

2019 St. Philip's Budget and an Overview of the Financial Health of the Parish

As we complete our very busy year, the Vestry is looking forward to our upcoming year. We have a solid plan for 2019 with three main efforts:

- **Complete the work on the building proposed in 2018**
- **Improve our support for children by hiring a Christian Formation Coordinator**
- **Create a safe space for children at our facility by improving the outside areas**

We are very fortunate to have kept the 2018 spending on the building to within budget under the stewardship of our Junior Warden, Clive Ellis. We still have money in our Building Fund to support the completion of the Joiner Library, new storage space, create a new office space plus repair drainage and our parking lot.

The 2019 budget to support the hiring a Christian Formation Coordinator comes from previously set aside funds for youth development and will have little impact on the budget in 2019. However, the church will need to grow to support the Christian Formation Coordinator in the years 2020 and beyond.

We have a beautiful outside garden area, and as we finish the inside of the building, we want to create a safe space for families and a place where everyone can come enjoy the serenity of the redwoods. The 2019 budget has very little direct funds to support creating a safe space for children at our facility by improving the outside areas; this effort will be accomplished by the parish's gifts of time and talents.

The expenses in the 2019 budget are increasing dramatically due to overall cost increasing in the areas of salaries, utilities and cleaning expenses. We benefitted from a number of special gifts in 2018 that we are not projecting to receive in 2019; thus, we need to increase our pledge income by almost \$14,000 to be able to pass a balanced budget. St. Philip's is not in a position to pass a deficit budget due to our low levels of operating reserves.

The status of our operating reserves was reviewed with the Vestry earlier this year. Operating reserves are funds that the church keeps to deal with fluctuations either income or expenses. Healthy operating reserves are four to six months of expenses, and typical expenses for 2019 at St. Philip's are projected to be approximately \$16,000 per month. Our current operating reserves are only \$42,513 as of September 2018.

Another component of our church's financial health is appropriately funded Sinking Funds. Sinking Funds are funds for a known future expense, for example the Building Fund, the Rector Sabbatical Fund and the Rector Search Fund. Unfortunately, we are draining our building fund down with repairs to the church, and we have no money set aside for a Rector Search Fund. One of the reasons we had to borrow money for the repair of the church is the parish did not set aside \$6000 a year into the building

fund; if we had set aside money into a Building Fund, we might have repaired the building's roof earlier and prevented some of the interior damage to the building. At this time, the 2019 budget does not include a transfer of income into the Building Fund.

The overall financial health can be visualized with a simple needle graphic with three regions: healthy, caution and danger. A healthy parish would have sufficient operating reserve and appropriately funded Sinking Funds. We are in the caution zone, well below what a healthy parish should have.



We need to move the needle to the right; thus, we need your time, talents and **treasure** in 2019. Bill Dolby said it best during a recent Sunday sermon; we need the parishioners at St. Philip's to give their first fruits to God, and we hope you will prayerfully consider increasing your pledge to St. Philip's in 2019.

Faithfully yours,

Pastor Mary Blessing and the 2019 Stewardship Team: Gregory Kintz, Anne Austin, Jon Neff, Clive Ellis