

Incarnation Parish Meeting: November 9, 2025

End-of-Year Finance Update (October 2024-September 2025)

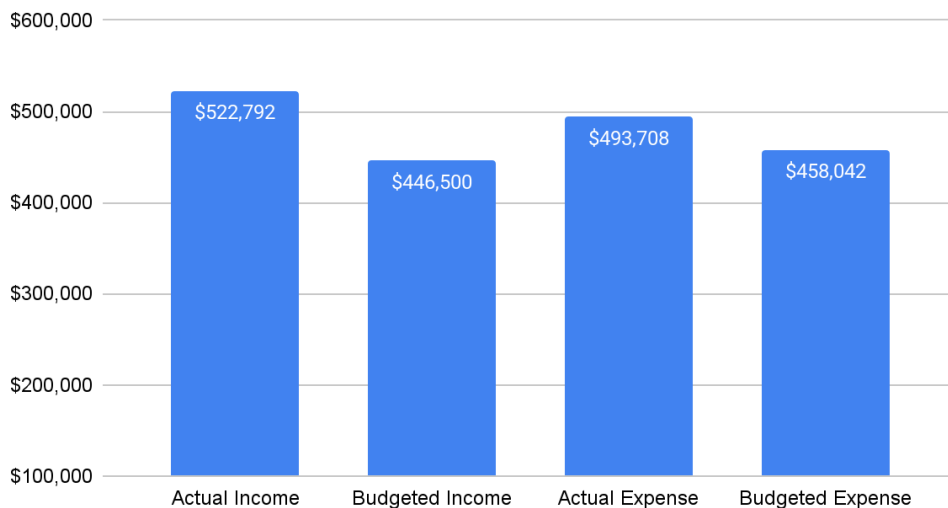
End of Year Income and Expense (Oct 2024 - Sept 2025)

FY25 Income: \$522,792 (Budgeted: \$446,500)

FY25 Expenses: \$493,708 (Budgeted: \$458,042)

Net: \$29,084 (Budgeted: -\$11,541)

FY25 Profit & Loss Budget v. Actual



Income for FY 2025

Income significantly exceeded budget projections by \$76,292, a 17.1% increase over budget for the year. This was largely due to a sustained increase in regular undesignated gifts from individuals.

Undesignated Income

Our undesignated income for the year was \$415,820 (budget: \$366,700), a 13% increase over budget. We had a particularly strong December with \$68,553 in end-of-year gifts (24% over budget). Our undesignated giving came very close to reaching our budgeted *total* income for the year (which included both designated and undesignated gifts) of \$446,500. This was a huge leap toward our goal of sustaining the ministry of Incarnation from the regular giving of its members, thanks to your generous giving throughout the year.

Designated Income

Designated income was \$102,453 (budget: \$75,000), a 36% increase over budget. This increase is entirely due to the creation of our designated Benevolence Fund in response to federal workforce reductions; this fund was unanticipated and therefore not reflected in the original budget. The Benevolence Fund received a total of \$24,731, and is reported below. In addition, we received \$70,000 in grants (budget: \$75,000) from the diocese in support of our curacy and our church plant, and an additional \$7,721 in designated gifts from individuals toward the church plant. Most of these individual donors do not attend Incarnation, but exclusively attend Holy Comforter.

Expenses for FY25

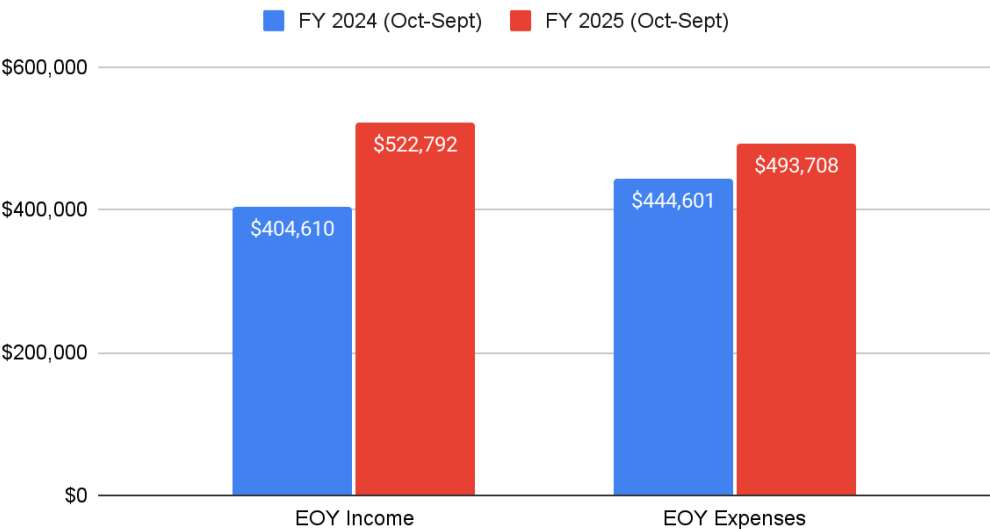
Expenses exceeded budget by \$35,666 for the year (7.8% over budget). This kind of over-expenditure is uncommon in Incarnation’s history, and reflects the volatility of the past year. Variances over \$3000 always require vestry discussion and approval. Below is a breakdown of expense overages and their reasons:

- **Grants: \$7,943 over budget.** We give 5.1% of undesignated income to the diocese, so as our income increases, so do those payments. This accounts for most of the overage in this category. We also gave an unbudgeted outreach grant in June (details in Outreach Disbursements section below), but this was balanced by other outreach expenses finishing under budget.
- **Payroll and Benefits: \$13,909 over budget.** One employee moved from p/t to f/t in May. Our 2024 summer intern was paid a stipend in FY25, which was funded by a grant received in FY25. Several unbudgeted spot bonuses for employees.
- **Program Expenses: \$8,579 over budget.** This overage is due to unbudgeted Benevolence payments totaling \$11,839; these payments are balanced by other program expenses coming in under budget. Benevolence payments were entirely covered by the Benevolence fund.
- **Facilities: \$6,037 over budget.** This overage is largely due to a large, one-time lump sum rental payment to Beverley Hills in September, as well as several months of paying rent to multiple locations as we worked to consolidate our storage, office, and worship spaces at Beverley Hills. These locations included Greenbrier Baptist (storage space; lease ended Sept 30), Coracle (sublet from Greenbrier for office/meeting space; lease ends Nov 30), and Beverley Hills (will move into office space Dec 1).
- **Administration: \$2,217 over budget.** A new employee laptop (budgeted for FY24, but purchased in FY25) and increased office supply costs related to printing (more people = more liturgies).

Overall Budget Performance for FY25

Despite these increased expenses, we finished the year with a surplus of \$29,083 (budget: -\$11,541). By comparison, we ended FY24 with a deficit of -\$39,021. **This is a truly remarkable turnaround since one year ago.** You have given consistently, faithfully, and generously to the ministry of this church. Thank you!

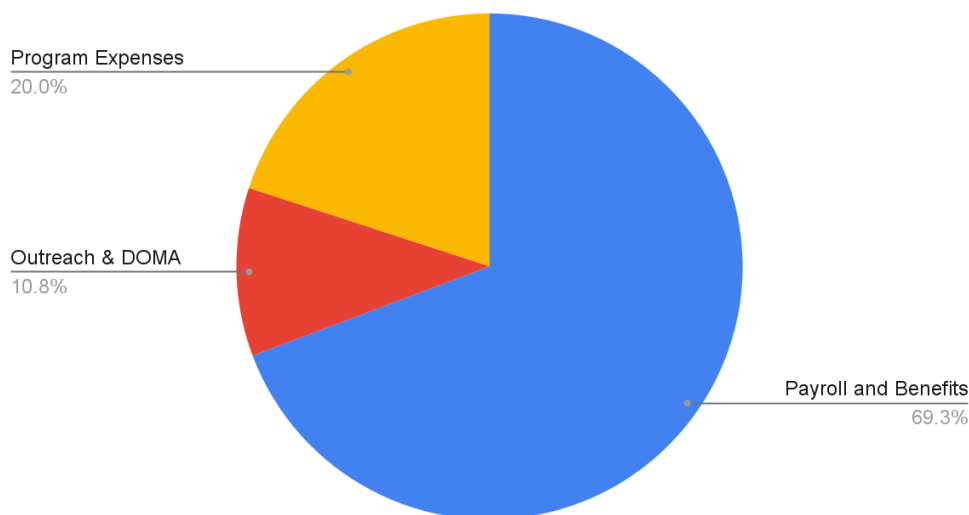
Year-End Comparison: FY 2024 & FY 2025



Expense Breakdown by Category

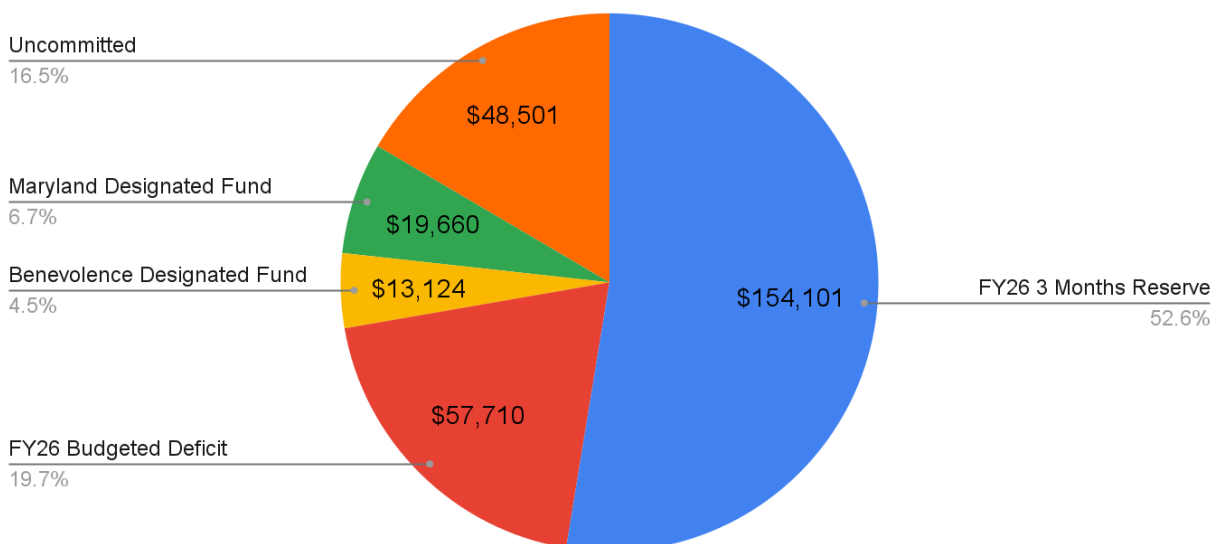
- **Outreach & DOMA** includes payments to the diocese (5.1% of undesignated income) and disbursements to outreach partners, including to Holy Comforter. (Please note, this figure represents outreach as a percentage of our *expenses*, not as a percentage of our *income*.)
- **Program Expenses** includes all costs associated with worship and community life, including facility rental and administrative costs.
- **Payroll & Benefits** includes 2 full-time clergy, 1 full-time worship leader (moved from part-time to full-time in May 2025), 2 part-time staff.

FY25 Expense Breakdown by Category



End of Year Cash Position

Cash Reserves Breakdown (Total thru Sept 30: \$273,436)



Report on Benevolence Fund in FY25

The Benevolence Fund received \$24,731 in FY25. We gave gifts totaling \$11,839 to 7 households in FY25. The remaining fund will carry into FY26 and continue to be available to those in our congregation experiencing financial hardship, and we anticipate continued designated gifts to the fund in FY26. This year, the vestry established a Benevolence Fund Policy and internal processes for distributing and tracking gifts. **Thank you for your incredible outpouring of generosity toward this fund.**

Report on Outreach Disbursements in FY25

In the past, Incarnation has committed 10-15% of its undesignated income to outreach partners each year. The Incarnation Outreach Team oversees outreach partnerships and recommends outreach gifts to vestry.

This year, however, we budgeted only 5% of undesignated income for outreach partners, and an additional 7.3% for the emerging ministry in Maryland. The Maryland project falls within our Evangelism and Church Planting outreach priority, which states, “We value evangelism and church planting in the context of authentic friendships and welcoming community. We seek to empower female and minority church leaders.”

- **Gifts to Existing Outreach Partners.** We gave \$15,800 to existing outreach partners with whom we have multi-year funding agreements: C&R in West Asia; Partners in Al-Hol, Syria; and Vera Fernandes with Afghan refugees in Alexandria, VA.
- **Gifts to the Maryland Project.** We gave \$28,062 to the Maryland Project in FY25; this was slightly higher than the budgeted \$27,347 (by \$714, or 2.6%) due to front-loading some large startup costs. This figure includes purchases of liturgical supplies and worship equipment, rental payments to Hyattsville Mennonite, and 25% of Katie’s salary. We received a 3-year commitment of \$40k/year in grants from our diocese; the first of these grants arrived in June 2025.
- **Additional Outreach Gifts.** In May, following a mid-year financial review, the vestry voted to give an additional \$5000 to Restoration Immigration Legal Aid (RILA) as a matching gift for World Refugee Day. We had reported in our May 2025 and October 2024 Parish Meetings that vestry would consider making additional outreach gifts depending on the outcome of our mid-year financial review. The gift to RILA falls into this category and reflects our desire to respond in generosity to the sustained increase in income.
- **Special Offerings.** We gave \$2,545 to Casa Chirilagua for our Advent/Christmas offering, and \$2,676 to Five Talents for our Lent/Easter offering. These were special offerings over and above our budgeted outreach commitments.

FY26 Budget

The FY26 budget summary is attached. Detailed budgets available upon request.

FY26 Income (total): \$558,692

FY26 Expense (total): \$616,403

Net (total): -\$57,710 (-\$38,709 for Incarnation; -\$19,001 for Maryland)

Maryland Budget

- Maryland (Holy Comforter) is a separate budget category, with a comprehensive budget of its own that includes both revenue and expense. (In FY25, Maryland was a subset of our Outreach budget.)
 - Maryland will be funded in FY26 through a Designated Fund of Incarnation.
 - Revenue was calculated using the FY25 actuals from Incarnation households anticipated to transfer their giving in 2026. This is a very conservative income projection.
 - This budget also includes grants revenue. These grants include the carryover in designated gifts from FY25; an approved \$40k/year grant from the diocese; plus additional grants from church supporters. We have reasonable confidence that we will receive these grants, based on early conversations.
 - Katie's salary is split 50/50 between Virginia and Maryland for the remainder of 2025. In 2026, her salary is dedicated 100% to Maryland.
 - Incarnation has committed to cover Holy Comforter's deficit (projected at \$19,001) from its reserves as a planting gift in 2026.

Virginia Budget

- Virginia (Incarnation) Revenue is calculated using FY25 actuals, plus a 5% increase, and subtracting out anticipated Holy Comforter (Maryland) giving. The 5% increase is consistent (but conservative) with the growth we have seen year to year in both attendance and giving. Because this figure subtracts anticipated Maryland giving, the result is a conservative income projection for Virginia.
- We have not budgeted for a 1:1 replacement of Katie with a full-time clergy person. Instead, we have budgeted a part-time clergyperson to begin in Spring 2026. This role is simply a placeholder in the budget as we wait to assess the impact of launching Holy Comforter on our staffing needs.
- This budget includes modest increases to base salary for some staff to reflect actual hours worked and/or to bring salaries into closer alignment with market rates. Those staff not receiving a base increase will receive a 3% COLA.
- This budget includes giving 10% of the previous year's undesignated income (FY25) to outreach.
- Modest deficits are projected in both Virginia and Maryland, which will be covered from Incarnation's reserves. The vestry and finance team deemed these deficits to be reasonable given the costs and uncertainties of church planting.

Combined Incarnation Summary		
	FY26 Final	% Total Revenue
Revenue (Total)	\$558,692	100.00%
General Fund Offering (Virginia)	\$397,979	71.23%
Designated Offering (Benevolence)	\$12,400	2.22%
Designated Offering (Maryland)	\$51,700	9.25%
Grants (Maryland)	\$79,814	14.29%
Grants (Virginia)	\$8,000	1.43%
Events Income	\$4,000	0.72%
Interest Income	\$4,800	0.86%
Projected % Growth in Total Offerings	5.00%	
Expenses		
Personnel	\$293,451	52.52%
Administration/Facilities	\$93,608	16.75%
Maryland	\$150,515	26.94%
Sunday Worship	\$6,380	1.14%
Children	\$6,050	1.08%
Community	\$25,080	4.49%
Outreach	\$41,319	7.40%
Total Expenses (including MD and Events)	\$616,403	110.33%
Total Net Bottom Line	-\$57,710	

Incarnation Summary (no MD)	
Revenue	\$427,179
General Fund	\$397,979
Benevolence Fund	\$12,400
Grants	\$8,000
Events Income	\$4,000
Interest Income	\$4,800
Expenses	
Total	\$465,888
Net Incarnation bottom line	-\$38,709

Maryland Summary	
Revenue	\$131,514
General Fund	\$51,700
Grants	\$79,814
Expenses	
Total	\$150,515
Net Maryland bottom line	-\$19,001

General Fund Cash Analysis	
FY25 - Cash reserves as of Sept 30	\$273,435
FY26 Monthly Total Expenses (VA & MD)	\$51,367
Months of FY26 Total Expenses	5.3
Years at FY26 Total Deficit Rate	4.7
FY26 Monthly Expenses (VA only)	\$38,824
Months of FY26 Operating Expenses (VA only)	7.0
Years at FY26 Deficit Rate (VA only)	7.1

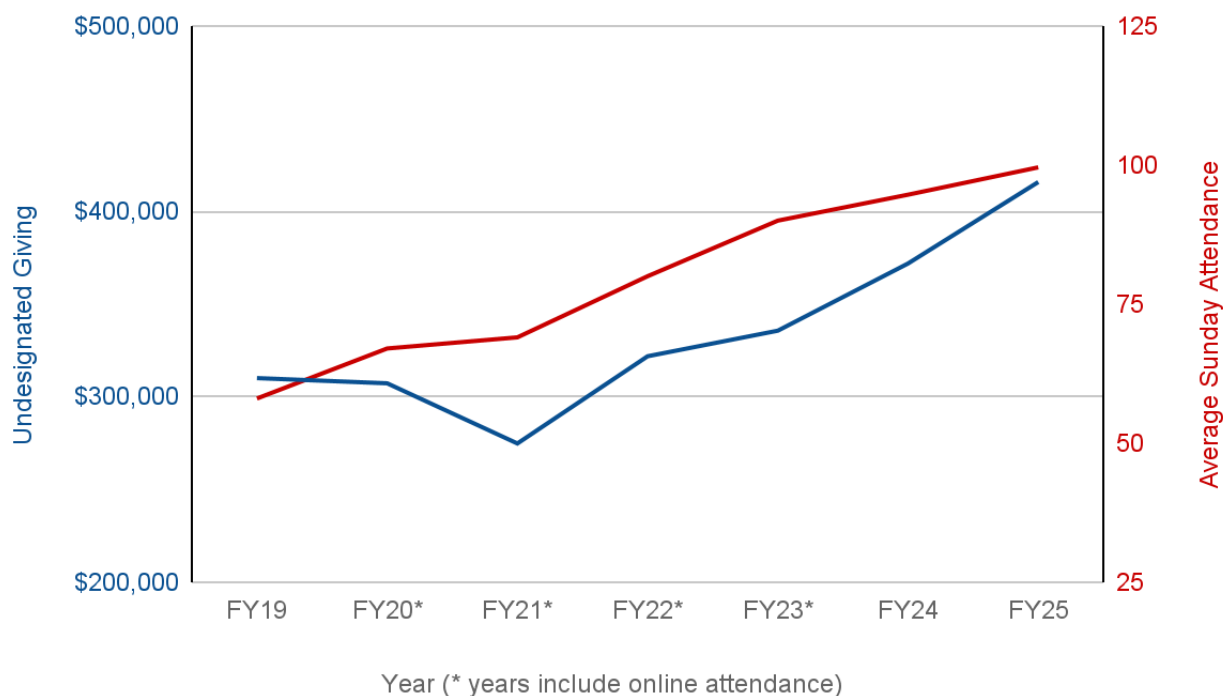
Attendance

Average Sunday attendance for FY25 was 100. By comparison, average attendance for FY24 was 95.

Average attendance was over 100 for most months of FY25, ranging between 102-115 for 8 months of the year. However, we experienced a significant dip in summer 2025 attendance due to the challenges of the 11:30am service time.

Reaching 100 in average attendance affords Incarnation an additional representative to our annual diocesan synod (3 delegates rather than 2) starting in 2026.

Attendance and Income, 2018-Present



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