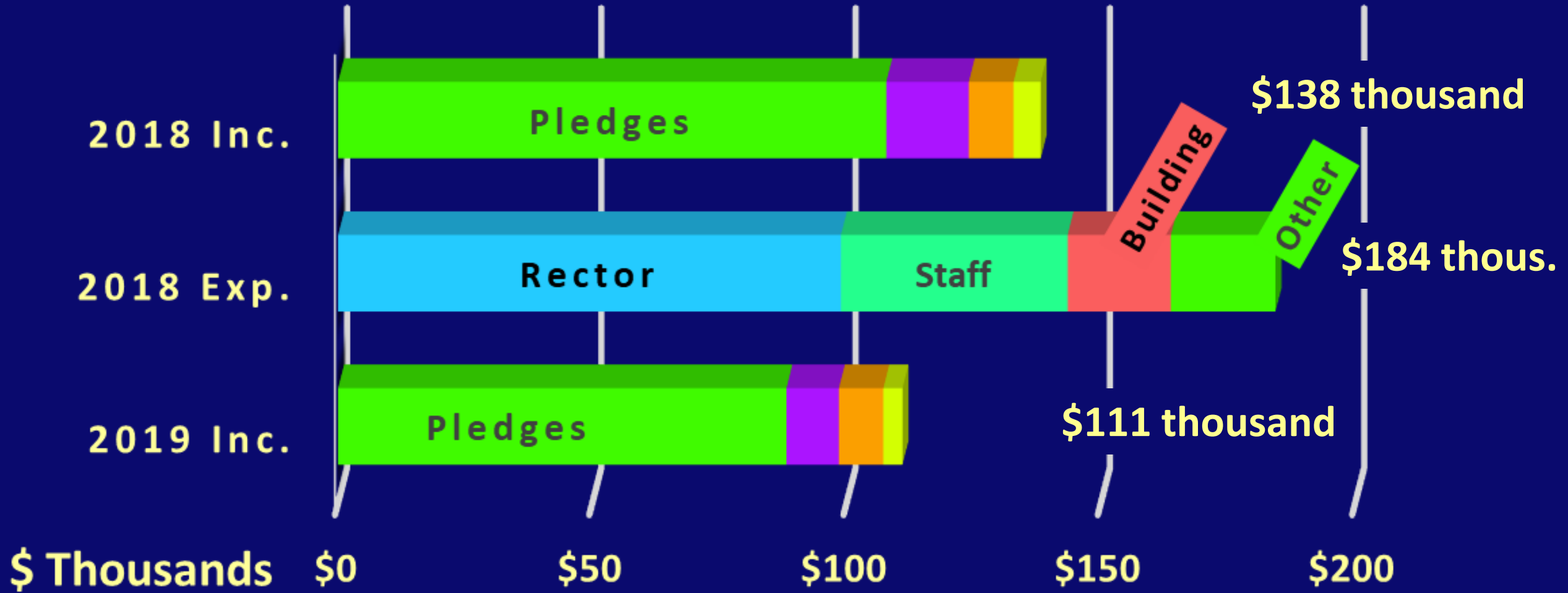
- **Since 2015 the income and gains from the market have slowed and withdrawals increased**
- **Result - a significant decrease in the value continuing at an accelerating rate.**
- **Significant action needs to be taken starting in 2019!**



# **Income Projections for 2019**

- Projected total income is \$111 thousand, \$27 thousand less than the 2018 income of \$138 thousand**
- The pledge amount is \$88 thousand, down \$20 thousand from \$108 thousand received in 2018.**

# St. John's Income & Expenses for 2018 & 2019 Income



- Pledges
- Contrib. Other
- Other Income
- Investments
- Rector
- Staff
- Building
- Other

# Actions Planned for 2019

- Given the need to get the continuing substantial depletions of investments under control, it is **critical** for St. John's to undertake significant steps beginning in 2019.

# **Increasing Other Income**

- **Rector and Vestry are working to locate other groups to use the church on a regular basis**
- **This is not included in the budget; it would offset a portion of the budget deficits.**
- **Increased contributions would also help.**

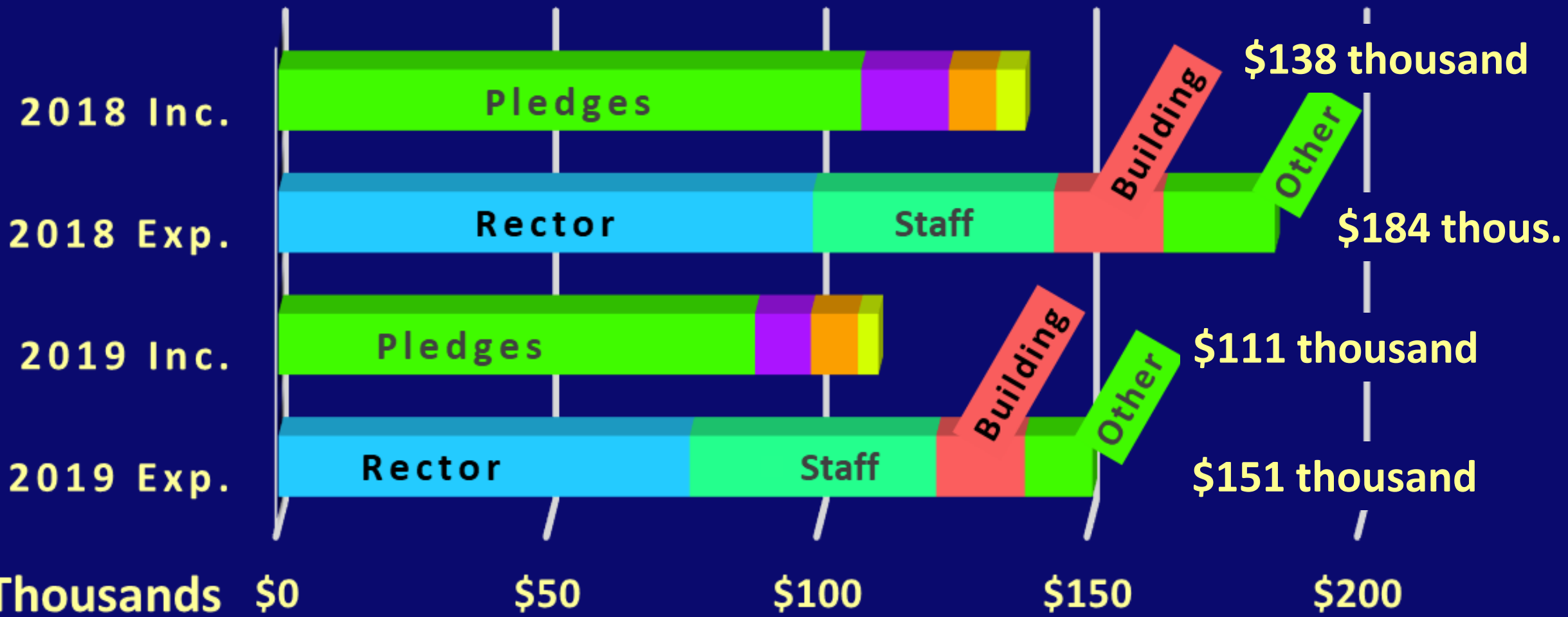
# **Reducing Expenses**

- **The Vestry considered several options submitted by the Finance Committee and included several in the 2019 Budget:**
- **Reducing advertising in community newsletters.**
- **Reducing the Family Programs Minister from 5 to 2.5 hours**

# **Reduction in Payroll Costs**

- As noted earlier payroll is by far the biggest cost.**
- The 2018 payroll cost is \$43 thousand (39%) more than the projected 2019 income.**

# St. John's Income & Expenses for 2018 & 2019



- Pledges
- Contrib. Other
- Other Income
- Investments
- Rector
- Staff
- Building
- Other

# Reduction for Rector

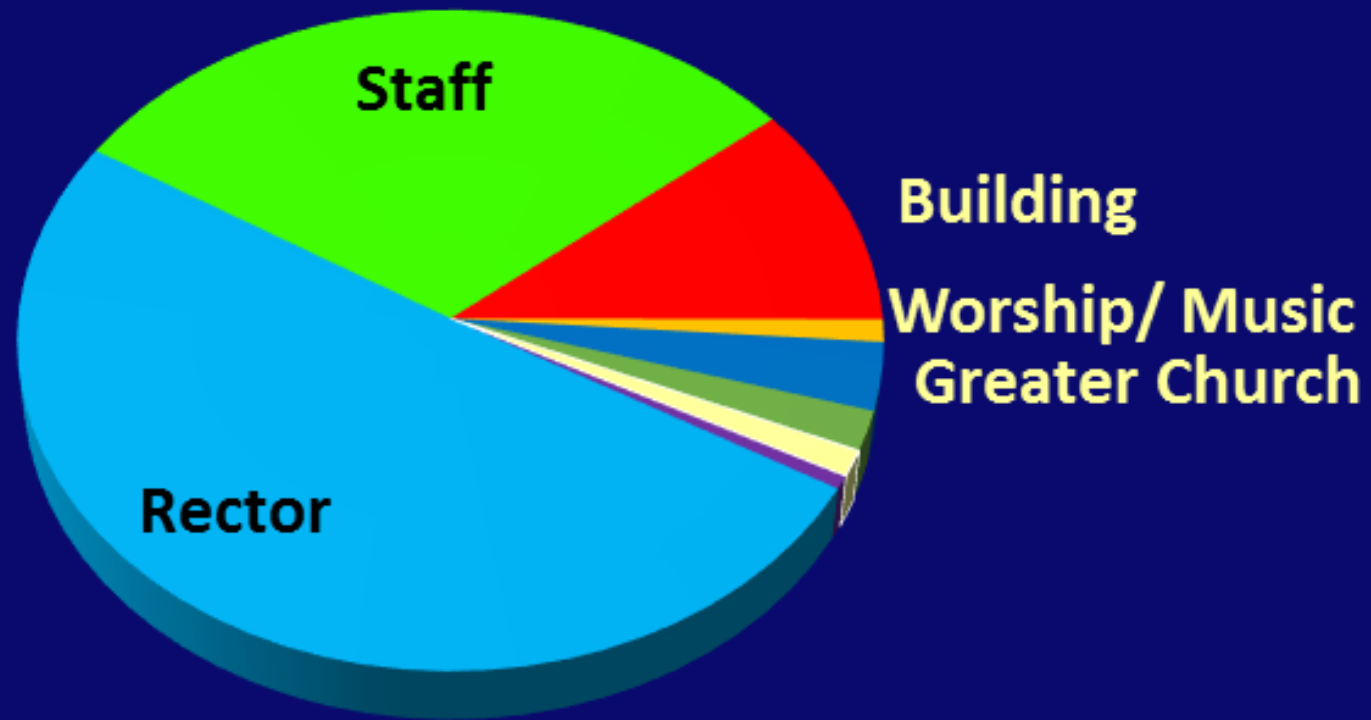
- **After considerable discussion over two months within the Vestry and with the Rector, the 2019 Budget approved by the Vestry includes a reduction of the Rector's compensation by 25%, a reduction of \$22.8 thousand.**



- **This is a difficult and painful decision for everyone.**
- **The Rector is in full agreement with the need for a payroll reduction for the financial sustainability of St. John's.**
- **This will reduce the availability of the Rector during the week.**

# 2019 Budget Expenses

\$151 thousand



■ Rector

■ Building

■ Greater Church Participation

■ Outreach

■ Staff Payroll and Related

■ Worship Music & Other

■ Office and Other

■ Christian Ed & Shrinemont

# Finances End of 2019

- **Even with the painful reductions included in the 2019 budget, there is a \$40 thousand deficit is projected.**
- **At the end of 2019, the balance of funds is projected to be \$115 thousand, of which only \$29 thousand is non-designated, i.e. can be used for any purpose.**

# **Other Assets Available**

- **St. John's owns two tracts of property**
- **Parking area - two lots.**
- **Church building and the area extending to 4<sup>th</sup> St. S. - four lots.**
- **If things become critical in the future, the parking lot could be sold.**

- **An estimate of the revenue from sale to St. John's is between \$550 and \$800 thousand.**
- **This is a future decision.**
- **It would not correct the ongoing deficits, but would delay consequences of deficit spending for a number of years.**

- **During the early 1970's St. John's was also facing a difficult funding period.**
- **In 1976, St. John's sold its rectory.**

**We are taking significant  
action now to sustain our  
future mission and ministry.**