

Good Day. I'm Herb Burton, St. Philip's Treasurer

Once again, It is my privilege to summarize the financial results and activities for the past year and the budget for this year.

Despite declining church attendance throughout the country, Saint Philip's is growing.

Growth of our Children, Youth and Family ministries continues with strong leadership from Mtr. Taylor.

Our exceptional music program, led by Dr. Appel, accomplished another very successful residency at Lincoln Cathedral. Our musicians and choirs continue to attract new parishioners and form youth in worship and ministry.

Fr. Matthew has exceeded expectations by quickly demonstrating leadership of adult ministries.

I'm happy to report that we ended 2024 with our expenditures very close to matching our income - a loss of less than 1% of total budget. However, that was due in large part to the three unexpected bequests Saint Philip's received. Those bequests also enabled us to replenish reserve funds and add to our "Rainy Day" emergency fund. The bequests also helped compensate for not yet receiving the COVID-era ERC (Employee Retention Credit) refunds from the IRS that we included in the 2024 budget.

Our ministries continue to benefit from the generous legacies of many parishioners. Legacy funds are essential for support of our outstanding music program and the pastoral end-of-life care provided by our clergy. The Kautz music ministry fund and the Dexter pastoral care fund are managed as endowments. Each contributed \$45,000 in 2024. And the Ministry Endowment fund contributed \$10,000.

I'll put in a plug here to name Saint Philip's as a beneficiary of your life insurance policy or include the church in your Will. Contact the office if you would like to learn how to do this.

Bonnie Winn continues her outstanding leadership of stewardship. The Stewardship campaign for 2025 resulted in an increase in pledges. Thank you everyone who pledged!

But there continue to be a large number of regular givers that don't pledge. It's important because it helps us plan a budget. Your pledge is not a contract. It's a promise. We won't come after you if you can't fulfill your pledge, whatever the reason. Your contributions provide more than two thirds of the operating income. So, Please help us!

Saint Philip's administrative staff, led by Mtr. Mary and Kiki Cheney, with excellent support from bookkeeper Shelby Parsons and the Finance Committee continued to improve our financial management systems and processes. More paper has been replaced by electronic records. These improvements will help simplify our audits and help catch up so that audits will be current. The 2022 audit was completed in 2024, and we plan to catch up this year.

As I mentioned in my report last year, the P&E Foundation committed \$300,000 to funding much needed capital replacements on our historic campus in 2024. \$166,970 was actually spent in 2024 so \$133,000 is still available.. P&E has committed another \$300,000 for 2025. That money, along with the carryover from last year, as well as an additional Heritage Fund reimbursement will provide almost \$573,000 for capital replacement projects.

If you have been on campus recently, you know that extensive work on the roofs surrounding the Perry Garden is underway. Believe it or not, those tile roofs are over 80 years old! It is not surprising that there is extensive deterioration and damage under the tiles. P&E funds and some grant money will help pay for the replacements and repairs, but the expenses are going to be much larger than anticipated, likely to be \$100,000 more than the available funds! We are exploring ways to obtain the balance of the required funds.

As I noted in the stewardship brochure, fully funding the ongoing regular operations of Saint Philip's continues to be a challenge. It would require a 20% growth of pledge and regular giving. In 2024, we were fortunate to receive large bequests, but that is not the norm. We really count on the annual contributions from parishioners. We anticipate some additional funds from the Catalina Hills School and other facility rentals, but full funding requires increased support from parishioners. Balancing the budget this year will require deferring some expenses and drawing on some of the bequest funds we received last year.

As you can see, 2025 promises to be a challenging year. Please pray for the wardens, vestry and staff as we develop plans to ensure the continued Life in Christ and growth of this wonderful parish.

There will be an opportunity to explore additional financial data and ask questions at the annual meeting.

I look forward to seeing you there.

Bless you and thank you again for your support of Saint Philip's ministries that we may continue to gather in love, be transformed by grace, and serve our Lord.