

2018

# 2018 FINANCIALS AND MANAGEMENT DISCUSSION AND ANALYSIS



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# Overview

The purpose of this section is to analyze the Parish's consolidated financial condition, liquidity and capital resources as well as the result of operations and the ability to support program missions. This analysis should be read in conjunction with the consolidated financial statements, related disclosures and "Cautionary Forward-Looking Information" which appears elsewhere in this Report. This analysis as well as the accompanying financials are based on the unaudited numbers of year ending 2018 of the **Parish's** operating accounts and do not include information as it pertains to the Kingdom Campaign. For information on the campaign please see the Annual Report.

## Overview of Parish:

The Parish is 87% run on public donations and support **that come from pledged** giving, plate giving, non-pledged giving and other donations. 7.8% of the Parish revenue is generated from the preschool, **and less than** 1.5 % of 2018 revenues were attributable to custodial accounts. Additional monies are raised in conjunction with specific program ministries and are classified as reimbursement expenses meant to off-set the expense of the program ministry. The Parish does not actively solicit nor receive unrelated business income. Approximately 1% of support is received from unrelated activities such as facility use and security fees, however the fees are structured to where they cover the cost of such unrelated activity and not with the intention of profit.

### Structure:

The **Parish** has structured its expenses to meet the GAAP standards for non-profit reporting and as such reports on both a qualitative and quantitative standard. Expenses are broken down into operating expenses and direct program expenses. **This represents a change in presentation from prior years in** order to meet the new reporting guidelines for non-profits implemented in 2019. As such, prior year expense data is not completely compatible with the new classification and reporting system. Comparisons have been made were applicable.

Program expenses are classified broadly as a whole of the program as well as individually within each major program

heading. The major programs of the Parish with their sub-entities include:

- *Governance & Administration*
- *Building & Grounds*
- *Preschool*
- *Finance & Development*

### Gather

- *Worship*
- *Music*

### Grow

- *Family Ministries*
  - *Student Ministries*
  - *Men's Ministries*
  - *Women's Ministries*
- *Children's Ministries*
- *Christian Education*

### Go

- *Pastoral Care Ministries*
- *Local and Global Outreach Ministries*

### Kitchen

- *Sunday Brunch*
- *Additional Fellowship and Hospitality*

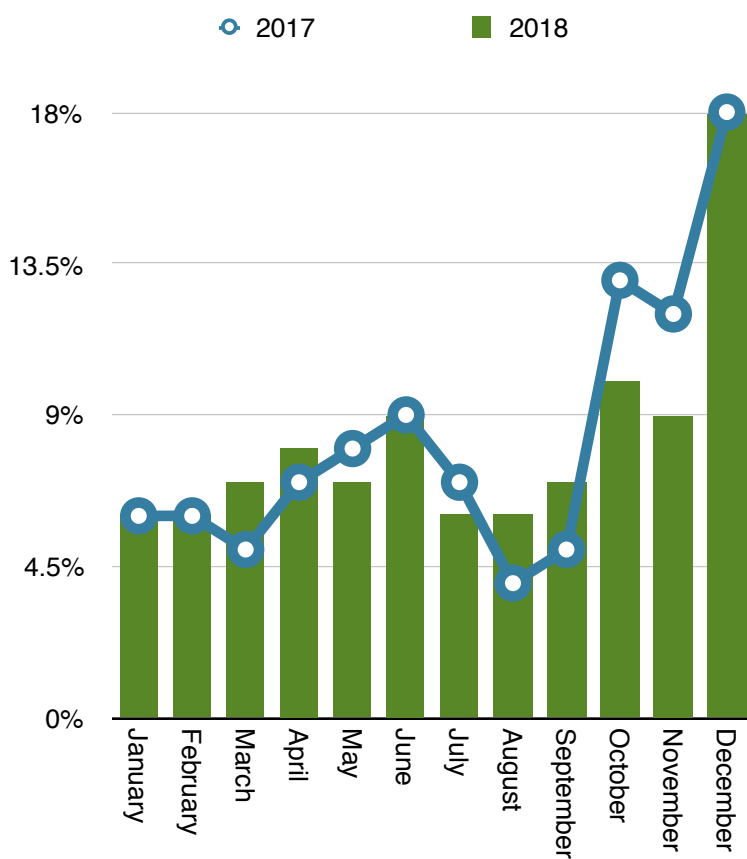
## Financial Highlights

- The Parish total income from all sources was 0.2% higher in 2018 than in 2017 and overall direct support was up 4%
- **Fixed expenses increased 6% ; however** total expenses were reduced 2% from the prior year
- Accounts Payable was reduced 34% from year in 2017
- Cash on hand increased 28.8%
- \$369,000 of debt was extinguished in 2018

## Seasonality of Giving:

The Parish has a general historical fluctuations in giving. The 1st and 2nd quarters typically see lower giving while higher is noted during the third and fourth quarters of the year.

All Saints 3-Year Average Giving by Month	
January	6%
February	6%
March	7%
April	8%
May	7%
June	9%
July	6%
August	6%
September	7%
October	10%
November	9%
December	18%
<b>Total</b>	<b>100%</b>



## Operations: Results Summary

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### Support:

Comparison of Years Ended December 31, 2018 and 2017 plate, pledge, and non-pledge contributions:				
	<u>2018</u>	<u>2017</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<b>Plate Cash</b>	\$36,798.64	\$36,233.50	\$565.14	2%
<b>Pledged</b>	1,349,280.87	1,371,588.49	(\$22,307.62)	-2%
<b>Non-Pledged Contribution</b>	<u>1,231,673.07</u>	<u>1,113,929.35</u>	<u>\$117,743.72</u>	<u>10%</u>
<b>Total:</b>	2,617,752.58	2,521,751.34	96,001.24	4%

Overall direct support was up 4% in 2018 from 2017 giving. Plate cash increased 2%, and remains relatively stable with an average +/- 1% per year over the past 3 years. Pledged giving was down 2% over the same time period for 2017. \$1.488MM was pledged in 2018. The average household pledge completed rate was 87% with some giving more than pledged and other less than pledged. 13% of households did not complete their pledge in 2018. **The average pledge paid per household was \$4,902<sup>1</sup> which is 8% higher than it was in 2017. The 5-year pledge paid percentage vs yield on pledges paid is approximately 86%. Incomplete pledge rates can be attributable to natural attrition including deaths, moves, non-habitual giving patterns and simply forgetting a pledge has been made. These percentages are on par and slightly higher than the average for churches and non-profits as an overall sector has a median pledge paid percentage rate of 84%.**

Over a 3-year time period pledged giving averages around \$1.31 M a year with only a 3% +/- deviation between years.

Additional gifts to the Parish increased 10% over the prior year giving, **this represents a significant increase over the prior three years in which we saw a 2.8% decrease of giving from year 2016 to 2017 and 13% decrease from year 2015 to 2016.** The **2018** increase in other / additional gifts given can be attributed to the growth in Parish size during the year, with many new and active Parishioners donating on a regular basis without formally pledging / signing a pledge card.

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<sup>1</sup> The average pledge paid per household is found by averaging the total amount paid as pledges by the total number of individuals that submitted pledge cards. It takes into account all individuals including those that pledged but didn't give, individuals that paid but didn't fulfill their entire pledge amount, individuals who met their full pledge and individuals that contributed more towards the "generous giving campaign(s)" than their original pledge amount.

### Preschool Support:

Preschool experienced a 19% percent increase of support over the prior year. This was attributable to both an increase in tuition prices from the prior school year and an 18% increase in enrollment. Over the past three years enrollment has increased 30%. In addition to enrollment and tuition, the preschool hosted two fundraisers in 2018 including its annual fall festival and a silent auction benefit.

2018 PRESCHOOL ENROLLMENT AND TUITION				
	2018	2017	Difference	% Increase
Total Students	79	65	14	18%
Tuition	\$559,256.32	\$453,720	\$105,536.32	19%

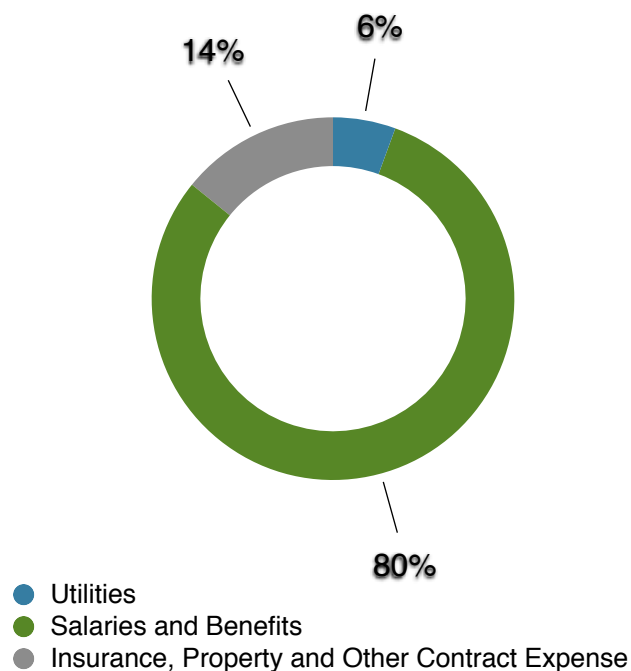
### Custodial Accounts:

All Saints Parish acts as custodian for several separate funds including the columbarium fund, priest discretionary accounts, CCWBS, and the Women of All Saints. Monies donated to these funds are classified as custodial accounts on the income statement, **While these moneys may be applied to these funds**, the operations, maintenance and upkeep, charitable donations and speaker honorariums, these funds do not serve as direct support to the general funds of the Parish.

### Expenses:

#### Fixed Operating Expenses

Total fixed operating cost were up 6% over 2017 fixed expenses. Salaries and benefit expense increased by 4% which can be attributable to a 9% increase in preschool **salaries and benefit expenses**, as well as a 3% increase in administrative / clergy **salaries and benefits**. The primary increase in administrative / clergy expense was directly correlated to the hiring of a manager of marketing and communications and a new Parish accountant while keeping the prior staff **for these positions on payroll through the end of the year to assist with the transition for these important functions**.



Utilities increased 2% in 2018 which can be attributed to the normal **inflation**.

Fixed Operating Expenses				
	2018	2017	Difference	% Change
Salaries and Benefits	\$1,567,327.94	\$1,499,713.18	\$67,614.76	4%
Utilities	\$109,001.53	\$107,089.59	\$1,911.94	2%
Insurance, Property and Other Contract Expense	<u>277,073.89</u>	<u>238,202.36</u>	<u>38,871.53</u>	14%
Total	\$1,953,403.36	\$1,845,005.13	\$108,398.23	6%

Insurance, property and other contractual expenses experienced a 14% increase. Lawn care and grounds as well as Custodial and Janitorial expenses both remained the same over the two-year period due to a fixed contract in place that is set to expire in first quarter 2019.

## Administrative and Governance:

Administrative and governance expenses encompass all Parish and preschool costs as they relate to the upkeep of the Parish as well as the support of the program ministries through the day-to-day operations. Total administrative and governance expenses for year end 2018 was \$641,435.

### Operations and Overhead:

Total operation and overhead expense totaled \$259,784. The largest expenses were absorbed by the Parish and the preschool accounting for 57% and 31% of total operational and overhead expense respectively.

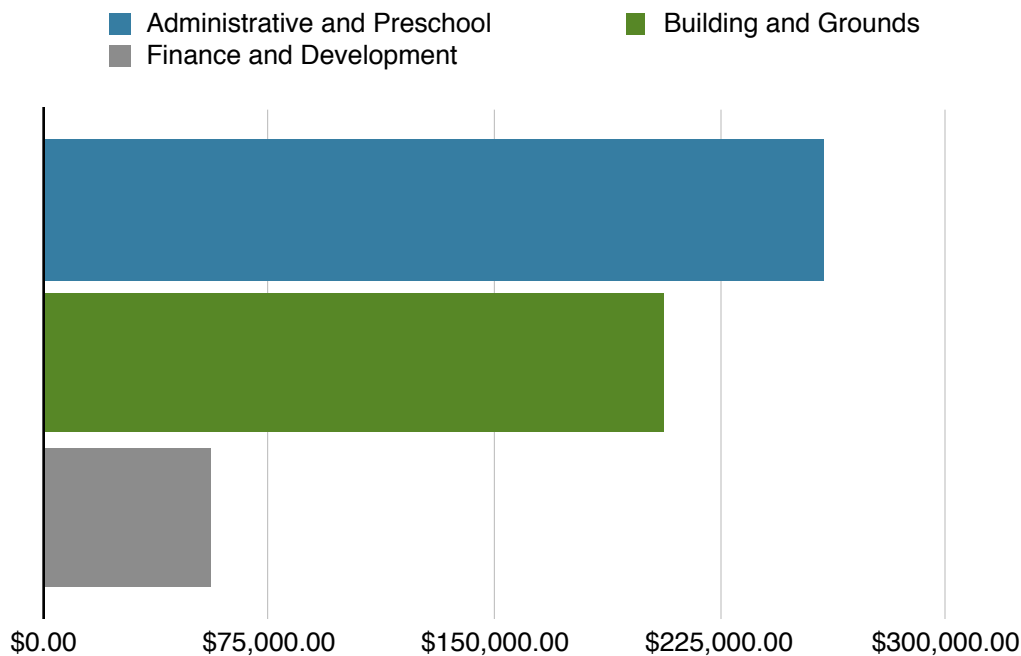
Operational cost were the largest expense allocation at 56% and accounted for such things as office supplies, equipment, preschool curriculum and program supplies. Information technology was the second largest expense and included such budget items as software, hardware, web hosting and professional expense for off-site on-call tech support.

### Building and Grounds:

Total building and grounds expense was \$205,937. 64% or \$131,238 was spent on repairs and maintenance. Lawn care and upkeep accounted for an additional 13% of expenses with the balance being evenly spent on supplies, licensing and permitting fees and other property expense.

### Finance and Development:

The Parish incurs very little in the way of fundraising expense and typically relies on volunteers for stewardship drives and general mailers; therefore 99% of finance and development expense is principally related to the financial management of the Parish. Also the Parish's depreciation expense is included in finance and development and consists of 69% of the expense attributed to finance and development.



The largest cash expenses for finance and development were interest expense, professional fees and bank and online processing fees. The Parish incurred \$17,861, approximately 10%, in professional accounting related expenses during 2018. This expense was in large part due to the employment of an outside accounting firm to help in the revamping of the accounting department's bookkeeping systems. This expense is viewed as a nonrecurring event which is not typical to the normal operations of the finance department.

#### Debt-

Interest expense accounted for 15% of the finance and development departments expenditures. Approximately \$369,000 of debt was extinguished in 2018 including a loan on the preschool, a loan drawn to complete roof repairs and a line of credit. As of December 31, 2018 only two loans remained in place including a mortgage for the Culver Street Rectory and a Line of Credit that is anticipated to be repaid in 2019. Accordingly, interest expense as it relates to the long-term debt of the Parish was reduced by 57% from 2017.

## Program Ministries:Results Summary

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## Program Support:

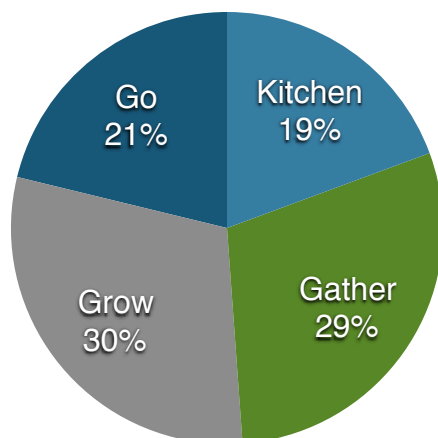
	Unrestricted	Donor Restricted	Total Program
	General Fund	Program Ministries	Total Program
Program Donations	-	\$47,030.78	\$47,030.78
Net Assets Released from Restrictions	47,030.78	(47,030.78)	-
Total	47,030.78	-	47,030.78

Donations to support program ministries remained the same in total from year 2017 to 2018. \$47,030 was donated in both years to support the ministries of the church. These donor restricted funds were used to support flowers for worship, the music ministry, fellowship and hospitality and global and local outreach programs. Donations to outreach ministries increased donations 66% from 2017; while fellowship and hospitality donations decreased 86% from \$4,604 in 2017 to \$2,472 in 2018 due to several members of the congregation making special donations to cover food and hospitality in 2017.

The donations to these programs are released from restrictions as they go to pay the program expense stipulated by the donor.

## Program Expenses:

Total Program expenses for the year ending 2018 totaled \$266,134 broken down as follows:



Kitchen	\$51,536.51
Gather Program Expense	78,465.11
Grow Program Expense	79,704.29
Go Program Expense	<u>56,428.59</u>
Total Program Expense	\$266,134.5

As noted above in the discussion of support program donations for the year increased, however, the coverage ratio of support to expenditures remains low. The Parish currently has a .18 coverage ratio of program support to expense. The below chart shows which programs received support contributions versus what the particular programs expenses were. (note this does not include all program expenses only the expenses of programs that received donor support).

	Support Contributions	Program Expenses	Paid out of General Operating
Children's Ministry Fund	\$1,225.00	\$28,286.48	\$27,061.48
Family Fund	\$500.00	\$11,105.99	\$10,605.99
Fellowship Fund	\$2,472.00	\$51,536.51	\$49,064.51
Flower & Altar	\$13,538.35	15171.72	\$1,633.37
Global Outreach Fund	\$8,870.43	\$45,779.50	\$36,909.07
Local Outreach Fund	\$1,025.00	\$6,949.09	\$5,924.09
Music Fund	\$7,195.00	41160.14	\$33,965.14
Student Ministry Fund	\$12,205.00	\$27,437.89	\$15,232.89
Total	\$47,030.78	\$227,427.32	\$180,396.54

#### Kitchen:

76% of Kitchen expenses were spent on Sunday food with the other 24% being spent on general kitchen expenses which include clean up, temporary help as well as special events that require use of the kitchen and its staff. Kitchen expenses were approximately 2% of total expenses and 19% of program ministry expenses.

#### Gather:

The Gather program's largest expense was the music ministry which accounted for 51% of the total Gather programming expenses. Included in the music ministry were choir and special musician's stipends as well as concert events and music supplies.

Worship accounted for approximately 20% of Gather program expenses. It is anticipated that this expense is higher than usual due to the implementation of a new worship service, The Family Table, which incurred one-time expenses related to its start-up.

Flower and altar guilds made up the remainder of the Gather program expenses.

Gather equaled approximately 29% of total program expenses for the year and 3% of total expenses.

#### Grow:

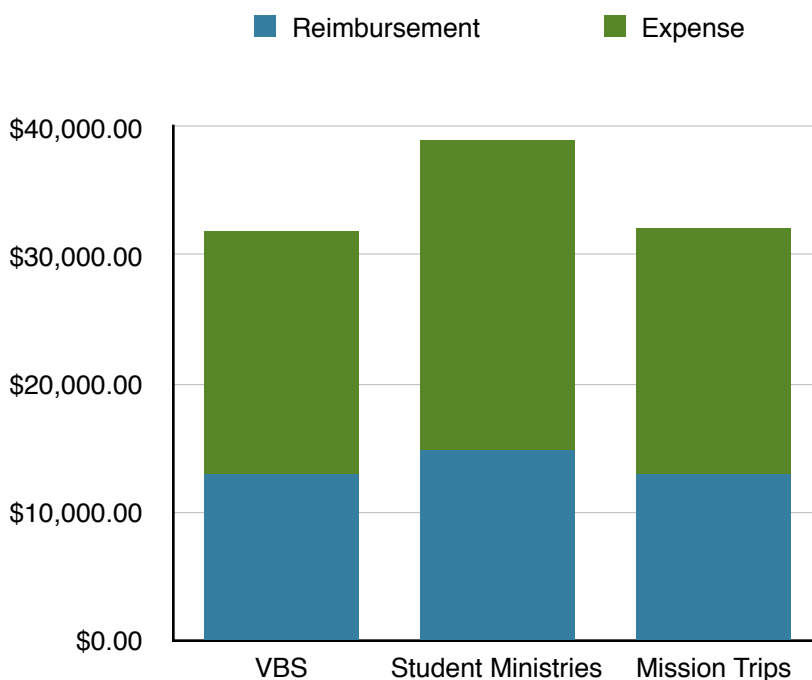
Grow is the largest of the Parish's program ministries and accounted for 3% of total expenses for the Parish and 30% of program expenses. Children and Student ministries incurred the largest expenses for the Grow program. A certain amount of the expenses, however, were defrayed by reimbursable revenue, or revenue charged to cover the expense of a particular trip, outing or mission.

Reimbursable revenues, however, are lagging behind the expenses incurred by the Parish to undertake these programs. In 2018 expenses for programs that required reimbursement from participants were 36% more than the reimbursable amount collected for the events. This number is down from 42% from 2017; however improvements in estimating the total cost of events and programming are needed in 2019.

#### Go:

The majority of Go's expenses were centered around the Parish's outreach programs which include both local and global aid projects. The program accounted for 2% of total expenses and 21% of program expenses. 80% of the program was focused on Global Outreach while the remaining 20% was spent on local outreach partners.

It is anticipated that the Go program expenses will increase in 2019 as the Parish becomes more outreach centric as well as implementing a revitalized pastoral care ministry.



## Forward Looking Discussion:

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All Saints Parish approaches 2019 with hope of continued sound financial stewardship and improved financial management. Pledged giving was up for the year to a total of \$1.9MM. Preschool is anticipating both increases in enrollment as well as a small increase in tuition.

Based on historical trends, it is reasonable to estimate that direct public support will remain at current levels; however it is anticipated that the Parish will increase direct public support by at least 4% over the coming year.

The 2019 budget was built on the above assumptions and was allocated out based on historical expense patterns between Administration and the Program ministries.

Churches, as with any non-profit, are highly dependent on current and future economic predictors; while it is our expectation that the current economic climate will hold at its current levels, we also must realize that there is the possibility for economic downturn, therefore we have estimated that there is 3% chance that direct public support could fall below current levels, and we anticipate that the worst case scenario for such giving would be a 6% decrease in such giving. It is anticipated even with a decrease of 6%, with proper cash management strategies and budget readjustments that the Parish would still have adequate cash reserves to cover its 2019 expenses.

It is anticipated that the overall expenses of the Parish budget will increase in 2019, however at a much less rapid pace than prior years. Salary and benefit expenses are anticipated to increase 6% predicated on the anticipation of additional ministry staff as well as lay support. The Parish can also expect an increase in additional fixed cost as cost of living continues to rise and utility and contract rates adjust to reflect this increase.

Building and grounds costs are expected to remain even through 2019 while the Go Ministry expects to incur additional expenses this year as it ramps up our pastoral care ministries, which has had little activity in recent years.

The Parish does not anticipate any adverse material events to occur in 2019, and is striving for better reporting mechanisms which will in turn strengthen its cash management policies.

# Financial Statements

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**All Saints Parish**  
**Statement of Financial Position**  
**As of 12/31/2018**  
**(unaudited)**

**31-Dec-18**

**ASSETS**

***Current Assets***

Cash	\$	200,028.34
Accounts Receivable		88,249.60
Pre-Paid Expenses		36,931.38
Due from Operating		-
<b>Total Current Assets</b>		<b>325,209.32</b>

***Fixed Assets***

Property and Equipment		4,412,266.10
Accumulated Depreciation		(121,045.80)
<b>Total Fixed Assets</b>		<b>4,291,220.30</b>
Marketable Securities		2,557,388.65
<b>TOTAL ASSETS</b>		<b><u>7,173,818.27</u></b>

**LIABILITIES & EQUITY**

**Liabilities**

***Current Liabilities***

Accounts Payable	\$	77,913.70
Credit Cards		1,106.68
Other Current Liabilities		
Deferred Contributions		233,798.74
Flex Health Payable		9,224.34
<b>Total Current Liabilities</b>		<b>322,043.46</b>
<b>Long-Term Loans Payable</b>		<b>536,658.70</b>

<b>Total Liabilities</b>	\$	<b>858,702.16</b>
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**Net Assets:**

***Unrestricted Net Assets***

Net Assets No Restrictions	\$	3,701,851.56
Net Assets Vestry Restricted		2,543,574.78
<b>Total Unrestricted Net Assets</b>	\$	<b>6,245,426.34</b>

***Donor Restricted Net Assets***

Custodial Fund	\$	32,711.42
Preschool Fund		36,978.35
<b>Total Donor Restricted Net Assets</b>	\$	<b>69,689.77</b>

<b>Total LIABILITIES &amp; NET ASSETS</b>	\$	<b><u>7,173,818.27</u></b>
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**All Saints Parish**  
**Statement of Income and Expense**  
**Year Ending 12/31/2018**  
**(unaudited)**

<b>Ordinary Income/Expense</b>	<b>Unrestricted Net Assets</b>		<b>Net Assets with Donor Restrictions</b>			<b>TOTAL</b>
	<i>General Fund</i>	<i>Preschool Fund</i>	<i>Program Funds</i>	<i>Reimbursables Fund</i>	<i>Custodial Funds</i>	
<b>Income</b>						
Direct Public Support (Note 1)	\$ 2,372,207.49	\$ 8,483.41	\$ -	\$ -	\$ -	\$ 2,380,690.90
Tuition and Application Fees	559,256.32	-	-	-	-	559,256.32
Fundraising and Special Cont	34,968.97	16,461.82	-	-	-	51,430.79
Program Support Contributions	-	-	47,030.78	-	-	47,030.78
Reimbursable Events, Trips and Programs	-	-	-	35,900.64	-	35,900.64
Custodial Contributions	-	-	-	-	48,801.02	48,801.02
Indirect Public Support	3,914.83	-	-	-	-	3,914.83
Funds Released From Restriction	126,678.10	(23,370.68)	(47,030.78)	(35,900.64)	(20,376.00)	-
Total Support	\$ 3,097,025.71	\$ 1,574.55	\$ -	\$ -	\$ 28,425.02	\$ 3,127,025.28
<b>Expense</b>						
<b>Fixed Overhead:</b>						
Salary and Benefit Expense	\$ 1,567,327.94	\$ -	\$ -	\$ -	\$ -	\$ 1,567,327.94
Utilities	109,001.53	-	-	-	-	109,001.53
Insurance, Property and Other Contract Expense	277,073.89	-	-	-	-	277,073.89
Total Fixed Expense	1,953,403.36	-	-	-	-	1,953,403.36
Governance and Administration:		-	-	-	-	-
Administrative and Preschool	259,784.50	-	-	-	-	259,784.50
Building and Grounds	205,937.92	-	-	-	-	205,937.92
Finance and Development	175,712.63	-	-	-	-	175,712.63
Total Governance and Administration	\$ 641,435.05	\$ -	\$ -	\$ -	\$ -	\$ 641,435.05
Program Expense:		-	-	-	-	-
Kitchen	51,536.51	-	-	-	-	51,536.51
Gather Program Expense	78,465.11	-	-	-	-	78,465.11
Grow Program Expense	79,704.29	-	-	-	-	79,704.29
Go Program Expense	56,428.59	-	-	-	-	56,428.59
Total Program Expense	266,134.50	-	-	-	-	266,134.50
Custodial Accounts Expense	20,376.18	-	-	-	-	20,376.18
Total Expense	\$ 2,881,349.09	\$ -	\$ -	\$ -	\$ -	\$ 2,881,349.09
<b>Net Ordinary Income</b>	<b>\$ 215,676.62</b>	<b>\$ 1,574.55</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,425.02</b>	<b>\$ 245,676.19</b>
Other Income/Expense						
Unrealized Gain/ Loss on Securities	\$ 28,558.15	\$ -	\$ -	\$ -	\$ -	\$ 28,558.15
Other Income	972.15	-	-	-	-	972.15
Net Other Income	\$ 29,530.30	\$ -	\$ -	\$ -	\$ -	\$ 29,530.30
<b>Net Income</b>	<b>\$ 245,206.92</b>	<b>\$ 1,574.55</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,425.02</b>	<b>\$ 275,206.49</b>

**Note 1: Direct Public Support includes support from plate offerings, pledged and non-pledged contributions and is presented net of approximately \$25,000 in returned Checks and Credit Card Refunds**

## All Saints Budget 2019

			January	February	March	April	May	June	July	
			6%	6%	7%	8%	7%	9%	6%	
		Total Revenue	\$ 163,526.55	\$ 158,278.79	\$ 198,538.52	\$ 231,121.33	\$ 200,963.99	\$ 259,252.68	\$ 182,273.58	
Fixed Cost										
Total Fixed Cost	\$ 2,051,896.51		\$ 170,991.38	\$ 170,991.38	\$ 170,991.38	\$ 170,991.38	\$ 170,991.38	\$ 170,991.38	\$ 170,991.38	
After Fixed	1,148,820.96	Total	9%	9%	9%	8%	7%	7%	9%	
Total Admin	29%	669,406.45	63,022.75	57,126.74	59,905.34	56,358.59	48,876.91	44,292.68	61,148.17	
Total Gather	9%	100,975.76	9,506.59	8,617.21	9,036.34	8,501.34	7,372.77	6,681.27	9,223.82	
Total Grow	14%	163,775.43	15,419.00	13,976.50	14,656.30	13,788.56	11,958.11	10,836.54	14,960.37	
Total Go	13%	152,961.23	14,400.87	13,053.62	13,688.54	12,878.09	11,168.51	10,121.00	13,972.53	
Total Kitchen	5%	57,969.04	5,457.62	4,947.04	5,187.66	4,880.52	4,232.63	3,835.64	5,295.29	

## All Saints Budget 2019

	August	September	October	November	December
	6%	7%	10%	9%	18%
	\$ 305,187.06	\$ 326,049.74	\$ 427,379.95	\$ 306,352.62	\$ 515,232.66
Fixed Cost					
Total Fixed Cost	\$ 170,991.38	\$ 170,991.38	\$ 170,991.38	\$ 170,991.38	\$ 170,991.38
After Fixed	8%	8%	7%	10%	9%
Total Admin	50,803.36	56,869.26	49,875.17	64,042.34	57,085.14
Total Gather	7,663.37	8,578.37	7,523.36	9,660.39	8,610.93
Total Grow	12,429.43	13,913.50	12,202.34	15,668.45	13,966.32
Total Go	11,608.71	12,994.78	11,396.62	14,633.85	13,044.11
Total Kitchen	4,399.45	4,924.75	4,319.07	5,545.92	4,943.44