

Report from Council Treasurer

John Bailey





A “time of transition” continues to be the theme for 2025 and 2026. Last January, three new players were in the finance pilothouse: Kat Thorp as the new Director of Administration, a new bookkeeping service that began in late 2024, and myself, a bit rusty after a 24-year hiatus since I last served as a church treasurer. We muddled along the learning curve for a short while, and I am confident we now have a solid and competent team in place.

There are challenges as we progress through changes in pastoral leadership, addressing concerns about congregational demographics, and face the cost of maintaining a historic facility.

The Finance Committee has been a tremendous source of wisdom and counsel. I cannot thank them enough.

Financial Highlights

General Fund

Early in the year, it was determined that certain positions were incorrectly classified as exempt from overtime pay. Substantial penalties could have been assessed if this had not mitigated. Payment was made to retroactively compensate affected employees at a cost of \$54,295. As a result, adding the much needed Youth & Family position was deferred. Other unexpected expenses included \$11,455 for elevator repairs and \$5,915 for plumbing repairs. Our commercial tenant, Sal’s, made only a single rent payment, and we incurred \$6,000 in legal fees to evict.

The wonderfully good news is that envelope giving surpassed the budget sufficiently to compensate for all of the above. Cash receipts toward ministry partner and human assistance benevolences totaled \$77,876. The generosity of this congregation is significant and deeply appreciated.

We also received the long awaited federal COVID-related Employee Retention Credit (ERC) of \$81,624, along with \$24,521 in interest. A generous bequest provided the congregation with \$100,000 in December 2024 and another \$100,000 in January 2025.



We end the year with a general fund surplus of \$241,915. Setting aside the extraordinary income from the ERC and bequests, the surplus from regular operations was \$35,767.

Committee/Restricted Funds

Donor-restricted gifts totaled \$46,103, supporting the Property Fund, a newly formed Stained Glass Window fund, scholarships, youth activities, racial justice activities, and the Pastor's Discretionary Fund. Significant property concerns were addressed during the year. The December 2024 bequest was used toward replacement of HVAC units serving the Gathering Place and Music Room, at a cost of \$110,245. A final payment of \$31,352 was made from the Memorial Fund for repair of the Reformation stained glass window. A separate fund for Stained Glass window maintenance was established, with \$10,500 received thus far, and a down payment of \$17,208 made for stained glass repairs scheduled for 2026.

Scholarships of \$14,400 were paid from restricted funds, and the Pastor's Discretionary Fund provided \$14,167 in direct human assistance.

Balance Sheet

Several investment changes were made during the year to increase yields. MIF funds were moved into a one-year certificate of deposit. Money market funds at California Bank & Trust and MIF were moved into Treasury notes ranging from three to twelve months. An account was opened with Merrill Lynch to handle Treasury transactions, with all fees waived. An account payable balance was set up at year-end to accrue the January remittance of support for our Gift for the Christ Child beneficiaries and our annual \$15,000 support for Saint John's Program for Real Change.

2026 Budget

A budget is the financial representation of an organization's game plan; however, our game plan is clouded by uncertainties – primarily with respect to timing. The start dates of a new Senior Pastor and a new organist, as well as the end date for our beloved Associate Pastor, are all uncertain.



The Council has identified one certainty: it is imperative that we welcome and serve families by adding an Associate Director of Youth & Family. We have budgeted for this position beginning in March.

This budget includes provision for a Senior Pastor at the same compensation as the Bridge Pastor and an Associate Pastor position through all twelve months of the year. Additionally, the budget provides a cost-of-living increase for lay staff.

Pledges are roughly \$200,000 less than last year. In a time of transition, does it make sense to reduce expenses and services to the congregation – or to set the foundation for future growth by using a portion of the abundant giving experienced in 2025 to invest into 2026? The discernment of the Council is to choose the latter.

Accordingly, it is proposed that the \$100,000 bequest received in January 2025 be designated to support one-time estimated costs of the Call Committee, moving expenses for the new Senior Pastor, and personnel expenses. The council regards this as one-time “bridge” funding, just as we have a “bridge” pastor. What about 2027? Assuming that envelope giving approximates that of years 2022 through 2025, the congregation will have funds to support staffing, including the Youth & Family position.

Budgeted revenue for 2026 is based on pledges received thus far and those still anticipated, using historical trends for pledge fulfillment and non-pledged receipts. Budgeted pledged envelope revenue is estimated at \$1,045,000 and non-pledged envelope revenue at \$220,000, for a total of \$1,265,000.

Operating expenses are budgeted based on each ministry area’s plans for the year, considering historical spending patterns. Salary expense omits last year’s make-up pay and sabbatical expense. With the purchase of laundry facilities, we will save on outsourced laundry costs. With increased frequency of security patrols, that expense has been broken out of Professional Expense. We anticipate fewer plumbing and elevator repairs. The costs of bookkeeping and insurance have increased.



During 2025, \$30,223 in special offerings were received to support direct services to the unhoused. It is requested that these services be budgeted primarily out of the general fund to be less reliant on special offerings, as a ministry of the congregation as a whole should be primarily supported through the general fund. Such special offerings are now estimated at \$8,000, funding a total of \$34,000 in expenses. Mission support to the Synod continues at \$80,000; Saint John's Program for Real Change continues at \$15,000; and pass-throughs of Lenten and Advent benevolences estimated at \$25,000 each – totaling \$179,000 in cash benevolences.

With the designation of the bequest, this general fund budget adds the Youth & Family position, provides for the transition to a new Senior Pastor, and assumes greater responsibility for direct services to the unhoused, resulting in a break-even budget.

A handwritten signature in blue ink that reads "John Bailey".