



ST. ALBAN'S CHURCH

St. Alban's Episcopal Church

Annual Report

(for the period June 4, 2017, to January 28, 2018)

January 28, 2018

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A parish of the Episcopal Church USA in the Diocese of Washington

STATE OF THE PARISH

REPORT OF THE PRIEST-IN-CHARGE TO THE ANNUAL MEETING OF ST. ALBAN'S CHURCH, WASHINGTON, DC

The Fourth Sunday after Epiphany
January 28, 2018

Over the past eleven months, we have seen something of a new day after a period of conflict. The metrics of average Sunday attendance and numbers of households making a pledge (264 so far for 2018) are returning to pre-2015 levels. We have done as much as we can to clean up our data base, with the result that our parochial report will reflect that we are a parish of 1,316 baptized members (including children), 450 of whom are Confirmed members (either by being Confirmed or Received into the Episcopal Church from St. Alban's, or by letter of transfer from another parish). Every one of these people has let us know, in one way or another, that they would like to continue to be associated with this parish. Based on pledges and attendance, however, I believe that our active parish is closer to 900 people. Our annual appeal saw a remarkable 20% increase in pledged dollars, an expression not only of the great generosity of the people of St. Alban's, but also a sign of growing confidence that what is happening here is showing marks of the Holy Spirit at work.

In the year past, we have stabilized, at least on a temporary basis, the San Albano ministry, our music ministry and our youth ministry – all of which were pressing concerns when I arrived last March. In addition, we have clarified the relationship between God's Work in the World and WSA, to the benefit of all. We have begun a more cooperative season with our neighbors on the Close, and especially the Cathedral, with the immediate effect that most of our formation classes for children and youth have one or more members of the Cathedral congregation participating. As we look forward, we have passed a budget that allows us to seek someone who can begin the work of building a music program for children. My hope is that we start with choral opportunities for children in primary grades and expand from there. We have also included additional administrative help, which will allow Charles Porter to be freed from the telephones and other desk-based work and allow him to meet contractors and others to begin working through a list of deferred maintenance items under the watchful eye of our new Junior Warden and the Buildings and Grounds Committee. We have set aside what I believe will be sufficient funds to cover this work. That, in conjunction with a soon-to-be completed space use assessment, will allow us to start being imaginative about, first, the task of "de-cluttering" our communal spaces and rationalizing our storage needs, and then imagining the highest and best use of our buildings and what kind of configuration will best serve our missionary purposes for the next generation or so.

All of this will, of course, require not only the renewal that is underway but also a sense of renewed vision and purpose. These are not things that can be plucked off a shelf from a number of options, but have to emerge from conversations over time. In the immediate future, however, we have planned a Vestry retreat to focus on our origin stories, our hopes, and, specifically, on what leadership development might mean and look like. A key part of leadership development is personal development, which I hope can become a standard expectation of just about any programmatic offering we might see in coming years. Our first conscious effort in this regard will be to think of our pilgrimages and mission trips as "transformational journeys" in which we pay particular attention beforehand to the challenges we invite by participating, and reflect on them afterwards. In addition, I

hope that we can start a leadership roundtable dinner and discussion group which will have a component of educating and thinking about what is involved in leading a relatively complex faith community, thus expanding the talent pool from which we can draw leadership.

Two additional challenges will need our attention before long. I know that I am serving as a “stopgap” youth minister, and that our youth will be better served if we can find a way to staff this work with an appropriate person. We have received a most generous gift, to be used at my discretion, which I hope we can use in a strategic way without over-burdening our budget in advance. Even though she is rotating off the Vestry, I am delighted that Kristie Hassett has agreed to help me pull together a small group to think this through and come up with some specific plans and a time line to go with them! The second challenge is how to continue to build and strengthen our adult music program. I am in conversation with Justin Boyer about what that will take – and we both know that it is not only a financial challenge.

What we have accomplished and what we will yet accomplish would not be possible without superior leadership. I am profoundly indebted to our Senior Warden, Laura Ingersoll, for her unwearied work on so many fronts. She has agreed to lead the work of revising our Bylaws in the coming year. This was graciously put on hold by Ken Patterson and his Governance Committee at my request last year. My goal is to simplify them as much as possible, and to consider such things as electing our Junior Warden from among the Vestry. Our current system requires two candidates. This year, we have two superb candidates, but one of them will not be invited into any formal leadership role this year as a result of not being elected. How is that a good idea? There are many other opportunities for improvement, and a full discussion is in order. Laura has been joined by retiring Junior Warden Rich Turner, the aforementioned Ken Patterson, and Treasure-for-Life Hollis McLoughlin, in meeting with me at 7 a.m. on most Wednesday mornings, serving as an Executive Committee and, really, a council of advice for me.

As I have said, Rich Turner and Ken Patterson are coming to the end of their respective terms, as are Ivan Fermin, Lucy Fraser (who was fulfilling an unfinished term and now is standing for election to a full term) and Kristie Hassett. Heather Sondel is concluding her appointment as Vestry secretary (and standing for election as Diocesan Delegate). Eliot Edgar has also come to the end of her service as a Diocesan Delegate, and Lindsay West is concluding her service as Delegate. I have a small token of appreciation for each of these servants; it is a book plate commemorating your service, and a gift card in hopes you will acquire an appropriate book in which to place the plate! Would you please stand so that we can honor and thank you?

Finally, let me say what a fine staff I have been blessed to inherit. They have come through this time of transition with good grace and considerable ability, each of them being flexible about what needs to be done around here, and willing to roll up their sleeves to serve this community. Will you join me in thanking Jim, Emily, Debbie Doug, Charles, Jo, Arrien, David, Armando and Virginia?

And so ends this brief summary of the state of our parish in this corner of God’s creation, in January in the year of our Lord Two Thousand and Eighteen.

Respectfully submitted,

The Rev’d Geoffrey M. St. J. Hoare
Priest-in-Charge

WARDENS' ANNUAL REPORT FOR THE 2017 TERM

**Laura Ingersoll, Senior Warden (2016-2018)
Rich Turner, Junior Warden (2015-2017)**

This abbreviated Vestry term has been filled with joyful energy, growth, and plans for building on our commitments to our youth, our music program, and other parish priorities. As your Senior and Junior Warden, it has been our profound honor to work with our gifted clergy and staff, and our dedicated lay leaders, to help move our community toward into what promises to be a vibrant, Christ-fueled journey into mission and ministry to build up God's kingdom in the world. What follows are a few highlights from this past year, and a forward look into 2018 and beyond.

Clergy Leadership

The Rev'd Geoffrey Hoare joined us as Priest-in-Charge on March 1, 2017, under a three-year contract that calls for a mutual discernment – no later than the halfway point, September 2018 – as to whether to call him to serve as our Rector. This process involves three parties: the Vestry, Geoffrey, and our Bishop, Mariann Budde, with whom the Vestry met in October to discuss the matter. Beyond that broad outline, however, there is no established “process” for this. It will be a first task of the new Vestry to determine how best to undertake an appropriate discernment and reach a decision on behalf of the parish.

That said, we Wardens believe there is broad and enthusiastic consensus within the parish that supports extending a call to Geoffrey. For nearly a year, our community has witnessed, and benefitted from, his extraordinary gifts of vision and experience, solid executive ability, management and fiscal savvy, inspired leadership of our staff, pastoral care, preaching and teaching, deep faithfulness, energy, and great good humor. We invite parishioners to let the new Vestry know of their views, as we discern the prospects for his Rectorship.

Governance

Shortly after our last Annual Meeting, in June 2017, the Vestry began to consider a proposal from the Executive Committee¹ to move our Vestry terms of office from a July-June basis to the calendar year. This would bring our Vestry term in line with our fiscal/budget year, enabling each Vestry to accumulate a full year of experience before enacting an annual budget. It would also allow a new Vestry to assess the parish program year (September-June) before participating with the clergy and staff in planning the next program year. In addition, having a new Vestry form in January would avoid the longstanding problem of losing people – and momentum – to summer vacations. Finally, holding our Annual Meeting in January would enable participation by parishioners whose June family and travel plans regularly make them unavailable. After soliciting views of the community, and holding an informal “listening session,” the Vestry enthusiastically approved the change, setting the day of the Annual Meeting and parish elections on the Fourth Sunday after

¹ The current Executive Committee consists of the Rector and Wardens (permanent members), the Treasurer, and the Chair of the Governance Committee.

Epiphany, beginning on January 28, 2018.² Henceforward, we'll refer to each Vestry term by its year of election.

Along with Geoffrey, the Governance Committee, Executive Committee, and Vestry have identified a number of provisions in the current Bylaws that need to be corrected, clarified, or revised, and we anticipate working on this during the 2018 term.

Financial Planning

The strong state of our parish finances – both structurally and in terms of income – is reported elsewhere by our Treasurer, Hollis McLoughlin. He, together with Geoffrey and our skilled Director of Finance, Doug Dykstra, with support of the Finance Committee, have made significant improvements to the way in which parish finances are tracked and reported, making it easier for the Vestry to execute its financial oversight duties.

Most importantly, when the Vestry and staff's careful stewardship of our financial resources, on the expense side, are combined with the parish community's increased pledge commitments for 2018, we find ourselves able to work toward restored and expanded programs for worship, mission and ministry, spiritual formation, and evangelism – especially for the benefit of our children and youth.

Property and Grounds

A list of non-major long-deferred maintenance projects has been developed, and to ensure these are done soon, we designated funds in the 2018 budget. Completion of the church organ repair and refurbishment was delayed when it was discovered that there was substantial water damage from past roof leaks, but the work is now almost done.

A generous parishioner anonymously provided a grant to refurbish the rather shabby Satterlee Hall library – our most heavily-used meeting room – in honor of the Stephen Ministry. It now gleams with renovated furniture and new lighting, paint, carpeting, and window treatment. The very fine portrait of Bishop Satterlee has undergone cleaning and conservation, and some of our historic artwork has been finely re-framed and hung. The beautiful and comfortable room is now the St. Stephen Library.

We hope that the library project will inspire the community to envision supporting a future program to do badly-needed refurbishment of other spaces in Satterlee Hall. Our three buildings are used heavily by parish and outside groups, but not necessarily in the most efficient or effective way. The comprehensive space-use assessment, still underway, will be integrated with our evolving program plans to ensure that we make the best possible use of our facilities.

Meanwhile, the talented St. Alban's Garden Guild, under Lucy Fraser's visionary leadership and with support from the Cathedral's horticulture/grounds staff (and plantings contributed by the parish youth!), continue to beautify our grounds with landscaping, plantings, and good maintenance. We've

² This is not inconsistent with the current Bylaws, which provide that the Annual Meeting and Elections occur “on a date set by the Rector and the Vestry” – although elsewhere in the Bylaws it is presumed this will be in June (for example, the provision setting appointment of a nominating committee in January). Because in 2018 we are proceeding prior to that presumed timetable, we are acting within the Bylaws.

also improved our outside signage, and are making increasingly creative use of external communications – using a variety of social media in addition to our website – to broadcast widely our message of hospitality and radical inclusion.

Thanksgivings

The second half of 2017 has been a period of some transition, and much revitalization. We are deeply grateful to Geoffrey Hoare for leading us during this important phase in our parish life. We also express profound appreciation for, and gratitude to, our extraordinary clergy staff – Associate Rectors Jim Quigley, Emily Griffin, and Debbie Kirk – for living out their ministry among and with us. Our talented Director of Music and organ-master, Justin Boyer, enriches our corporate worship and nurtures the music ministry of our choristers. We also commend the enormous talent, kindness, and patience of our Parish Administrator, Charles Porter, without whom we simply could not operate. To our Director of Finance, Doug Dykstra, we attribute the sound state of our parish financial system and a consistent adherence to fiscal transparency and accountability. Our skilled part-time Program Assistant, Arrien Davison, has been invaluable in “cleaning up” our parish membership records and providing administrative support for our Youth Program. Our gifted volunteer Lay Pastoral Care Coordinator, Jo Turner, is at the core of one of our most important parish projects: ministering to one another in times of need. David Johnson, our Volunteer Coordinator, continues to be indispensable to so many parish programs. We extend special thanks to parishioners Barbara Morrison, Irene Schaffner, and Bob Witten, for providing support to the parish office reception desk. Last, but by no means least, we are thankful for the faithful service of our Sexton, Armando Pineda, and his wife Virginia, who help clean, maintain, and keep secure our physical facilities.

Our thanks-giving extends especially to Laura Ferrara, manager of the St. Alban’s Opportunity Shop, whose leadership ministry to the “Op Shop” customers, volunteers, and donors has enabled this major parish program to provide hundreds of thousands of dollars in outreach funding to those in need in our wider community.

The multitude of individual parishioners who are the lifeblood of our faith-community is too great to enumerate. You – and we all – know who you are, and we are grateful to you each. You are the heart of St. Alban’s, and we are inspired by your living witness to God’s kingdom on earth.

Respectfully submitted,

Laura Ingersoll, Senior Warden
Rich Turner, Junior Warden

TREASURER'S REPORT FOR THE 2017 TERM

Hollis S. McLoughlin, Treasurer

St. Alban's had a good financial year in 2017 and enters 2018 in an increasingly strong financial position. A combination of increased pledge income, effective expense control, generous bequests and excellent returns in the Endowment all contributed to the positive results in 2017. This foundation, along with a 2018 pledge campaign which has raised over \$1.2 million – more than \$200,000 above last year's campaign – allowed the Vestry to pass a 2018 balanced budget which supports the many ministries of the Parish.

St. Alban's has three key financial accounts. The first is the annual operating budget. The second is the Reserve Fund, which is used for capital expenditures above \$5,000 as well as to manage cash flow. The third is the Endowment Fund, from which a draw is taken annually to support the operating budget. The Endowment draw currently is based upon the Vestry resolution which calls for 5% of the three-year rolling average to be drawn each year. One of the issues the Finance Committee will be discussing this year is a path to reduce the percentage of the endowment draw.

With the change of the annual meeting to January, it is much easier to report to the Parish because we can discuss the full year just ended as well as outline the key elements of the just approved budget for the coming year. The 2017 financial review is as follows:

2017 Year End Results (see attached Exhibit A)

St. Alban's fiscal year is on a calendar year basis. Early in 2017, the Vestry approved a balanced budget of \$1.727 million in Parish Income and a corresponding amount in expenses. Through December, the 2017 pledge campaign realized just over \$57,000 more than the \$1 million that had been budgeted, and Collections (mainly weekly plate support) were \$113,900 or \$36,500 over budget. This – coupled with total expenses of \$1.619 million, or 6.3% below budget – created a year-end positive income/expense variance of \$218,582, and left those funds available for other uses which will be discussed later in this report.

Other major expense items were: \$788,987 for personnel; \$374,570 for outreach including WSA, mustard seeds, and Gala grants; \$100,000 for Diocesan support; and \$368,586 for Buildings and Grounds.

2017 Bequests – St. Alban's received \$188,540 in unrestricted bequests in 2017, virtually all of which were placed into the Endowment. The church is grateful for the generosity of Elizabeth McElroy, John Louis MacBeth, Honora F. Thompson and Margaret "Peggy" Belknap, who made these gifts possible.

2017 Reserve Fund – The value of the Reserve Fund at year end was \$659,411, which is above the normative, fully-funded balance of \$600,000. The major expense item incurred in the Reserve Fund was \$13,605 for organ repairs. Total expense for this project are expected to be approximately \$46,000 and these remaining expenditures should be incurred in 2018.

2017 Endowment Fund – As of December 31, 2017, the Endowment totaled \$4,357,628 having increased by 19% for the year. The Endowment is held at the Vanguard Group and the funds are invested in low cost Vanguard mutual funds. At its April meeting the Vestry supported the Finance Committee’s recommendation to increase the allocation between equities and fixed income from 60%/40% to 65%/35%.

Conclusion – We entered 2017 cautiously optimistic, however, concerned that pledge income was trending down as well as pledging units (255 in 2017 vs. 293 in 2016). However, as has happened for six consecutive years we exceeded actual pledge income and were able to once again have costs come in well below budget. As a result, we ended the year with a balanced budget and in a good financial position going into 2018.

And now a look at 2018:

2018 Budget and Financial Initiatives (see attached Exhibit B)

At its January, 2018 meeting, the Vestry approved a balanced budget of \$1.934 million which fully funds several key initiatives and positions the church for the coming years.

The most positive news is that the pledge campaign has to date brought in \$1,200,000 from 263 pledges, and we fully expect to exceed that number. This is \$200,000 over the budgeted pledge goal of last year. We wish to thank the Stewardship Chairs Ashley and Dominic Bianchi for their enthusiasm and leadership which resulted in such a successful campaign.

The approved balanced budget assumes \$1.719 million in operating income and \$214,000 in outreach passthroughs, for a total of \$1.934 million. The operating income consists of the following: \$1,235,000 pledge income; \$87,000 in collections; \$80,900 in contributions, including a \$55,000 grant from WSA and other funds such as the Naselli Trust annual distribution of \$42,000, the annual Endowment Draw of \$170,328, and the unallocated portion of the 2017 draw amounting to \$84,904.

A key change in the budget process this year is to put the three passthroughs (WSA Op Shop Income (\$162,000), the Gala proceeds (\$32,000), and Mustard Seed offerings (\$20,000) below the Operating Income and Expense lines, and to include this total of \$214,000 in the consolidated 2018 budget. The reason for this change is straightforward. Each of these three mentioned categories raises money outside the budget, and the exact amount of money raised is passed out in the form of mission grants. When these numbers are included in the annual operating budget, it inflates both the income and expense numbers and makes it more difficult to accurately assess the state of the church’s finances on a monthly basis. The change we have made makes the operating budget more transparent, while at the same time maintaining the Vestry’s oversight role by showing the passthroughs in the consolidated budget. This change is reflected in Exhibit B.

The 2018 budget includes a cost of living adjustment for all staff, fully funds increases in health care premiums, maintains current funding for the San Albano congregation, adds funding for a part-time children’s music director, increases funds for choir stipends and instrumentalists, and adds funds for a part time administrative assistant. The budget also increases and equalizes the church outreach dollars (\$105,000) and the Diocesan support (\$105,000).

Total expenses of \$1.719 million essentially maintain the current spending levels of all categories except as noted above.

Because of the strong results in 2017, the Finance Committee was able to recommend, and the Vestry approved, allocating \$53,678 to critically needed deferred maintenance projects and \$80,000 to pay off a significant portion of the \$148,835 loan payment due to the Diocese for the severance paid to the prior Rector.

Two other steps were taken by the Finance Committee. One was the establishment of a Memorial Fund to accommodate gifts which are given specifically in memory of a Parishioner and can be used to pay for needs in the church which support worship. A generous gift of \$15,000 was received by the church in thanks for a memorial service conducted at St. Alban's, and this has become the first gift to that fund. The Finance Committee also authorized the full use of credit cards at the church, which make it easier for pledging and other payments.

In conclusion, we enter 2018 with a solid budget which funds key priorities of the church. The Reserve Fund is above its approved minimum level, and the Endowment Fund at \$4.3 million has grown to its highest level ever. While we must continue to be good financial stewards, St. Alban's has a sound foundation and we have every reason to be optimistic about the future.

Respectfully submitted,

Hollis McLoughlin, Treasurer

EXHIBIT A

ST. ALBAN'S EPISCOPAL CHURCH									
2017 January - December Overview of Operating Fund with Comparisons to Budget and Last Year									
Based on Activity as of December 31, 2017									
(Note: 2017 Subject to Independent External Audit)									
	2017	2017	2017	2017	2017	2017	2017	2017	2017
	Jan. - Dec.	Jan. - Dec.	Variance	Jan. - Dec.	Jan. - Dec.	Variance	Jan. - Dec.	Jan. - Dec.	Variance to
	Actuals	Budget	to Budget	Budget	Actuals	% Chg.	Actuals	2016 Actuals	% Chg.
<u>PARISH INCOME</u>									
Pledges (incl. Foundations/Matching Gifts)	\$1,057,385	\$1,000,000	\$57,385	\$1,000,000	\$1,109,531	5.7%	\$1,109,531	(\$52,146)	-4.7%
Collections: Plate, Parish Support, Special	\$113,900	\$77,400	\$36,500	\$77,400	\$95,870	47.2%	\$95,870	\$18,031	18.8%
Contributions: Facility Use, WSA, Flower Guild	\$71,892	\$71,900	(\$8)	\$71,900	\$77,231	0.0%	\$77,231	(\$5,339)	-6.9%
Transfer: Naselli Trust (Annual Distribution)	\$42,830	\$42,000	\$830	\$42,000	\$43,258	0.0%	\$43,258	(\$427)	0.0%
Transfer: Endowment Fund (Annual Draw)	\$293,889	\$293,889	\$0	\$293,889	\$0	0.0%	\$0	\$293,889	0.0%
Transfer: Smith/Lecture/Surplus Funds	\$0	\$18,149	(\$18,149)	\$18,149	\$175	0.0%	\$175	(\$175)	0.0%
Designated Income (Bequests, WSA, Mustard Seed)	\$313,282	\$224,100	\$89,182	\$224,100	\$353,545	39.8%	\$353,545	(\$40,263)	-11.4%
Total Income	\$1,893,179	\$1,727,438	\$165,741	\$1,727,438	\$1,679,610	9.6%	\$1,679,610	\$213,569	12.7%
<u>PARISH EXPENSE</u>									
Personnel (Salaries/Benefits)	\$788,987	\$788,922	\$65	\$788,922	\$832,069	0.0%	\$832,069	(\$43,082)	-5.2%
Parish Outreach (Mustard Seed, WSA Grants)	\$374,570	\$385,950	(\$11,380)	\$385,950	\$399,161	-2.9%	\$399,161	(\$24,591)	-6.2%
Parish Programs	\$29,523	\$87,154	(\$57,631)	\$87,154	\$50,376	-66.1%	\$50,376	(\$20,853)	-41.4%
Buildings & Grounds	\$368,586	\$397,292	(\$28,706)	\$397,292	\$337,656	-7.2%	\$337,656	\$30,930	9.2%
Parish Office	\$57,459	\$68,120	(\$10,661)	\$68,120	\$60,348	-15.7%	\$60,348	(\$2,889)	-4.8%
Total Expense	\$1,619,125	\$1,727,438	(\$108,313)	\$1,727,438	\$1,679,610	-6.3%	\$1,679,610	(\$60,485)	-3.6%
Undisbursed WSA Funds (as of 12/31/17)	(\$55,472)	\$0	(\$55,472)	\$0	\$0		\$0	(\$55,472)	
2017 Income-to-Expense Variance	\$218,582	\$0	\$218,582	\$0	\$218,582		\$0	\$218,582	

Source: Shelby system, 1/18/18.

EXHIBIT B

2018 OPERATING BUDGET of ST. ALBAN'S EPISCOPAL CHURCH, Washington, D.C.

FINAL Version: January 19, 2018 (as approved by the Vestry at their January 18, 2018 Meeting)

	2018 BUDGET * FINAL Jan. 19, 2018	2017 BUDGET as amended on July 7, 2017	2017 Actuals (Dec. 31, 2017)	2018 % Chg. fr 2017 Actuals	2016 Actuals	2015 Actuals	2014 Actuals
Income:							
Contributory Income (Pledges/Donations/Fdtns.)	\$1,444,900	\$1,433,549	\$1,599,290		\$1,616,430	\$1,720,458	\$1,693,907
Endowment Fund Draw(s)	\$170,328	\$293,889 **	\$75,307		\$0	\$0	\$0
Transfer of Prior Year Draw or Operating Surplus	\$84,904	\$0	\$0		\$63,180 ***	\$0	\$0
Total Contributory Income	\$1,700,132						
<i>Pass-Throughs:</i> 1.) Outreach: WSA/MSO/Gala	\$214,500						
2.) Designated Endowed Funds	\$19,651						
Total Operating Income	\$1,934,283	\$1,727,438	\$1,674,597	15.5%	\$1,679,610	\$1,832,892	\$1,720,458
Expenses:							
Personnel	\$933,428 48%	\$788,922 46%	\$788,988		\$832,069 50%	\$956,293 52%	\$915,377 53%
Outreach (excluding pass-throughs & Diocese) +	\$105,565 5%	\$385,950 22%	\$374,570		\$399,161 24%	\$418,742 23%	\$357,045 21%
Diocese +	\$105,565 5%						
Parish Programs (excl. endowed pass-throughs)	\$73,375 4%	\$87,154 5%	\$29,523		\$50,376 3%	\$65,780 4%	\$53,764 3%
Buildings & Grounds	\$403,578 21%	\$397,292 23%	\$368,586		\$337,656 20%	\$329,281 18%	\$333,036 19%
Church Office	\$78,620 4%	\$68,120 4%	\$57,459		\$60,348 4%	\$62,796 3%	\$61,237 4%
Total Contributory Expense	\$1,700,132						
<i>Pass-Throughs:</i> 1.) Outreach: WSA/MSO/Gala	\$214,500 11%						
2.) Designated Endowed Funds	\$19,651 1%						
Total Operating Expense	\$1,934,283	\$1,727,438	\$1,619,127	19.5%	\$1,679,610	\$1,832,892	\$1,720,458
Undisbursed WSA Funds	\$0	\$0	(\$55,472)		\$0	\$0	\$0
Income/Expense Variance	\$0	\$0	\$0		\$0	\$0	\$0

Notes:

* The 2018 operating budget includes two Endowment draws totaling \$255,232, as follows: 1.) The 2018 draw of \$170,328; and 2.) a 2017 deferred draw of \$84,904.

** The 2017 operating budget included two Endowment draws totaling \$293,889, as follows: 1.) The 2017 draw of \$160,211; and 2.) a 2016 deferred draw of \$133,678.

Of the \$293,889 draw available in 2017, a total of only \$75,307 was needed to balance the 2017 operating budget. The remainder of the 2017 draw will be used in the following three ways:

1.) To balance the 2018 operating budget, a total of \$84,904 has been posted to the 2018 budget as the 2017 deferred draw; 2.) A total of \$53,678 has been set aside for deferred maintenance projects in 2018; and 3.) A total of \$80,000 has been used as an initial loan payment to the Diocese for the Meister severance. (The loan from the Diocese totals \$148,835.)

*** To balance the operating budget in 2016, a total of \$68,811 was transferred from the budgeted 2015 operating surplus. Although no Endowment draw was taken for 2016 operations, draws totaling \$265,481 were available as of 12/31/16. These unused draws are being applied to 2017 in the following three ways: 1.) A total of \$133,678 has been posted to the 2017 operating budget as the 2016 deferred draw; 2.) A total of \$86,803 has been transferred from the Endowment Fund to the Reserve Fund as of 12/31/16. (The Reserve Fund is fully funded as of 1/1/17.); and 3.) A total of \$45,000 has been set-aside in the church's books for use in 2017.

- No Endowment draw was necessary for operational purposes in fiscal years 2016, 2015, 2014, 2013 and 2012. In 2011 and 2010, Endowment draws were \$27,957 and \$36,622, respectively.

In 2009, the Endowment draw was \$39,655 with an additional \$69,397 taken from the Reserve Fund to cover the operating deficit.

- In the fall of 2013, for the first time, the operating budget of St. Alban's Church included all WSA income and grants.

+ It is a management goal to allocate 10% of operating income to the Diocese each year. Similarly, it is a goal to allocate 10% of operating income to Parish Outreach each year.

FY2017 subject to independent outside audit.

Prepared by Douglas Dykstra, Director of Finance.