

Christ Church's Finances

Where Our Money Comes From

It's important that every parishioner understand where our money comes from, where it goes, how we invest our financial assets and the financial challenges we face.

Revenue Sources

Christ Church only a few main sources of income, which are shown in the chart. A few notes about each revenue source:

			2018
			Annual
			Budget
INCOME			
	Pledge Income		\$ 371,985
	Plate		40,500
	Fundraising		5,500
	Rental Contribution		90,372
	Income-Subtotal		508,357
	Endowment Contrib.-Planned		154,373
	Other		1,850
	TOTAL INCOME		\$ 664,580

Pledges. Pledging, of course, is the outcome of our congregation's prayerful consideration of how God has blessed us and how we'll give back to God through our church. Pledge income at Christ Church hit a high in 2007 of \$422,000. Pledge income dropped in 2008 (\$396,000) and even further in 2009 (\$337,000). Pledges started to come back in the following years and in fact increased this year to \$393,000, above what was originally budgeted. However, pledge income still only covers about 60% of our budget. A later part of this series will look at pledges in depth.

Plate & Contributions. A small number of parishioners choose to contribute to the church through the offertory plate on Sundays and by making occasional contributions. This is the smallest revenue source, budgeted at \$40,000 for 2018. The vestry encourages everyone who contributes to the plate to prayerfully consider making a pledge, both to express their thanks to God and to help the parish budget more accurately.

Rental. Income from rental of church building space has grown significantly, thanks to outreach to potential tenants and effective management by the parish staff. Rental income was projected

to be about \$90,000 in 2018. We do note that this amount will likely decrease next year as a tenant(Freedom Church) has elected to no longer lease space from us.

Endowment. Christ Church has been blessed by the generosity of parishioners who have contributed beyond their pledges to help us build an endowment. Many of the gifts that make up our endowment were given decades ago, although we do continue to receive contributions. The endowment is managed by the parish investment committee, which reports to the vestry and invests and operates according to vestry policies. The vestry tries to minimize the amount we draw from the endowment to cover operating expenses. This year, we'll draw about \$154,000 from the endowment at approximately 5 % of the balance. That rate is in excess of what would be required to meet the long term goal of keeping the endowment in perpetuity to support future generations of our church. A future letter will include a discussion about our endowment.

Our Parish Financial Health

By some indicators, our financial picture is positive:

- Pledge income is growing after taking a big hit during the recent national financial crisis
- Rental income is up but there's room for more growth
- We're using less from the endowment for operating expenses and trying to stay within the draw-down policy of the vestry

However, we still face some big financial challenges:

- Income that we as a congregation control - through giving and through good management of our building space - still only covers about 75% of our operating expenses. It's been a long-standing goal of the vestry to have pledges, plate and rental income meet all of our operating expenses.
- In fact, these three income sources (pledge, plate, rental) barely cover our non-discretionary expenses (salaries & benefits, utilities, insurance, buildings & grounds, diocesan assessment). We rely on endowment income to pay for music, outreach, fellowship, education and pastoral care.
- Overall, we have established a reasonable relationship between revenue and expenses that is on the basis of only one clergy position (Fr. Matt). We will need to increase revenues to pay for Canon Harriss who is currently funded by a grant from the diocese. This grant runs out in 2019. The Vestry took the prayerful decision to engage her on the basis that our pledging would increase to cover this badly needed position.

How We Spend Our Money

It's important that every parishioner understand where our money goes. The chart below summarizes the general spending of the parish.

EXPENSE	
Personnel	
Personnel Expenses	312,790
Diocesan Assessment	
Diocesan Assessment	77,370
Worship	
Worship	1,825
Music	26,510
Childcare	2,600
Total Worship	30,935
Service	
Christian Education	1,600
Budgeted Clergy Discretionary	1,000
Evangelism	250
Conventions & Seminars	1,900
Outreach	6,500
Total Service	11,250
Community	
Fellowship	4,235
Foundation	
Office Expense	35,452
Professional Services	12,140
Insurance	31,950
Utilities	57,910
Maintenance & Repairs	70,975
Grounds	18,768
Snow Plowing	4,500
Total Foundation	231,695
Total Expense	668,275

We have few truly discretionary expenses. Most of our spending goes towards paying our basic bills, that keep the lights and heat on, the buildings standing, and the clergy and staff paid. Our discretionary categories are a relatively small part of our budget and many of us probably would argue that some of these “discretionary” programs and activities are, in fact, essential to our parish mission and identity: music, evangelism, outreach, education, fellowship.

Spending in the parish was cut as much as possible following the financial crash in 2008/09. The largest adjustment was the elimination of the Assistant Rector position. The arrival of Canon Susan Harriss presents us with the challenge of funding this position and restoring us to where we were before the crash.

The Diocesan Assessment is a major expense. One of the least understood parish expenses is our annual diocesan assessment. From the earliest days of the Church it became clear that local churches were not meant to be 'stand-alone' entities, but rather branches of the Universal Church, and part of a geographic region under the authority of a Bishop. Parishes were called together in a Diocese to do things they could not do separately, such as ordaining priests and deacons, deploying clergy, working together in witness and outreach, and joining in the affairs of the larger Church. It is much the same today. Christ Church is part of a larger whole, and our assessment to the Diocese is a tangible aspect of that relationship.

The diocesan assessment is a progressive 'tax' levied on each parish by means of a set formula, based on income. The diocese budget and assessment amounts are voted on annually by the Diocesan Convention, to which Christ Church sends lay and clerical delegates. Christ Church's assessment is among the larger ones in the Diocese.

The largest Diocesan budget lines (1/4 of the entire Diocesan budget) support various congregations in strategic settings which ensures a clergy presence in poor and struggling parishes. There are also specific lines for campus ministry, property support (grants for parish capital projects), youth ministry, clergy deployment, and numerous outreach programs and grants. The budget supports the personnel of the Diocese, and certain amounts are sent to the national Episcopal Church for the work of the Anglican Communion.

A mailing next week will highlight the Challenge of maintaining our building and grounds as well as how we handle our endowment. A third and final mailing will include a discussion of how we give.

*The reward of humility and the fear of the Lord are riches, honor and life.
Proverbs 22:4*