Incarnation Parish Meeting: October 25, 2026
End-of-Year Finance Update (Oct 2025 - Sept 2026)

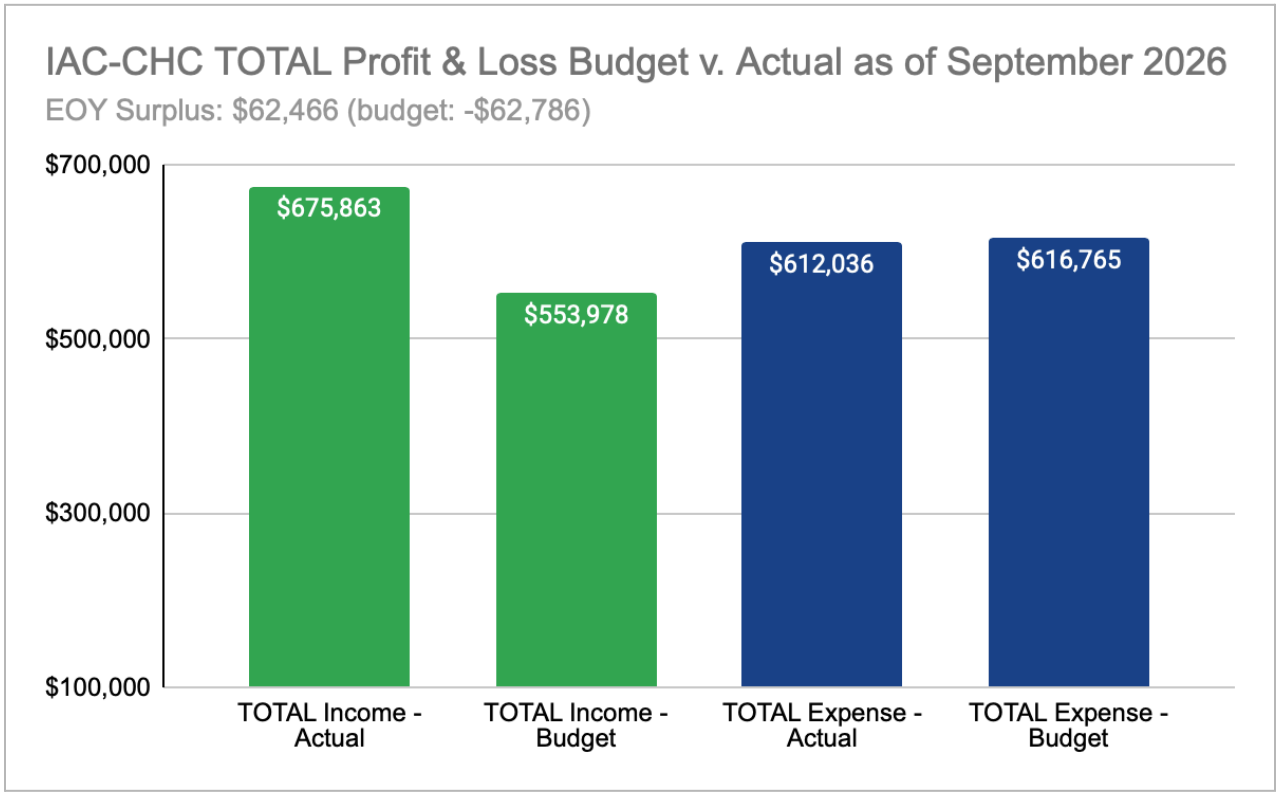
End of Year Budget Performance:
Total Incarnation-Holy Comforter Combined

Overview

As a reminder, Incarnation manages the finances, bank accounts, and backoffice administration for Holy Comforter. Below is the overall budget performance for both congregations combined over the previous fiscal year, which ran from October 1 to September 30. Holy Comforter launched weekly services in January.

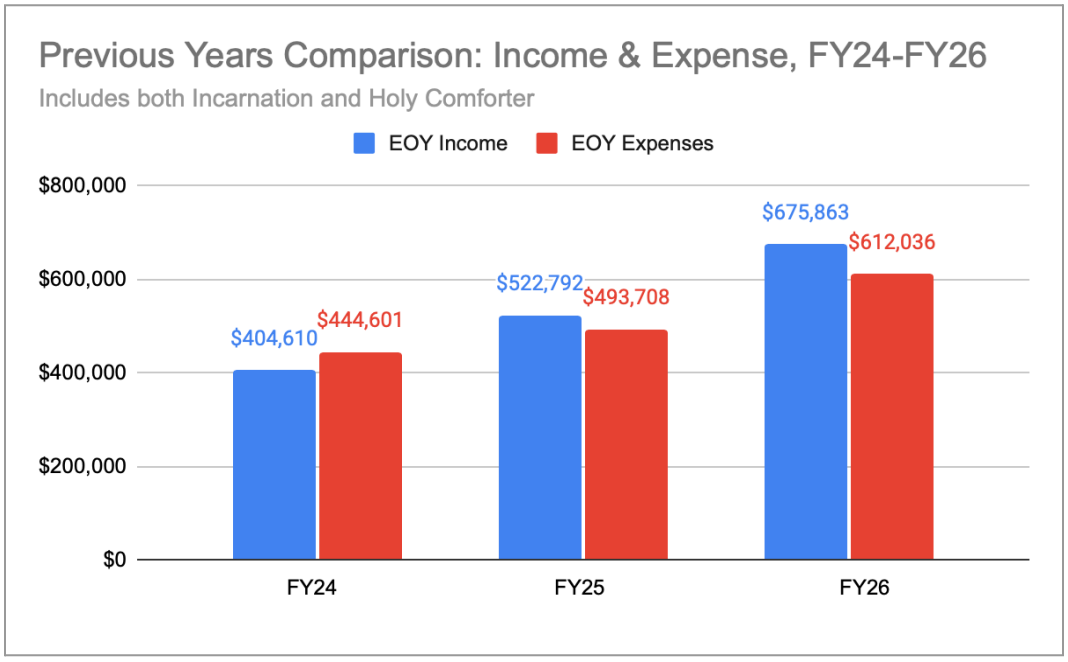
When we were discerning our next steps with Holy Comforter, many were understandably concerned that planting a church might result in a loss of income and/or people that Incarnation would not be able to weather. On paper, we are too small to plant a church! But we believed God was calling us to take this risk and trust his provision. In response, God has abundantly provided for our needs. New people are finding a spiritual home at both Incarnation and Holy Comforter, and people are faithfully and generously giving to the ministries of our churches.

As a result, the story of this year is one of abundance and surprising reversal. Combined, Incarnation and Holy Comforter ran a surplus that is almost exactly equal to the deficit we projected. This surplus is largely due to Holy Comforter's overall budget performance as well as sustained increases to Incarnation's regular household giving. Thank you for your faithful and generous giving to our church, which makes this possible!



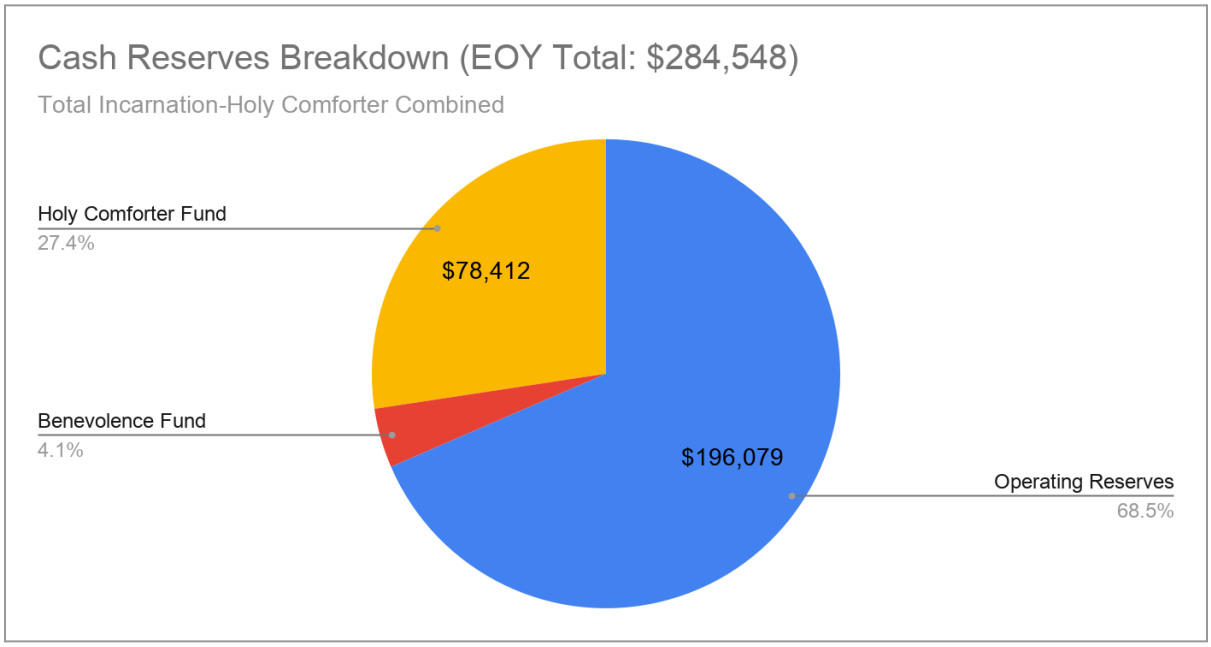
Previous Year Comparison

It's difficult to compare FY26 to any previous year, because we have never launched a church plant mid-year. Still, comparing to previous years demonstrates two years of steady growth, following a season of financial instability and repeated deficits from FY22-24. The last deficit we ran was in FY24, and despite projecting deficits in both FY25 and FY26, we have not realized them.



End of Year Cash Position

We have $284,548 in our combined accounts as of Sept 30. A portion of these funds are restricted to Benevolence and to Holy Comforter. Our policies require that we hold 3 months' operating expenses in reserve at all times to cover deficits and emergencies. We will fund any FY27 deficits from this reserve.

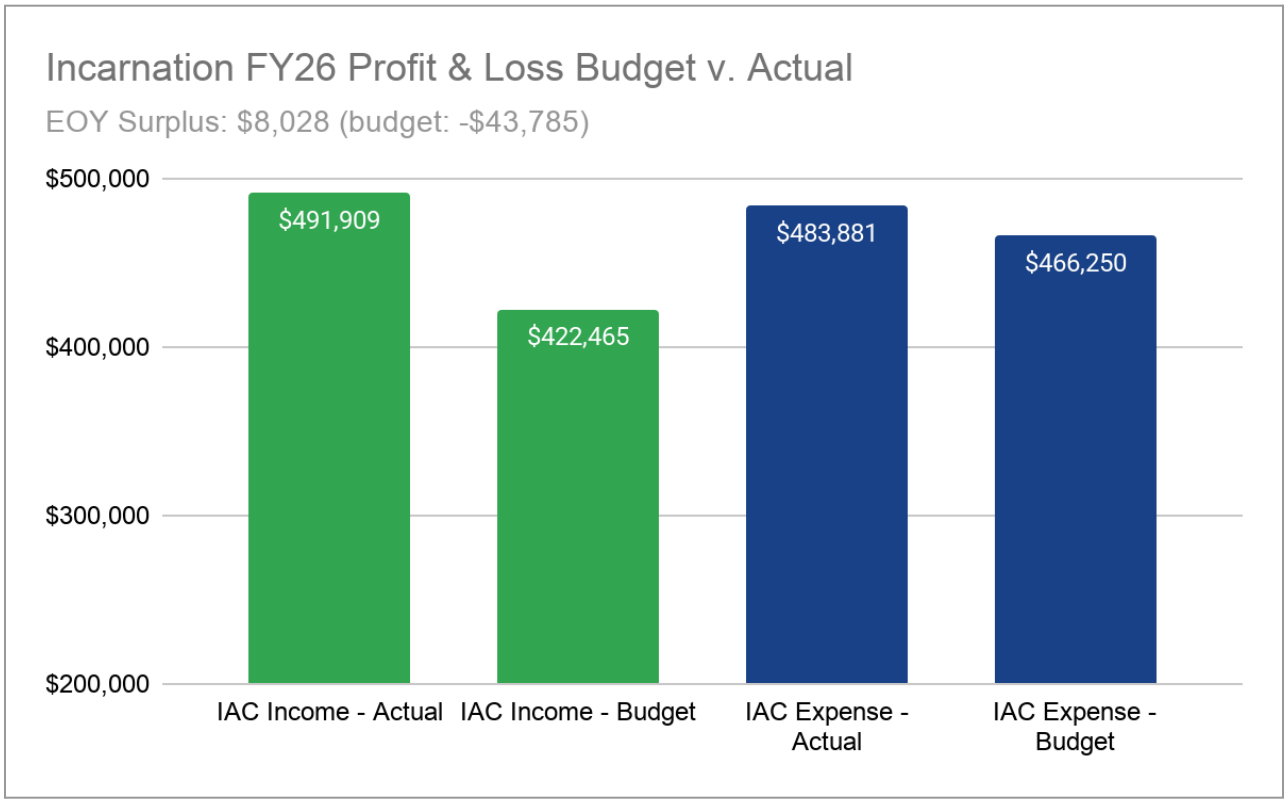


End of Year Budget Performance:
Incarnation Only (excludes Holy Comforter)

Overall Performance

Incarnation finished the year much stronger than expected. This turnaround is largely due to sustained increases in our household giving, which is a strong indicator of our overall health and stability. It is all the more remarkable that this increase occurred in a year when attendance declined due to planting Holy Comforter.

As a reminder, Incarnation's year-to-date budget performance can always be seen on the small chart inside of our worship guides. Our fiscal year runs Oct-Sept, and we update the chart monthly.



FY26 Income Detail

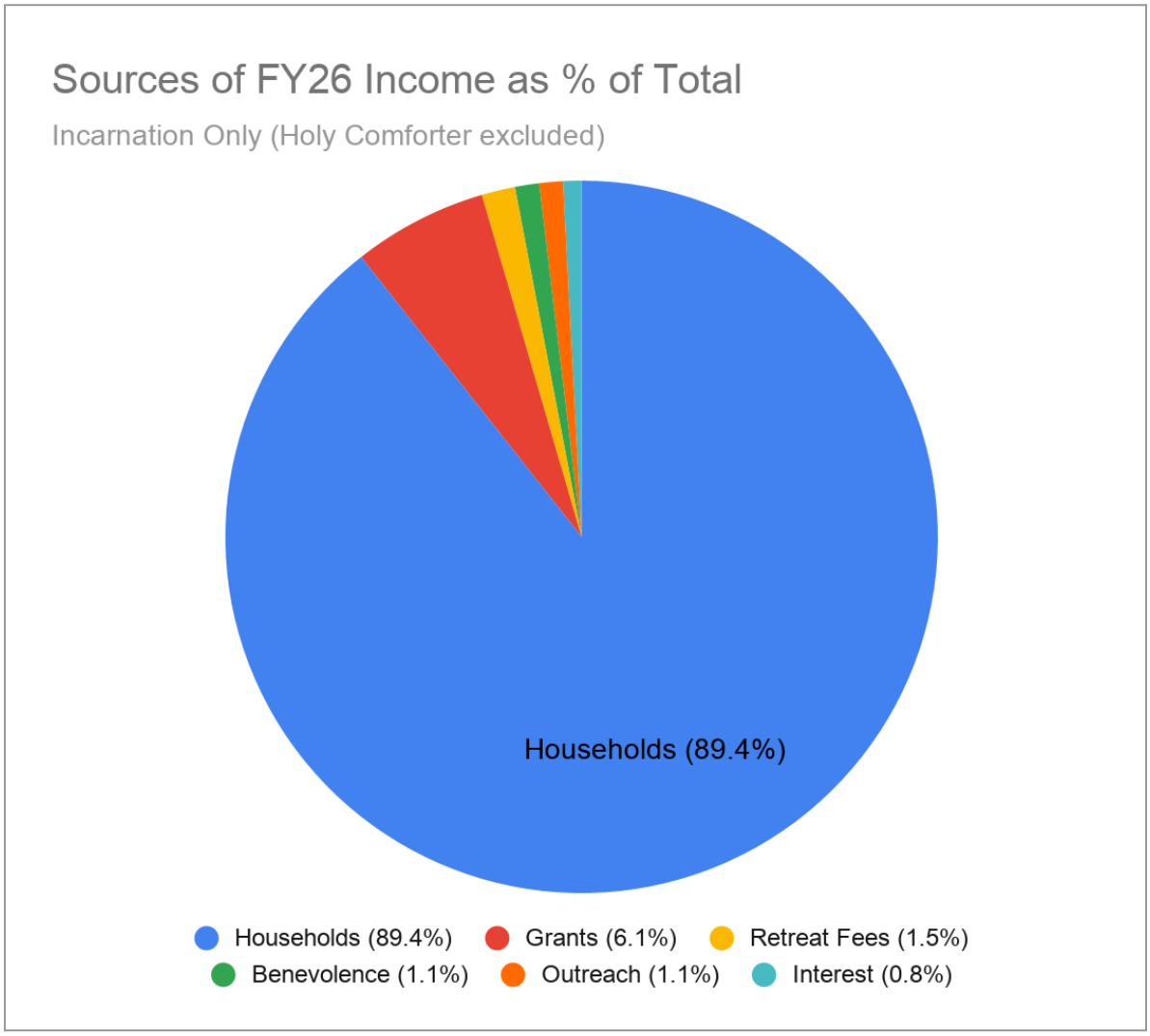
Incarnation's EOY total income significantly outperformed budget projections by $69,444, a 16% increase over budget. This was largely due to a sustained increase in regular household giving. Below is a detailed breakdown of our income sources over the past year.

Undesignated Income (Regular Household Giving)
Our undesignated income for the year was $439,672 (budget: $395,264), an 11% increase over budget. In fact, our undesignated giving alone exceeded our budgeted *total* income for the year ($422,464, including both designated and undesignated gifts and special income). As a result, 89% of our income in FY26 came from undesignated gifts.

The early part of the fiscal year tracked closely or just below budget, and December (normally our strongest month) was about 6% below budget, as people directed their end-of-year gifts toward our special offering for Holy Comforter. As a result, at mid-year we were facing a deficit of -$16k, as we reported at our April parish meeting. However, after Easter we began to see a steady climb in our monthly household giving that continued through the end of the fiscal year and resulted in a small EOY surplus.

As we say every year, our long-term hope is that the ministry of Incarnation would be funded through the regular giving of our members; this is the path to sustainability. Because of your generous and faithful giving, we are on this path. Thank you!

Designated Income and Special Income (Grants, Fees, Interest)
Designated income and special income constituted another 11% of our income in FY26. This includes a $30k grant from our diocese in support of TJ's residency, as well as gifts toward Benevolence ($5382); special offerings for outreach partners ($5263); retreat fees ($7472); and interest ($4118).



FY26 Expense Detail

Expenses exceeded budget for the year by $17,631. This kind of over-expenditure is uncommon in Incarnation's history; however, the past year has brought significant change, and our expenses reflect this volatility. Per our policies, any budget variance over $3000 requires vestry approval; each of the overages listed below came with careful consideration and prayer by the vestry. Below is a breakdown of expense overages:

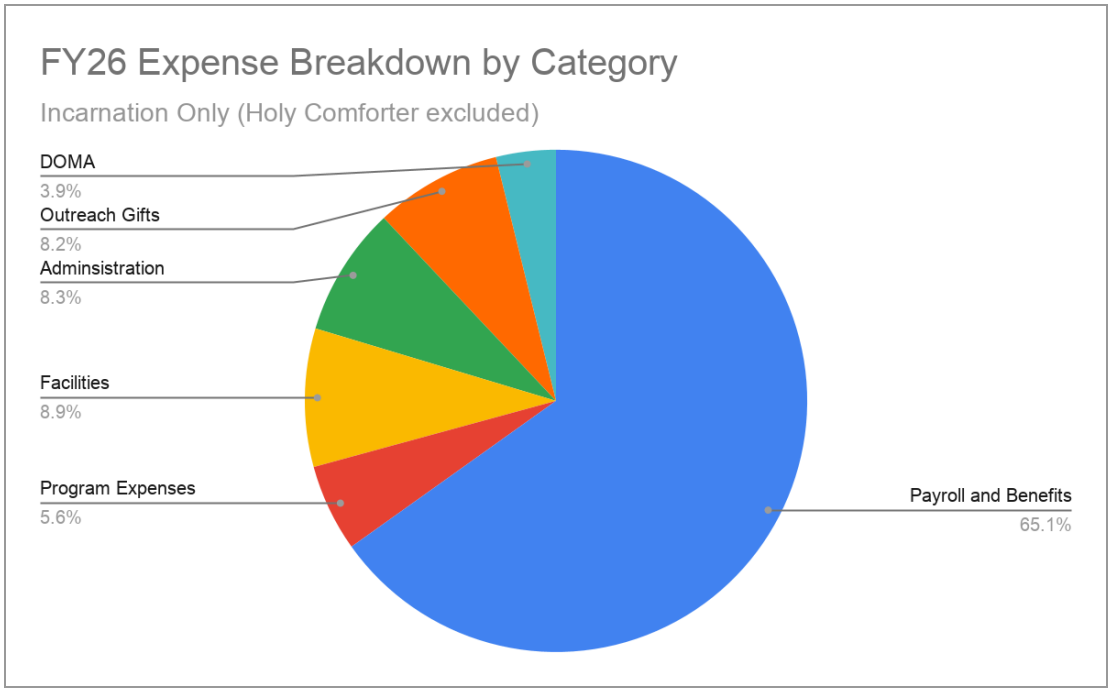
- **Payroll and benefits: $21,396 over budget**. We hired TJ as a full-time Church Planter in Residence, rather than the part-time (10 hr/week) clergy role originally budgeted. This hire was supported by a diocesan grant; while this is a significant budget overage, it is a relatively low cost to add an unbudgeted full-time employee with benefits.
- **Retreat: $5,297 over budget**. We outgrew Camp Highroad last year (we exceeded fire code) and were forced to search for a new location; however, the FY26 budget was finalized before the fall retreat and assumed Highroad pricing. Every new location came with a cost increase, and we chose one of the lowest in Camp Manidokan.
- **Professional Fees: $7,820 over budget**. We transitioned our financial reporting and bookkeeping firm to Wellstead Solutions in January, which brought one-time startup costs and a higher monthly fee.

The over-expenditures in the above categories were offset by under-expenditures in other categories. This offset, combined with generous giving, resulted in a small year-end surplus.

Expense Breakdown by Category

The vast majority of our expenses (65%) are for our staff team: two full-time clergy (Amy & TJ), one full-time Worship Pastor (Russell), one part-time Children's Catechist (Josie, 10 hrs/wk), and one part-time Operations Manager (Emily, 15 hrs/wk). Our staff work hard on slim margins to make Incarnation run effectively. Having two full-time clergy allows us to continue providing accessible pastoral care, which is a hallmark of our church's ministry.

We give 5.1% of our undesignated income to the Diocese of the Mid-Atlantic (DOMA) each year. We also set aside 10% of the previous year's income to give toward our outreach partners. Please note, this chart represents outreach as a percentage of our *FY26 expenses*, not as a percentage of our *FY25 income*.



Report on FY26 Benevolence Fund

We established our Benevolence Fund in 2025 and received over $24k in generous gifts in its first year. This fund carries over year to year as a continual resource for those in our congregation experiencing financial hardship. It is hard to overstate the impact of this fund on those who have received emergency support.

Starting fund balance (rollover from FY25): $13,124
Disbursements made in FY26: $5407 to 8 households (5 direct financial gifts, 3 meals)
Ending fund balance (will rollover to FY27): $11,742

Thank you for your incredible outpouring of generosity toward this fund.

Report on FY26 Outreach Giving

Incarnation sets aside a portion of the previous year's income to give to our outreach partners each year (typically 10%). The Incarnation Outreach Team — Lexi Ferry-Smith, Leigh McAfee, Patrick Moore, Tom Schultz, Nancy Sung, Emma Wen, Megan Westmoreland — led by Emily Williams, oversees these outreach partnerships and recommends outreach gifts to vestry. In FY26, we gave the following gifts, as well as prayer support and encouragement through in-person visits:

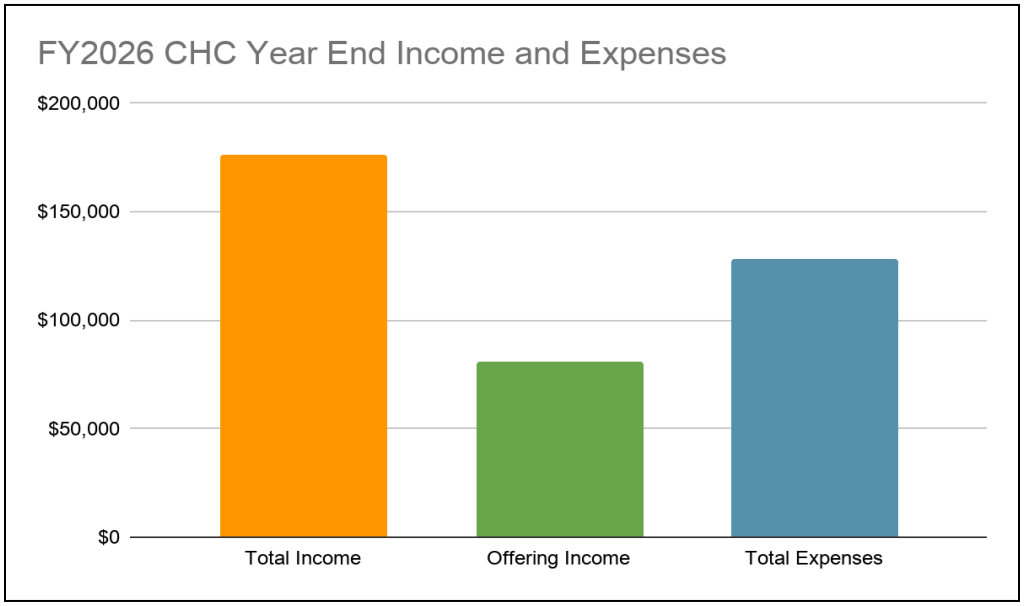
- $5000 for L'Arche
- $5000 for Cornerstone
- $3000 for Vera Fernandes with For the Nations
- $5000 for Partners Relief & Development's project in Al-Hol, Syria
- $6000 for C&R in West Asia
- $5000 for Restoration Immigration Legal Aid (matching gift for World Refugee Day)
- $275 for a table at Five Talents' benefit
- $500 to Josh Radka's mission trip to Nogales, Mexico
- $2000 to Rock Recovery
- $3000 to LP in Eurasia
- **Special Offerings:** Our Advent special offering resulted in a gift of $16,100 to Holy Comforter. Our Lent special offering resulted in $3,457 for Restoration Immigration Legal Aid. These offerings were over and above our budgeted outreach giving.
- **Outreach Programs**: We also used outreach funds toward a trip to West Asia to encourage C&R; a summer seminar on Loving our Muslim Neighbors; extra school supplies for Cornerstone's backpack drive; and occasional meals/visits with our outreach partners.

End of Year Budget Performance:
Holy Comforter Only (excludes Incarnation)

Church of the Holy Comforter (Hyattsville, Maryland)

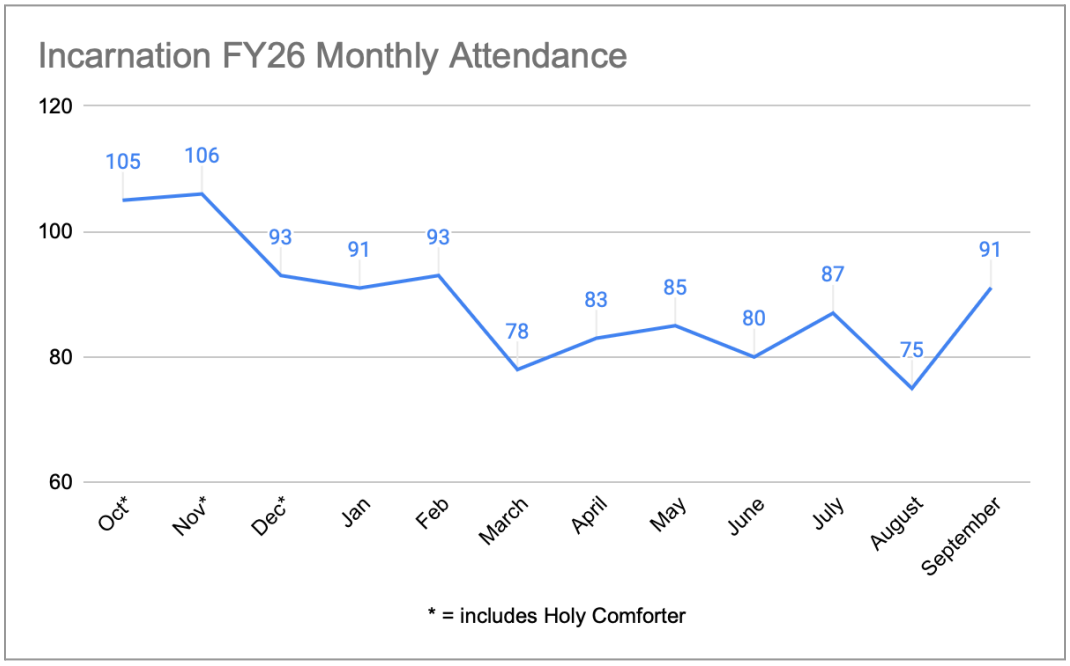
EOY Income: $183,954.56 (Budget: $131,513.62)
EOY Expenses: $128,154.51 (Budget: $150,515)
Net: $55,586.30 (Budget: -$19,001)
CHC Fund Balance as of Sept 30: $78,412

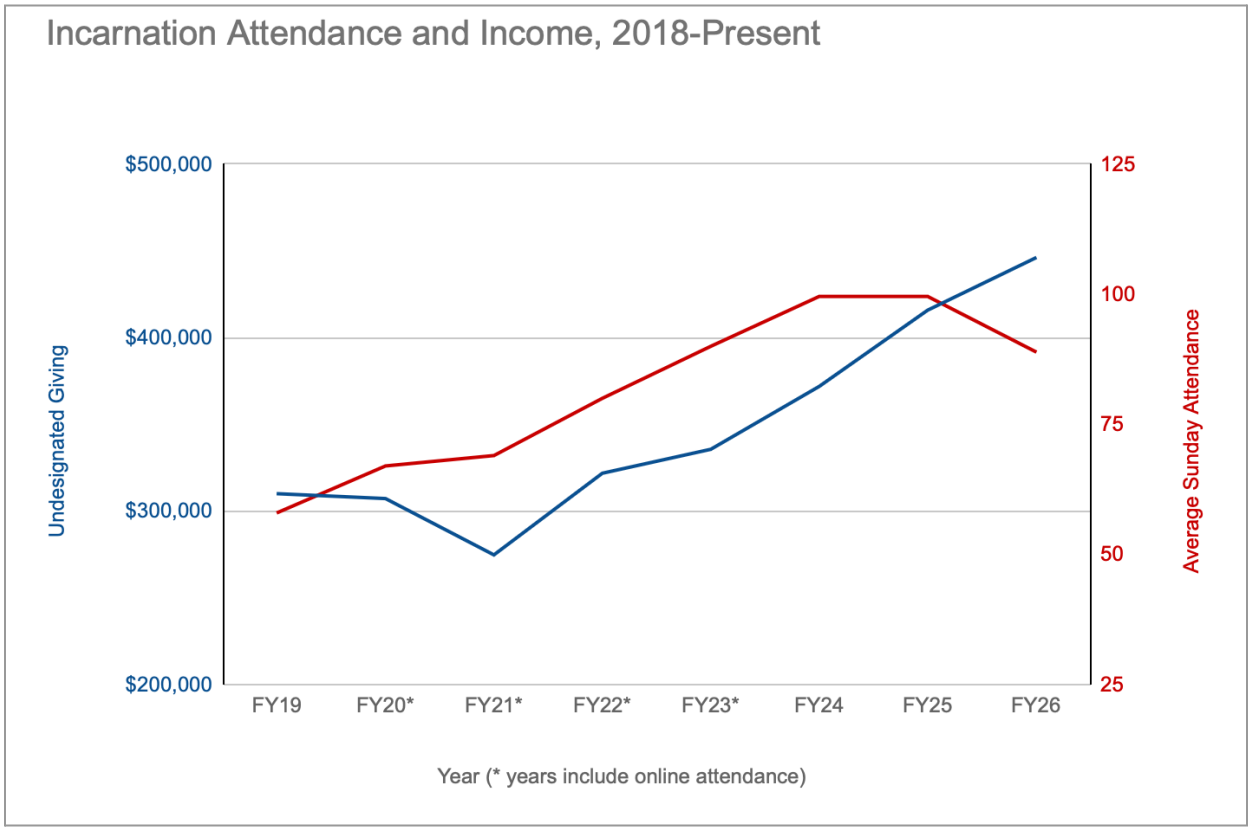
Holy Comforter's income exceeded budget projections by a significant margin, and its expenses were well under budget. As a result, they ended the year with a healthy surplus to add to their growing reserve fund. Margins are slim in church plants for the first 5-10 years of operation, and building up reserves is essential to weathering these early years. We are amazed at God's provision and grateful for Holy Comforter's careful stewardship. For a complete report on Holy Comforter's year end finances, please see the report from the CHC Parish Meeting on October 11.



Incarnation FY26 Attendance

Average Sunday attendance for FY26 was 89. The first 3 months of the fiscal year (Oct-Dec) include Holy Comforter attendees, before Holy Comforter launched separate weekly services in January 2026. Our giving has remained surprisingly strong despite declining attendance after the launch.





Fiscal Year 2027 Budget (Oct 2026 - Sept 2027)
Total Incarnation-Holy Comforter Combined

CHC will remain under IAC's budget in FY27 while taking steps toward financial independence in FY28. The budget summary for FY27 is attached. The total projected deficit for Incarnation-Holy Comforter combined is $74,281 ($22k for IAC; $51k for CHC). This deficit will be covered from the church's operating reserves.

Holy Comforter (CHC) Budget Notes

- CHC is a separate budget category within the IAC budget. This budget was prepared by CHC staff with oversight from the Incarnation Finance Team and vestry.
    - CHC income is a combination of grants and regular household giving.
        - Grant projections are based on pledges from the diocese and partner churches. We have reasonable confidence in these grants.
        - Household giving was more difficult to project, given the lack of long-term data and the transitions of the past year. We created a baseline average of FY26 giving and projected 10% growth, anticipating 4-5 additional households over the next year. We believe this is a very conservative projection, and we will assess it at mid-year and make adjustments.
    - Incarnation's vestry has committed to cover CHC's deficit (projected at $51,439) from its reserves.
        - We want to establish CHC on solid financial footing in its second year. It is normal for church plants to run deficits for their first 5 years, sometimes longer in expensive urban areas. Covering the deficit will allow CHC to build up its reserves, enabling it to take risks necessary for growth and weather lean years in the future.
        - Incarnation received a sizeable planting gift of $78k from our mother church, Restoration, when we planted in 2018. We want to honor and extend this DNA of generosity.
        - It is worth noting that Incarnation had initially pledged to fund CHC's deficit in FY26, but instead, CHC ran a sizeable surplus. We hope and pray this trend will continue!

Incarnation (IAC) Budget Notes

- IAC household giving was calculated using FY26 actuals plus a 9% increase. For the past few years, we've budgeted a conservative 5% increase, but household giving has consistently outperformed that projection, growing by 18% in FY26 and by 10% in FY25. For that reason, we increased our projected growth rate in FY27.
- This budget includes a small amount of grant income from the diocese to support TJ's ongoing residency.
- This budget includes a 4% COLA for most staff members.
- This budget includes giving 8% of the previous year's undesignated income to outreach. Normally, we give 10%; however, we decreased our percentage in FY27 to balance the anticipated gift to cover CHC's deficit. If CHC's deficit is smaller than budgeted, or if IAC's giving is higher than budgeted, we will consider additional gifts to outreach later in the fiscal year. The vestry strongly desires to return to a 10% giving to outreach in FY28.

Questions: Buz Schultz, Treasurer: buzman19@gmail.com. Emily Williams, Operations Manager: emily@incarnationanglican.org.

Total Incarnation-Holy Comforter Combined Summary	FY27 Final	% Total Revenue
Revenue (Total)	**$710,036**	**100.00%**
Offering Income - Incarnation	*$452,265*	*63.70%*
Offering Income - Holy Comforter	*$89,375*	*12.59%*
Designated - IAC Grants	*$38,000*	*5.35%*
Designated - CHC Grants	*$106,196*	*14.96%*
Designated - Benevolence	*$3,600*	*0.51%*
Designated - Special Offerings (Lent/Advent)	*$8,000*	*1.18%*
Retreat Income	*$8,400*	*0.59%*
Interest Income	*$4,200*	*0.59%*
Projected % Growth in Total Offerings	9.00%	
Expenses		
Personnel	$372,940	47.55%
Administration/Facilities	$97,773	12.47%
Holy Comforter	$249,362	31.79%
Sunday Worship	$5,890	0.75%
Children	$6,150	0.78%
Community	$12,050	1.54%
Benevolence	$6,600	0.84%
Outreach	$33,552	4.28%
Total Expenses	**$784,317**	**100.00%**
Expenses as % of Revenue		**110%**
Total Net Bottom Line	**-$74,281**	

Retreat Summary	
Retreat Revenue	**$8,400**
Retreat Expenses	**$13,580.80**
Total Net Retreats	**-$5,181**

Benevolence Summary	
Benevolence Revenue	**$3,600**
Benevolence Expense	**$6,600**
Net Benevolence	**-$3,000**
FY26 Benevolence Fund Rollover	**$11,742**
FY27 Benevolence Fund Net	**$8,742**
Net Benevolence Fund	**$8,742**

Incarnation Summary	
Revenue	**$512,113**
General Fund	*$452,265*
Benevolence Fund	*$3,600*
Grants	*$38,000*
Events Income	*$6,048*
Interest Income	*$4,200*
Special Offerings	*$8,000*
Expenses	
Total	**$534,955**
Net Incarnation	**-$22,842**

Holy Comforter Summary	
Revenue	**$197,923**
General Fund	*$89,375*
Grants	*$106,196*
Retreat Income	*$2,352*
Expenses	**$249,362**
Net Income	**-$51,439**
FY26 Holy Comforter Fund Rollover	**$78,411**
Net Holy Comforter	**-$51,439**

General Fund Cash Analysis	
FY26 Cash Reserves as of Sept 30	**$284,547**
Benevolence Fund	$11,742
CHC Fund	$78,411
Operating Reserves	$196,079
FY27 Monthly Expenses - IAC	$44,580
Months of FY27 Expenses in IAC Cash Reserves	4.4
Years at FY27 Total Deficit Rate	8.6
FY27 Monthly Expenses - CHC	$20,780
Months of FY27 Expenses in CHC Cash Reserves	3.8
Years at FY27 Total Deficit Rate	1.5