



Every
Perfect
Gift

St. Stephen's Episcopal Church
Parish Update
July 24, 2022

St. Stephen's Episcopal Church

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Rev. Christopher Montella, Rector

Greetings friends! We are delighted to present to you our 2022 midyear update. We wanted to take some time to offer a brief update on how things are progressing since our annual meeting at the beginning of March, to give you an update on parish financials and to answer any questions you may have.

I would like to thank the Stewardship Committee, chaired by Cathy Gero for their work in putting this update together as well as our Finance Committee and Treasurer, John Fortman, and my colleague in Ministry, Senior Warden, Sheri Flay for all of her work on this presentation.

A huge shout out of thanks go to John Noonan and Dave Melton for their efforts to make sure we could offer this update in-person and on zoom from the sanctuary. We continue to be blessed by their presence and dedication.

Now it is important to note that this is really a financial update and most of what you will learn about is based on our financial status as of June 1st of this year and while there have been some shifts since then they are minor in nature.

That said, I wanted to offer you just a few highlights.

The first and most important thing to note is that we are in a position of health. Giving both pledge and plate remain strong. Following our annual meeting we \$302 in pledges making this the highest pledge total in St. Stephen's history. Which made a significant reduction in the deficit prediction that we addressed at the annual meeting.

While our in-person attendance tends to fluctuate more than it used to in our pre-pandemic days, the combined total between in-person worshippers and those joining us on line remains robust so overall engagement with worship is high and steady.

Just a few weeks after our Annual Meeting, we welcomed Stephanie Rodriguez as our Lay Associate for Preschool Administration and Youth Ministry. After much discussion, the Vestry and I concluded that it was time to put in place some dedicated youth leadership and saw an opportunity to link that role to an open preschool leadership position to make a more dynamic full-time position. Stephanie is a wonderful asset to our staff and she joins Melanie Long and Julia Nelson to make an incredible trio of leadership for the Children & Youth of St. Stephen's.

At the beginning of June our beloved preschool closed out another complex but successful year and I would like to acknowledge our entire preschool staff led by Melanie Long for all of their hard work and dedication to making sure that St. Stephen's Preschool continues to thrive while navigating the continuing twists and turns that COVID brings into the school setting.

St. Stephen's Episcopal Church

July 24, 2022

Summer school ended last week and we look forward to kicking off Vacation Bible School tomorrow here on campus for the first time in many years.

Just after Holy Week we created the volunteer position of Sacristan. The Sacristan is the one person besides me who has their eye on all of the moving parts of our worship services and the service participants. This role allows me to spend more time functioning as the priest rather than stage manager, particularly on Sunday's. This role is being served wonderfully by Caroline Morgan and I am so thankful for her service to all of us.

Our campus has once again become a place of vitality throughout the week as we host various scold troops and packs, 12 step groups, and community organizations such as PFLAG. In May, St. Stephen's was host to Santa Clarita's first ever Pride Art and Craft featuring local LGBTQ+ artists and craftspeople.

We have also welcomed to our campus, local theater productions needing rehearsal space. All of which help establish St. Stephen's as a gathering place for the broader Santa Clarita community and in some instances helps to supplement our income.

We have also felt the squeeze of global supply chain issues as our new HVAC install has seen continued delays. We are now scheduled for installation the first week of September. In all seriousness, we ask for your prayers first that our existing unity holds out that long and that we don't see any further delays.

As Sheri has noted in her report, if everything holds steady and the members of the congregation continue to honor their pledge commitments, we look forward to ending the year on a positive financial note and moving into 2023 from a position of strength and vitality.

Finally, I want to acknowledge our vestry, ministry leaders, and volunteers for all that they do to make this place work. I also want to express my deep and heartfelt gratitude to the rest of our staff, Maria Lopez, our Sexton, Judy Baity, our music director, Donna Maldonado, our bookkeeper and Tracy Stapp, our incredible Parish Administrator. These amazing women give so much of themselves and along with Melanie, Stephanie and Julia we are blessed by their service to us.

May God's blessing continue to be upon St. Stephen's and its people and God's peace be with you all today, tomorrow and always

St. Stephen's Episcopal Church

July 24, 2022

Parish Update Sheri Flay, Sr. Warden

Hello everyone. I am presenting the numbers as of May 31st, so welcome to our "almost" mid-year financial update for St. Stephen's Parish. The Vestry, Finance, Stewardship committees, and Rev. Christopher are committed to transparency with our finances and financial well-being.

I want to start off by mentioning some changes to the budget since our annual meeting that have affected our bottom line. Most importantly, due to the generosity of our St. Stephen's community the amount pledged by all of you has increased from \$286,000 to \$302,500. This is a \$16,500 increase in pledged amount and directly affects our anticipated net income. We are so thrilled by the fact that we have surpassed \$300,000 in pledges.

When we approved the budget, we anticipated a loss this year of almost \$28,000. With the increase in pledges, we're now showing a budgeted loss of \$12,000. We also have some strategic moves coming up that we believe will further reduce that deficit. We have only had one addition to our expenses and that was joining the Union of Black Episcopalians (UBE). The Vestry voted to donate \$750 for membership in the organization.

If you look at page seven, this page is a condensed version of our balance sheet. Page nine is a condensed version of our income and expense statement The income statement is where I will start.

Details about our income:

- The first line shows the pledges received so far. Pledge income is ahead by \$8,517, not too unusual and may simply be people paying their pledges ahead of time.
- The next line is Plate and other donation income. This line is ahead by \$1,937 and is encouraging as plate income sometimes decreases as congregants become pledging members of the church. The idea we have increased pledges as well as plate donations is terrific!
- Also, part of that line is our Easter special offering. After the tremendous response to the emergency appeal for a new air conditioning unit we chose not to send a special appeal for Easter. We did have envelopes in the pews and are pleased that we received almost half of our goal of \$2,000!
- The next line is fundraising and is currently fulfilled by our recycling program, which is doing very well, already showing a nice increase above budget. I'd like to give a big thanks to Diane Shaw who comes every month to receive your donations AND thank those of you who have brought your recycling supporting this mission.

St. Stephen's Episcopal Church

July 24, 2022

- After that is Rentals. We have seen the use of our space bounce back to almost pre-Covid levels and rental income is currently off by only \$135. This includes our 12-step groups, Pflag and others who use our space regularly.
- Including Vacation Bible School and other income, such as interest earned, all of this accounts for us having received \$11,000 more in income than anticipated.

Before moving on to our expenses, I'd like to look at our balance sheet. You will see that we have \$169,000 cash in the bank, fixed assets of \$1,000,000. So altogether we have approximately \$1.25m in assets. Our short-term liabilities which include payroll, benefits, and related taxes stays fairly constant depending on the time of year and how many payrolls there are each month. Our long-term liabilities which include our roof loan and diocesan loan show what we owe at the bottom of the page.

Again, before I move on to expenses, I'd like to jump to page eight and talk about our fund accounts.

In order to keep track of donations that are specified for different ministries such as for the altar guild, the Rector's discretionary account, or the music ministry, we have Funds. These funds are usually listed at the end of the balance sheet. The Vestry and finance committee have made a commitment to long range planning and the replenishment of key funds. These funds are the operating reserve fund - for unplanned expenses, the Buildings & Grounds fund - to keep our campus in good repair, and newly created this year, the sabbatical reserve fund - for when Rev. Christopher is eligible in a couple of years.

A few things of note with these funds.

- Buildings & Grounds – We just had to make an unplanned purchase of a new copier for the church. This is because the church copier called it quits earlier this year and the vestry approved the purchase of a new one. This expense, \$15,783, was paid from the Buildings & Grounds fund.
- The Vestry also decided to support a paid youth leader position. The Children & Youth Fund is being utilized to pay that salary this year and it will just about be depleted. We have been blessed to have Stephanie Rodriguez leading this ministry and we will need to work this salary into our regular operating budget next year.
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Now look back to page nine and I will talk about our expenses.

The first item is Mission Share, and I would like to remind everyone that two years ago the vestry decided to fulfill our obligation to the Diocese and we road-mapped a plan to reach the 12% minimum required of a parish by increasing ½% each year. This year we have pledged 11½% to the Diocese, so we should meet our goal in next year's budget! Moving on, as of May 31, salaries, benefits, and payroll taxes are right on track with budget. Utilities are also running even to budget, although electric and gas are running

St. Stephen's Episcopal Church

July 24, 2022

a bit high individually. The finance committee is analyzing those numbers to see if usage and/or rates have increased. So far, we have seen no reason to adjust the budget.

Everything else is doing well. Two exceptions are advertising and music. We chose to advertise in the Santa Clarita Magazine to promote our services during holy week, and the overage in music is due to supplementing our choir. If anyone would care to join us, we would welcome you! Remember, contributing to the church does not necessarily mean giving money. Your talents are also welcome.

Here is the bottom line: as of the end of May our net income is ahead for the year. At this time, we do not **anticipate** any unplanned expenditures or changes, so if the budgeted numbers hold for the rest of the year we will end up in the black.

St. Stephen's Episcopal Church

July 24, 2022

Parish Balance Sheet

	May 31, 2022
Cash (Bank Accounts & cash)	\$169,591
Fixed Assets	\$1,092,547
Total Accounts Receivable	\$0
Total Assets	\$1,262,139
Accounts Payable Vendors	-\$1,514
Benefits Payable	\$114
Payroll Taxes & Benefits Payable	\$834
Current Portion Loan Payable Diocese	\$804
Total Short-Term Liabilities	\$238
Total Long-Term Liabilities	\$140,266
*Total Liabilities	\$140,504
Total Non-Fixed Asset Fund Balances	\$180,666
Total Fixed Asset Fund Balance	\$940,967
Total Fund Balances	\$1,121,633
Total Liabilities & Fund Balances	\$1,262,139

*Total Long-Term Liabilities includes:

ECFCU Roof Resurface Loan (5/21) \$43,733
Loan Payable to Diocese (1/1/2001) \$96,533

Some minor differences from Treasurer's Report due to rounding

**Please contact the Finance Committee or John Fortman, Treasurer by email, treasurer@st-stephens.org if you have any questions or comments. You can also share your questions or concerns by email with the Vestry, vestry@st-stephens.org*

St. Stephen's Episcopal Church

July 24, 2022

Non-Fixed Asset Fund Balances	May 31, 2022
Altar Guild & Flowers Balance	\$3,802
Anti-Racism Coalition Fund Balance	\$200
Bookstore Balance	\$543
Buildings and Grounds Fund	\$17,673
Children & Youth Fund Balance	\$21,600
Chimes & Bells Balance	-\$6
Daughters of the King Balance	\$226
Deanery Pass-through Balance	\$601
EfM Fund Balance	\$87
Endowment Fund Balance	\$445
Family Promise Balance	\$348
HVAC Emergency Fund 2021 Balance	\$63,310
Immigrant Support Circle Fund Balance	\$12,098
Laundry Love Balance	\$1,726
Memorial Garden Balance	\$370
Music Fund Balance	\$4,155
Operating Fund Balance	\$26,794
Operating Reserve Balance	\$8,500
Other Directed Donations Balance	\$430
Outreach Balance	\$1,402
Pass-through Donations Balance	\$1,418
Pet Memorial Garden Balance	\$564
Project Balance	\$171
Rector Discretionary Fund Balance*	\$10,315
Sabbatical Reserve Fund Balance	\$2,500
Share the Grace Balance	\$99
Welcome Table Balance	\$1,286
Total Non-Fixed Asset Fund Balances	\$180,666

*Rector Discretionary Fund Balance includes Special Designated Donations

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St. Stephen's Episcopal Church

July 24, 2022

Parish Income Statement May 31, 2022

	Year to Date Actual	Year to Date Budget	+/- YTD Actual to YTD Budget (5 mos)
Pledges received	\$131,368	\$122,851	+\$8,517
Other Donations & Plate	\$19,562	\$17,625	+\$1,937
Fundraising	\$308	\$230	+\$78
Rental Income	\$2,315	\$2,450	-\$135
Vacation Bible School	\$300	\$0	+\$300
Other Income/Interest	\$534	\$95	+\$439
Total Income	\$154,389	\$143,251	+\$11,136
Mission Share	\$16,840	\$16,840	\$0
Clergy Salary, Housing & Benefits	\$50,065	\$49,960	-\$105
Lay Salary & Benefits	\$50,331	\$51,009	+\$678
Employee Tax & Unemployment	\$3,761	\$4,243	-\$482
Utilities & Services	\$23,034	\$23,975	+\$941
Office Expense	\$1,874	\$2,160	+\$286
Technology Expenses	\$4,491	\$4,860	+\$369
Taxes & Insurance	\$8,928	\$8,100	-\$828
Program & Ministry Expenses	\$7,344	\$7,395	+\$51
Outreach	\$210	\$875	+\$665
Advertising & Communications	\$1,612	\$1,148	-\$464
Music	\$3,918	\$2,813	-\$1,105
Misc.	\$3,307	\$4,950	+\$1,645
Total Expenses Before Cost Sharing	\$175,722	\$178,328	+\$2,606
Cost Sharing from Preschool	-\$35,519	-\$35,610	-\$91
Total Expenses	\$140,203	\$142,718	+\$2,515
YTD Net (Income less Expenses)	\$14,186	+\$532	+\$13,654

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St. Stephen's Episcopal Church

July 24, 2022

Preschool Update Sheri Flay, Sr. Warden

Our preschool, led by Melanie Long, has had a particularly good year so far. Their fiscal year runs from August 1 to July 31, so since we are presenting the financial information through May 31, I want to emphasize that the preschool financials are as of the end of their 10th month of business, and June and July have much lower income due to it being summer.

If you look at the income statement on page thirteen, the preschool is currently \$90,000 above budget in income. This is due in most part to better-than-expected enrollment. It includes \$82,000 more in registration fees, tuition payments, and extended care fees. The remaining \$8,000 is from a \$6,500 grant from the American Rescue Act Plan of 2021 and other miscellaneous income received.

This translates to a balance sheet that is in decent shape. The balance sheet is on page twelve, total assets are \$307,000, a huge increase of \$160,000 since the beginning of the fiscal year! In addition to the extra income received for enrollment, Marian Krabach secured \$75,000 in Employee Retention Credits for the preschool. This is a COVID-related payroll tax refund, and we are so thankful for Marian's work on this.

The receivables amount is deposits for June tuition that were paid at the beginning of the school year, but not yet realized as tuition. Half of the amount was moved to income in June and the other half will be moved next June. The liabilities are benefits and payroll taxes which we pay monthly or quarterly, so they change each month.

While the preschool does not have the many ministries the parish has, they still have a few different funds they keep money in.

They have an Operating Reserve fund, which contains \$138,000. The goal for this fund (for both the preschool and the church I might add) is to have six months' worth of normal operating expenses (approximately \$300,000 in the preschool's case) in case there is a shutdown of the preschool due to a disaster or other unexpected event. The preschool transfers money to this fund and the buildings and grounds fund monthly. The buildings and grounds fund contains \$7,000 currently, and the scholarship fund contains \$2,000.

As we move over to the preschool's expenses on the right-hand side of the page you will note a lot of red numbers meaning we overspent the budget. While it looks bad, keep in mind the higher income received. Most of the expenses are higher due to enrollment.

The largest overage is in "Teacher Salaries." At the end of May the preschool is over budget by \$14,600, because enrollment was higher than expected. More hours by teachers were necessary to cover the number of students. Also, the preschool kept their Covid protocols in place for the entire year. The students were kept in classroom

St. Stephen's Episcopal Church

July 24, 2022

bubbles and the extended care students could not be combined together; therefore, additional teachers were needed.

Here are some more details:

- Benefits are higher because salaries were higher.
- The Occupancy expense includes shared salaries, the sexton and the bookkeeper, and are based on actual hours worked, so there is a small overage.
- The preschool received a great deal on a copier at the same time as the church and this bumped up the Office Operations expense by \$6700.
- Program and maintenance expenses are up due to the need for extra cleaning supplies and the purchase of air purifiers. Again, this is because of increased enrollment and Covid protocols.
- We did save money on membership dues because many were reduced due to Covid. We expect those to return to their pre-Covid rates for the upcoming year.
- The Technology expenses are higher by \$3200 because some of the variable costs in this category, payroll processing and the processing of tuition payments, were higher than budgeted due to higher enrollment and higher salary costs.
- Insurance expense is currently about ½ of budgeted (\$5000) – it depends on when the bills are received. This will even out by the end of the fiscal year.

June and July are generally lower income and expense months. This is because there is only half a month of tuition in June, and although July does have tuition for its summer enrollment the classes are fewer than the regular year. This also means that teacher salaries will be lower than usual as only ½ the teachers are working and only for three days a week.

The bottom line for the preschool is that as of the end of May it is showing an \$89,000 net income. If our forecast for June and July holds, the preschool will still end up with a positive net income.

St. Stephen's Episcopal Church

July 24, 2022

Preschool Balance Sheet

May 31, 2022

Cash (Bank Accounts & cash)		\$341,595
Total Accounts Receivable		-\$34,396
	Total Assets	<u>\$307,199</u>
Liabilities		\$5,633
	Total Liabilities	<u>\$5,633</u>
Operating Fund Balance		\$153,075
Pass Through Account Balance		\$1,390
Operating Reserve Balance		\$138,201
Scholarship Fund Balance		\$1,979
Buildings and Grounds Fund Balance		\$6,919
	Total Fund Balances	<u>\$301,566</u>
<u>Total Liabilities & Fund Balances</u>		<u>\$307,199</u>

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St. Stephen's Episcopal Church

July 24, 2022

Preschool Income Statement May 31, 2022

	Year to Date Actual (8/1/21 – 5/31/22)	Year to Date Budget (8/1/21 – 5/31/22)	+/- YTD Actual to YTD Budget (10 mos)
Current Year Fees & Tuition	\$575,696	\$493,745	+\$81,951
Total Grants	\$6,500	\$1,000	+\$5,500
Other Income/Interest	\$3,416	\$640	+\$2,776
Total Income	\$585,612	\$495,385	+\$90,227
Total Salaries	\$324,525	\$309,892	-\$14,633
Total Shared Salaries	\$19,853	\$20,830	+\$977
Total Benefits	\$47,332	\$44,500	-\$2,832
Total Occupancy Expense (xfer)	\$48,180	\$46,985	-\$1,195
Total Office Operations	\$9,942	\$2,756	-\$7,186
Total Program Expense	\$9,092	\$7,790	-\$1,302
Conference & Education Expense	\$2,240	\$2,500	+\$260
Maintenance Expense	\$4,776	\$4,080	-\$696
Total Membership Dues	\$1,421	\$2,752	+\$1,331
Total Technology Expense	\$10,545	\$7,302	-\$3,243
Total Insurance Expense	\$5,562	\$10,788	+\$5,226
Misc.	\$2,161	\$2,591	+\$430
Total Expenses	\$485,629	\$462,766	-\$22,863
Transfer to Building & Grounds	\$5,000	\$5,000	\$0
Transfer to Operating Reserve Fund	\$5,952	\$5,000	-\$952
Total Transfers	\$10,952	\$10,000	-\$952
Net (Income less Expenses)	\$89,031	\$22,619	+\$66,412

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