

Saint Andrew's Episcopal Church

306 North Division St., Ann Arbor, Michigan

734.663.0518 ☒ standrewsaa.org

2023 YEAR-END FINANCE PRESENTATION

Sunday, March 3, 2024



The Rev. Paul Frolick
RECTOR

The Rev. Sally Boelter
PRIEST ASSOCIATE

The Rev. Walt LaBatt
PRIEST ASSOCIATE

The Rev. JoAnn Kennedy Slater
PRIEST ASSOCIATE

Deborah Friauff
DIRECTOR OF MUSIC AND ORGANIST

Jonathan Gardner
PARISH ADMINISTRATOR

Rev Graham
BOOKKEEPER

Kate Riedel
COMMUNICATIONS COORDINATOR

Linda & Steve Hastings
**INTERIM DIRECTORS OF
CHILDREN & YOUTH MINISTRIES**

Matt Marsh
SEXTON

Jeff Sharp
HOUSEKEEPER

Sue Nishi
DIRECTOR OF THE BREAKFAST AT ST. ANDREW'S

TREASURER'S REPORT

Norm Richert,
Treasurer

Overview

The year 2023 was a challenging time, in terms of developing a budget. The projected income was far below what was needed to meet expenses, with a projected deficit of \$132,743 that would need to be withdrawn from invested funds. There was some good news, as projected income came in higher than expected, and expenses were only a bit over the budget. \$100,000 of the projected deficit withdrawal from invested funds was taken in July, to address cashflow. As it turned out, this was more than \$33,000 over what was actually needed by year's end, so a substantial surplus remained in the Operating Fund. A lot of work was done in 2023 to make the financial issues as clear as possible to the parish, and there was a generous response for 2024 pledging. However, these issues will not go away without steady and renewed commitment.

Income 2023

Operating Income for the year, by category, was as follows:

*	Actual	Over/ - Under Budget
Plate Offering	120,803	78,803
Pledge Payments	738,814	-16,186
Other Income	38,077	-923
Special Funds Transfer	60,000	0
Deficit Reduction Withdrawal	100,000	-32,743
Total	\$1,057,694	\$28,951

* Differences due to rounding

Annual Reports and Accounting

As was noted at the Annual Meeting, the annual financial reporting was delayed this year. Part of the need to delay stems from the significant staff changes, and the associated loss of "corporate memory". But, probably more important, the length of time between the end of the fiscal (calendar) year and the publishing of the annual reports has always been unrealistic. This year we made sure that the Finance Committee and Vestry could properly review the reports. This has not been possible in the past.

We are in the process of changing the church management software that has been used in the past. Churches

Expenses 2023

The total of operating expenses in 2023 was \$1,024,201, \$7,035 over the budgeted total. With historic buildings to maintain, this is actually good news. The transition in clergy and lay staff resulted in some savings on salaries and benefits. The purchase of a large number of postage stamps in 2022, before a rate change, delivered substantial savings in 2023.

Expenses by category and the respective variance to budget were as follows:

*	Actual	Over/ - Under Budget
Salaries & Benefits	664,683	-39,130
Maintenance & Overhead	176,831	30,410
Office Expense	50,388	9,738
Stewardship & Misc.	5,638	-1,708
Church Programs	26,806	-6,344
Diocesan Pledge	99,855	0
Total	\$1,024,201	-\$7,034

Budget 2024

The pledge drive in the fall produced a substantial increase over the total in 2023; \$810,000 was budgeted versus \$750,000 in 2023. It should be noted that the increase is actually larger than it appears: the actual amount pledged for 2023 was \$696,552. In the past, the budgeted pledge number has included a good measure of optimism and hope for new pledges during the year, beyond what is in hand when the budget is constructed. For 2024, the recommendation of the Finance Committee, approved by the Vestry, was that a number very close to the actual pledges in hand be used. The optimism can remain, but not hardwired into the budget. Balancing the budget uses surpluses from past years remaining in the Operating Fund, \$62,502. The gap is much smaller than in 2023, but it cannot be ignored.

have special needs, beyond other non-profits, so church management software includes accounting, donation tracking, membership list maintenance, among other functions. The software package we had been using is simply not being updated to the level of current expectations and usability. The transition will require a lot of extra work by our hard-working staff and volunteers. Your patience with hiccups will be appreciated. You have already seen one of the benefits of the software, church emails that look like they were produced in the current century.

ST. ANDREW'S EPISCOPAL CHURCH
Statement of Activities - Operating Fund
Year Ended December 31, 2023

	2023 Actual	2023 Budget
REVENUE		
Plate Offerings	\$ 120,803	\$ 42,000
Pledge Payments	738,814	755,000
Other Income:		
Easter Offering	8,976	13,000
Christmas Offering	14,534	16,000
Misc. and Special Gifts	14,567	10,000
Designated Funds Transfer	60,000	60,000
Deficit Reduction Withdrawal	100,000	132,743
From Prior Year Surplus	-	-
TOTAL REVENUE	\$ 1,057,693	\$ 1,028,743
EXPENSES		
Outreach		
Diocesan Pledge	\$ 99,855	\$ 99,855
Total Outreach	\$ 99,855	\$ 99,855
Church Programs		
Christian Education	6,475	6,500
Theater Program	3,281	5,000
Choir & Music	12,341	12,350
Adult Education	-	250
Liturgical Supplies	1,999	2,000
Hospitality	1,934	5,500
* Ministries	550	1,050
Funeral Receptions	227	500
Total Church Programs	\$ 26,806	\$ 33,150
Salaries & Benefits		
Clergy Compensation	144,910	154,476
Lay Staff Compensation	518,748	548,637
Childcare	1,025	700
Total Salaries & Benefits	\$ 664,683	\$ 703,813
Maintenance and Overhead	\$ 176,831	\$ 146,421
Office Expense	\$ 50,388	\$ 40,650
Stewardship and Miscellaneous	\$ 5,638	\$ 4,854
TOTAL EXPENSES	\$ 1,024,201	\$ 1,028,743
END-OF-YEAR BALANCE	\$ 33,493	0

* Parish Callers and Episcopal Health Ministry

Note: Numbers may not total due to rounding.

St. Andrew's Episcopal Church - Ann Arbor MI
Balance Sheet as of December 31, 2023

Saturday, March 2, 2024

Page 1 of 2

Account #	Account Name	Previous Year Balance	YTD Balance
Assets			
1.102.100	Checking:Bank of Ann Arbor	302,376.16	331,205.75
1.103.175	Checking: Clergy Discretionary	6,544.73	2,293.27
	Total Cash & Savings	\$308,920.89	\$333,499.02
	Total Other Current Assets	\$0.00	\$0.00
	Total Current Assets	\$308,920.89	\$333,499.02
1.401.250	Invested Funds - Bank of AA	1,163,889.00	1,176,771.00
1.401.300	Diocesan Investments	82,964.50	89,846.09
	Total Long-term Assets	\$1,246,853.50	\$1,266,617.09
	Total Assets	\$1,555,774.39	\$1,600,116.11
Liabilities			
	Total Clergy Discretionary A/P	\$0.00	\$0.00
2.100.101	Substitute Wedding Attendant	0.00	75.00
2.100.180	Church School Foster Child	2,139.06	1,756.06
2.100.210	Episcopal Relief & Development	0.00	677.00
2.100.240	Wedding Organist Pass-Through	0.00	300.00
	Total Funds Held for Others	\$2,139.06	\$2,808.06
	Total Current A/P	\$0.00	\$0.00
2.601.100	Advance Pledge Payments	4,500.00	0.00
	Total Advance Pledge Payments	\$4,500.00	\$0.00
	Total Other Liabilities	\$0.00	\$0.00
	Total Payroll Withholdings	\$0.00	\$0.00
	Total Current Liabilities	\$6,639.06	\$2,808.06
	Total Liabilities	\$6,639.06	\$2,808.06
Fund Balance			
3.202.145	Clergy Discretionary	6,544.73	2,293.27
3.202.160	History & Archives Fund	7,896.23	7,896.23
3.202.210	Memorial Flowers Fund	19,023.89	18,709.56
3.202.220	Organ Repair & Improvement	7,347.31	7,347.31
3.202.225	Organ Capital Fund	128,086.00	128,967.00
3.202.240	St. Cecilia	11,101.18	11,042.18
3.202.241	The Rev.Alan Gibson Music Scholar Scholarship Fund	10,540.00	7,860.00
3.202.250	St. Dunstan Handbell Choir	63.00	0.00
3.202.260	Theological Education Fund	15,683.35	14,833.35
	Total Restricted:Donor Desig	\$206,285.69	\$198,948.90
3.301.100	Buildings & Grounds	9,149.85	2,077.35
3.301.125	Liturgical Books and Supplies	22,941.00	20,828.10
3.301.150	Designated:Memorial Garden	4,948.00	15,058.00
3.301.170	Designated:Rector's Housing	30,408.00	0.00
3.301.180	Designated: Clergy Sabbatical/Rector's Search Fund	4,065.50	18,196.83
3.301.190	Music Director Sabbatical/Search Fund Balance	2,289.00	2,289.00
	Total Restrict:Vestry Designat	\$73,801.35	\$58,449.28
	Total Temp Restricted Funds	\$280,087.04	\$257,398.18
3.401.100	Unrestricted: Operating	79,539.21	147,553.33
3.401.200	General Memorials Fund	48,631.00	51,165.00
3.401.300	General Unrestricted Gifts Fund	269,593.67	244,442.78

St. Andrew's Episcopal Church - Ann Arbor MI
Balance Sheet as of December 31, 2023

Saturday, March 2, 2024

Page 2 of 2

Account #	Account Name	Previous Year Balance	YTD Balance
Total Unrestricted		\$397,763.88	\$443,161.11
3.100.300	SOCIAL JUSTICE MINISTRY Balance	N/A	768.24
3.701.100	J2A Fund	18,857.92	24,839.72
3.701.200	Rite 13 Fund	4,758.54	4,758.54
3.701.300	St. Andrew's Players Fund	9,288.65	11,584.65
3.901.100	2021 Social Service Ministry Grant Balance	5,000.00	4,536.99
Special Accumulating Funds		\$37,905.11	\$46,488.14
3.801.230	Janet White Memorial Flowers	6,427.00	0.00
3.801.250	M. East Altar Flower Fund	8,785.00	0.00
3.801.300	General Endowment Fund	302,134.22	319,584.29
3.801.350	Building Endowment Fund	206,428.96	208,873.63
3.801.400	Music Endowment Fund	103,287.78	104,510.98
3.801.450	Heritage Outreach Fund	206,316.34	217,291.72
Funds Functioning as Endowed		\$833,379.30	\$850,260.62
Total Fund Balance		\$1,549,135.33	\$1,597,308.05
Total Liabilities and Fund Balance		<u>\$1,555,774.39</u>	<u>\$1,600,116.11</u>

If the accounts in the subtotals have changed or if ledger (marked with "**") and subsidiary account attributes have changed, Previous YTD totals may not represent a valid comparison.

**St. Andrew's Episcopal Church
Statement of Changes in Net Assets
Year Ended December 31, 2023**

Unrestricted Net Assets:

Operating Income (pledges, plate, and miscellaneous income)	\$1,631,177
Other unrestricted income	\$55,310
Expenses	(\$1,644,283)
Net unrealized and realized gain (loss) on investments	\$3,193
Net increase/decrease in unrestricted net assets	45,397

Donor and Vestry Designated Assets:

Contributions	40,587
Investment Income	0
Expenses	(63,276)
Net unrealized and realized gain (loss) on investments	0
Net increase/decrease in donor and Vestry designated assets	(22,689)

Special Accumulating Funds:

Contributions	9,461
Expenses	(878)
Net increase/decrease in special accumulating funds	8,583

Funds Functioning as Endowed:

Contributions	0
Investment Income	1,650
Expenses	(120,345)
Net unrealized and realized gains (loss) on investments	135,577
Net increase/decrease in permanently restricted net assets	16,882

Increase in net assets	\$48,173
-------------------------------	-----------------

* Net assets at beginning of year (12/31/22) at market value	1,549,136
--------------------------------------------------------------	-----------

* Net assets at end of year (12/31/23) at market value	1,597,309
--------------------------------------------------------	-----------

Change in Net Assets	\$48,173
-----------------------------	-----------------

Changes in Fund Assets 2023

Fund	Beginning Balance	Receipts	Expenditures	Investment Income	Market Value Adj.	Fund Transfers	Ending Balance	Change in Fund
Clergy Discretionary	6,545	4,201	-8,453				2,293	-4,252
History & Archives	7,896						7,896	0
Memorial Flowers	19,024	5,947	-6,262				18,710	-314
Organ Repair and Improvement	7,347						7,347	0
Organ Capital Fund	128,086	2,781	-1,900				128,967	881
St. Cecilia	11,101	13,400	-13,522			63	11,042	-59
Alan Gibson Music Scholars	10,540	1,000	-3,680				7,860	-2,680
St. Dunstan Handbell Choir*	63					-63	0	-63
Theological Education	15,683		-850				14,833	-850
Total Donor Designated	206,285	27,329	-34,667				198,948	-7,337
Buildings and Grounds	9,150	100	-7,173				2,078	-7,073
Liturgical Books and Supplies	22,941		-2,113				20,828	-2,113
Memorial Garden	4,948	12,070	-1,960				15,058	10,110
Rector's Housing**	30,408					-30,408	0	-30,408
Rector's Search/Clergy Sabbatical	4,066	1,088	-17,364			30,408	18,197	14,131
Music Director Sabbatical/Search	2,289						2,289	0
Total Vestry Designated	73,802	13,258	-28,609		0		58,450	-15,352
Unrestricted Operating	79,539	1,631,177	-1,563,163				147,553	68,014
General Memorials	48,631	5,430	-2,896				51,165	2,534
General Unrestricted Gifts****	269,594	49,880	-78,224		42,848	-39,655	244,443	-25,151
Total Unrestricted	397,764	1,686,487	-1,644,283	0	42,848	-39,655	443,161	45,397
Social Justice Ministry Balance		768					768	768
Journey to Adulthood	18,858	6,397	-415				24,840	5,982
Rite 13	4,759						4,759	0
St. Andrew's Players	9,289	2,296					11,585	2,296
2021 Social Service Ministry Grant	5,000		-463				4,537	-463
Special Accumulating Funds	37,906	9,461	-878	0	0	0	46,489	8,583
Janet White Memorial Flowers***	6,427					-6,427	0	-6,427
M. East Altar Flower***	8,785					-8,785	0	-8,785
General Endowment****	302,134				46,680	-29,229	319,585	17,451
Building Endowment****	206,429				32,809	-30,364	208,874	2,445
Music Endowment****	103,288				16,416	-15,193	104,511	1,223
Heritage Outreach Endowment****	206,316			1,650	39,673	-30,347	217,292	10,976
Funds Functioning as Endowed	833,379	0	0	1,650	135,577	-120,345	850,261	16,882
Total All Funds	1,549,136	1,736,535	-1,708,438	1,650	178,425	-160,000	1,597,309	48,173

*St. Dunstan's fund has been folded into St. Cecilia.

**Rector's Housing has been folded into Rector's Search/Clergy Sabbatical.

***Janet White and M. East Flower funds have been folded into the General Endowment. We are honoring the purpose of those funds through the Memorial Flower Fund.

****The Designated Funds Transfer and the Deficit Reduction Transfer are debited and the Market Value Adjustment of our Invested Funds are credited to these funds, calculated by their percentage of the combined total. Dividends and Market Adjustments from the Growth and Income fund (invested with the Diocese) are credited to Heritage Outreach Endowment.

St. Andrew's Episcopal Church Operating Fund Budget 2023/2024

	<u>2023 Budget</u>	<u>2024 Budget</u>	<u>% Change</u>
REVENUE			
Plate Offerings	18,000	18,000	0.00%
Givers of Record	24,000	24,000	0.00%
Pledge Payments*	750,000	810,000	8.00%
Other Income:			
Easter Offering	13,000	13,000	0.00%
Christmas Offering	16,000	16,000	0.00%
Misc. and Special Gifts	10,000	10,000	0.00%
Prior year Pledge	5,000	5,000	0.00%
Designated Funds Transfer	60,000	63,140	5.23%
Deficit Reduction Withdrawal	132,743	-	
From Prior Years' Surplus	-	62,502	
TOTAL REVENUE	\$ 1,028,743	\$ 1,021,642	-0.69%
EXPENSES			
Outreach			
Diocesan Pledge	99,855	100,993	1.14%
Total Outreach	\$ 99,855	\$ 100,993	1.14%
Church Programs			
Christian Education	3,500	3,500	0.00%
Journey to Adulthood	3,000	3,000	0.00%
Choir & Music	12,350	12,350	0.00%
Theater Program	5,000	5,000	
Adult Education	250	250	0.00%
Liturgical Supplies	2,000	2,000	0.00%
Hospitality	5,500	5,500	0.00%
Funeral Receptions	500	500	0.00%
Ministries**	1,050	1,050	0.00%
Total Church Programs	\$ 33,150	\$ 33,150	0.00%
Salaries & Benefits			
Clergy Compensation	154,476	163,173	5.63%
Lay Staff Compensation	548,637	503,162	-8.29%
Childcare	700	900	28.57%
Total Salaries & Benefits	\$ 703,813	\$ 667,235	-5.20%
Maintenance and Overhead	146,421	173,160	18.26%
Office Expense	40,650	42,250	3.94%
Stewardship and Miscellaneous	4,854	4,854	0.00%
TOTAL EXPENSES	\$ 1,028,743	\$ 1,021,642	-0.69%
END-OF-YEAR BALANCE	\$ -	\$ 0	

*The 2023 Pledge budget was an estimate; the actual total pledged was \$684,768. The 2024 Pledge budget is based on the actual total pledged, representing a year-over-year increase of 18%.

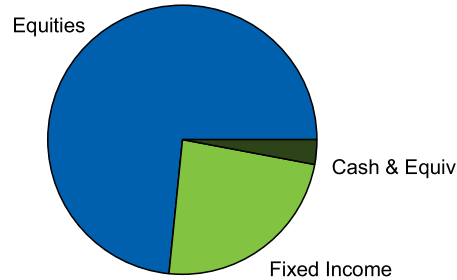
** Parish Callers and Health Ministries

Note: Numbers may not total due to rounding.

Fund ID: **19-1033**
 Report Period: **01/31/2006 to 12/31/2023**
 Fiscal Year Ends: **December**

Portfolio Composition

	Market Value	% of Total
Total Fund	1,176,771	100.00
Cash & Equiv	34,969	2.97
Fixed Income	278,014	23.63
Equities	863,786	73.40



Performance Summary

	Inception Date	Latest Month	Latest Quarter	Fiscal Yr to Date	Latest 1 Year	Latest 3 Years	Latest 5 Years	Latest 10 Years	Since Inception
Total Fund	01/31/06	4.98	10.23	15.82	15.82	3.10	6.70	5.08	5.12
Blended Index		4.05	8.97	16.28	16.28	3.39	7.64	5.82	5.58
Cash & Equiv	01/31/06	0.27	0.80	2.63	2.63	0.71	0.53	0.03	0.61
FTSE T-Bill 3-Mo		0.47	1.41	5.26	5.26	2.25	1.91	1.26	1.33
Fixed Income	01/31/06	3.69	6.76	5.17	5.17	-3.70	0.20	1.00	1.82
BB Aggregate		3.83	6.82	5.53	5.53	-3.31	1.10	1.81	3.16
Equities	01/31/06	5.59	11.75	20.08	20.08	5.85	11.22	7.76	5.74
S&P 500		4.54	11.69	26.27	26.27	10.00	15.69	12.04	9.79
MSCI EAFE -Net		5.31	10.42	18.24	18.24	4.02	8.16	4.28	4.08

Account Activity Summary

	Latest Month	Fiscal Yr to Date
Beginning Market Value	1,126,763	1,163,889
Contributions	0	4,916
Withdrawals	(6,702)	(174,867)
Net Flows	(6,702)	(169,951)
Earned Income	8,195	28,952
Gains/Losses	48,515	153,881
Total Earnings	56,710	182,833
Ending Market Value	1,176,771	1,176,771

Fund data is on a trade date basis and income is included in the fund returns on an accrual basis

01/12/24

Fund returns are net of management fees

All returns include the effects of all principal change and income, and returns for longer than one year are annualized

Total Fund Blended Index: Policy allocations

01/31/06 - 03/31/21 5% FTSE T-Bill 3-Mo, 45% BB Aggregate, 33% S&P 500, 17% MSCI ACWIxUS-NET
 03/31/21 - 12/31/23 10% FTSE T-Bill 3-Mo, 25% BB Aggregate, 43% S&P 500, 22% MSCI ACWIxUS-NET

**Trustees of the Episcopal Diocese of Michigan
Growth and Income Fund**

**Investor Balance and Activity Report
For the Quarter Ending December 31, 2023**

Investor/Fund	Share Value	Balance @ Begin of Quarter	Deposits	With- drawals	Dividends Paid	Prior Qtr Dividends Reinvested in this Qtr	Change in Value	Balance @ End of Quarter	Deposit and Reinv Dividends Jan 2024	With- drawals effective Jan 2024
		32.93814	n/a	n/a	-0.32990 -1.0%	n/a	3.28802 10.0%	35.89626		
St. Andrew's, Ann Arbor (10A471)										
St. Andrew's Outreach Endowment Fu # Shares		1,667.196	0.000	0.000	n/a	0.000	n/a	1,667.196	0.000	0.000
Principal Value		32,500.00	0.00	0.00	n/a	0.00	n/a	32,500.00	0.00	0.00
Market Value		54,914.33	0.00	0.00	-550.01	0.00	5,481.77	59,846.09	0.00	0.00
Note: Dividend rate for 2024 is be \$0.3423 per share per quarter.										
									Dividends to be paid no later than March 31:	\$570.68

In-kind Outreach Giving by St. Andrew's Parishioners
January through December 2023

Spring & Fall Food Drive for Food Gatherers	\$20,551
Episcopal Relief and Development	\$677
All Breakfast Donations from Parishioners	\$80,443
Winter Personal Care Items Drive (<i>approximate</i>)	\$2,800
AA Community Center	\$10,596
TOTAL (<i>estimated</i>)	\$115,067

Continuance of Opportunity Resource Grants

Monies held at the Diocese for low-income community development loans	\$30,000
--------------------------------------------------------------------------	-----------------