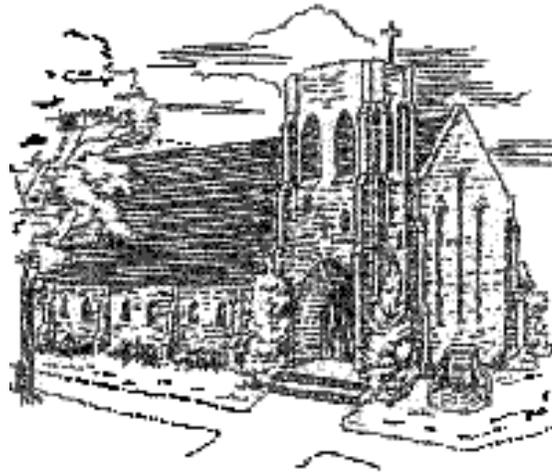


Christ Church Episcopal



110th Annual Meeting

Reports for AD 2016

29 January AD 2017

**110th ANNUAL MEETING
CHRIST CHURCH EPISCOPAL
Sunday, January 29, 2017**

AGENDA

- I Opening Prayer: Fr. Donnel O’Flynn

- II Appointment of Secretary
Approval of Agenda
Approval of Minutes from 2016 Annual Meeting

- III Election

Welcoming of voting members: Fr. Donnel O’Flynn

Introduction of Nominees for Vestry
Nominees for Delegates to Diocesan Convention
Nominees for Foundation Committee
Distribution of ballots and election

- IV Presentation and Reception of 2017 Budget: Jamey Loran, Treasurer

- V Recognition of Vestry Members, Fr. O’Flynn

- VI Reports (Ministry reports have been posted on the church website; hard copies available by request)

Oral reports: wardens, committee chairs, and others in authority as they desire.

- VII Election results.

- VII Other Business
The 111th Annual Meeting: January 28, 2018

Closing Prayer and Adjournment of the Meeting

Rector's Report to Annual Meeting, January 29, 2017

Starting with a few numbers will help clarify where we stand and where we need to go as a parish. The two key indicators I always look at first, when assessing a parish's overall vitality, are Average Sunday Attendance, and total Pledge and Plate income. Attendance shows how many people are finding it worth their while to get up and go to church on Sundays, and the financial giving shows how much their hearts are really in it, for "where your treasure is, there is your heart also." So the two indicators cut to the essence pretty quickly.

In 2016 then, Average Sunday Attendance was 49, up from 45 the year before, and total Pledge and Plate income were \$72,680, down from \$81,532 the year before. Those are the facts. However just knowing the facts is only the first step. The numbers have to be interpreted: is the glass half full or is it half empty?

My answer is: yes! Let me say that when I first began to look into Christ Church a year or so ago I was surprised at the attendance numbers. In a town the size of Kalispell, that only fifty or so people are coming to our services on an average Sunday just felt low to me, and I still feel that way. Somehow the word about the quality of our life together and the real value of what is going on here, isn't getting out like it should. I remember talking with the search committee about this back in March. On the other hand, the very fact that the number feels low, and that it is surprising that it is not higher, tells me that we must actually have a lot of good things going. The problem is not our spiritual vitality, which I have come to see is really pretty impressive. The problem is something else, maybe just the times we live in, which are not very welcoming to religion in the way we practice it as Episcopalians. Who knows? -- theories abound about the decline of mainline religion, and I'm not sure figuring out which one is right will help that much.

I'd rather focus on the positive: here's what I mean, when I say that our spiritual vitality is really pretty impressive.

This is a congregation that is willing to take risks. For example, something that happened right at the beginning of my tenure, when the vestry voted to hire a music director, and at a salary that is at least in the ballpark of what a professional musician should receive. There was angst about this decision, but in the end the vestry did it cheerfully, and the benefits have been better than anyone could have guessed. Music is alive and well here, because you the congregation were willing to stretch a little.

This is a congregation where the people get things done. It's taken me a while to get used to it, but folks here are self-reliant and just do what needs doing whether or not I hover. Colby does the bulletins, Cathy does the newsletter, Barb Alsbury writes the checks, Jamey signs the checks, Marilyn schedules the worship leaders, Greg updates the website even though he now lives in Missoula, Barb and Peg take communions, the Junior Warden gets all sorts of things fixed, the Senior Warden does, well, pretty much everything else. (I know I've left out others... forgive me.) It hit me one day that this is a congregation that doesn't really need a priest to run quite happily. Actually, that's refreshing, and eventually I'll figure out how to work in such an

environment. But my point is that this is a place where good things happen every day, without muss or fuss. They just happen because good people make them happen.

This is a congregation where peoples' hearts find a home. This became clear to me at the parish retreat back in October, when for over two hours twenty members explained one at a time how they had come to be part of Christ Church. What a wonderful bunch of very moving and sometimes convoluted spiritual journeys that all ended up right here, because somehow the love of God shone through the people who are here! It was great.

I could go on, but there's no need, because you already know these things, and better than I could say them. In nuts and bolts ways, the Kingdom of God is alive and well here, so the glass is way more than just half full. The things that matter most are brimming over.

The fundamental challenge, as I see it, is exactly the same as it was when I first talked to the search committee ten months ago: to make sure that the community in which we live really gets it about what a great place Christ Church Episcopal is.

We've begun talking about how to do this, how to develop a vision for the parish that will focus the energies of us all. I believe you should always build on your strengths. One of our strengths is music. Even before Christ Church hired Mark Railey there were talented musicians in the congregation, great acoustics in the sanctuary, and a history of nurturing music for the community, most recently with Nightcap for the Soul. So there's a lot to work with, and new initiatives such as the Childrens' Choir are a great way to build on this strength. To have a music director who spontaneously thinks about ways music can be evangelism is more than anyone could expect. We got lucky there too.

Another part of the vision will have to be the care and use of our buildings. We've got three buildings that take a lot of maintenance and are presently under-used. That's the glass half-full analysis. We can also say that we have some great facilities that support our common life and have great potential for doing even more, especially as look for ways to reach out into the community. On the whole, our facilities are a strength as well, to build on.

Another part of the vision will be how to nurture and support the afore-mentioned nuts and bolts ways that the Kingdom of God is alive here. The response to my adult education offerings have been encouraging, and the strength of the Godly Play program is impressive. Some new things we've tried in worship, such as the use of the Aikin chapel for midweek services, have worked out well so far. A conversation with our Eucharistic Visitors and Parish Nurse, how to make health of body and soul a priority, has begun. So has a conversation about deeper involvement with homeless teenagers, building on our connection with the Sparrow's Nest. Ditto a conversation about reaching out to FVCC students by inviting them here for pizza and fellowship. The vitality of the congregation is putting out new shoots and tendrils, and this is part of the vision too. Stay tuned.

Let me end with two requests. One is about attendance, the other is about giving. I'd really like attendance at the Great Vigil of Easter to be strong. As I explained to the worship committee, this

service is the most beautiful, most impressive, and most important liturgy of the year, and I asked their support for doing PR to make it well attended. I hope for at least 75 people. It will be at 9:00 PM on the evening before Easter Day, which is to say, 9:00 PM Saturday April 15. You can come to the Vigil and still go to church the next day too, so you won't miss a thing. I'll be saying more about this as we come closer, but mark your calendars now, and come and see what I mean. I promise you won't regret it, and it would mean a lot to me to see a good crowd.

The other request is that the congregation will endorse and enthusiastically support fund-raising to fix up the organ. This is the first and most important step we can take now to support the vision of musical excellence here at Christ Church. We discussed it at the January Vestry meeting and arrived at a consensus to announce a capital campaign today. We'll need \$20,000 to do it right. Organs are expensive, but they are also necessary, to do the kind of music we really want. So stay tuned for details, and be generous when the time comes, is my plea. We can do this, and we'll be glad we did.

There are so many people to thank that I'm not going to do it here in my report; I'll do it aloud in the Annual Meeting. But I am well aware of how many people pull together to show your love of the Lord by your faithful service at Christ Church. Now—if only we can get everyone else out there to be aware of it too!

Many thanks, yours faithfully,

Rev. Donnel O'Flynn

Sr. Warden's Report

What a year this has been! Thank you to the wonderful Selection Committee in finding our Priest in record time; and what a great selection! Father O'Flynn fit the description of the person we were looking for but thought we were asking for too much – little did we know there was someone out there who fit the bill – exactly. We have been blessed.

Godly Play – WOW!! Thank you to Ida and Maartin Fischer and Tasha Felton and Jesse Newby for providing our young Parish members with Christian Education. I know my grandchildren are disappointed when they have to miss because they enjoy their time and learn so much. My observations are they all come back to the Church with smiles on their faces and are anxious to share what they learned.

While waiting for our Priest, Barb Myers was instrumental in finding priests to serve Eucharist each Sunday. Seldom did a Sunday go by without Eucharist. She is also Committee Chairman for the Worship Committee. Thank you Barb for your dedication and attention to our service needs.

Thank you to Father Gleaves for his dedication in traveling through rain, wind and snow to serve Eucharist to us at Christ Church. We are grateful for your dedication and service to us. We wish you well.

Barbara Alsbury continues as our office secretary and quite efficient in paying the bills, ordering office supplies and making sure our Annual meeting reports are in and printed. Thank you Barb!

Jamey Loran, our Treasurer, what a wonderful, and so efficient, keeper of the books. Thank you Jamey!

Thank you Cathy Walston for the gift of our beautiful Newsletter we are given each month. Well Done!! I know how much time and effort it takes every month, that is dedication.

Jamey is also responsible for hiring the Trolley so we could travel together to go caroling – what a fun time that was!! And a thank-you to everyone who participated in that event; the smiles on the faces of people we sang for was well worth the effort. However, NEXT year we are NOT walking from Buffalo Hill to the Emmanuel Lutheran Home. Sorry guys.

Nancy Faure and all the ladies who are in Alter Guild, thank you for the job you do each Sunday. You are all a part of a well-oiled machine for which you seldom hear a thank you.

Thank you Janelle for your commitment to the youth in our Parish and the community. You are a force to be reckoned with!

The Red Door Pantry is quite the success, thanks to everyone who contributes food and case to keep the supply larder full. And thank you to Nancy Faure, Rosemary Woodland, and Patty Basko for being available to be there for the people who access “The Bank”.

To those of you who count the offering and do the deposits – thank you. It is an important job and, often a thankless one, but necessary.

Our Junior Warden, Don Amundson, has had a busy year, it seems things are falling apart all at once. Don has been helpful in making sure everything is in good repair. We do appreciate you and don't often remember to tell you that. Thank you.

Our new Music Director has provided wonderful music for us and the Children's Choir is off to a great start! Thank You.

And the Vestry – A huge thank you for agreeing to extend your commitment another year so that we could have a smooth transition for the new Priest. You have worked hard, taken on extra tasks, and remained committed to our Parish. You have been a great group to work with and I thank you for all your hard work, humor and faith in what we can do and what we can accomplish. Thank you Barb for agreeing to be the clerk for us, you have kept excellent notes for us and clarified what we didn't even know we said – you did well.

I hesitate to thank people by name because I know there are many more of our parish family that work hard in the background without recognition. We do notice, we just don't know who to thank. So for those of you who are busy and make a difference – Thank you.

My time as a Senior Warden has ended. What an exciting group of new Vestry members and a Senior Warden you will have! They will do well for our Parish with fresh ideas and enthusiasm.

God IS Good All the Time! AND If It Ain't about Jesus it ain't about nothing at all!!

Pat Sylvia, Senior Warden

Decisions For The Year Ahead

We are ready for a another change of leadership in February with a fresh Vestry and a new Priest. I am confident they will lead our Parish well and make wise long range plans and decisions for us.

This past year we have been faced with needed repairs to the Church, grounds and general upkeep of the buildings. We will need to continue to mend, repair and replace a number of things before long - at an expense. Among these are the organ, do we repair or sell? One of the boilers will need repairs or replaced. Do we rent one of the buildings and move Godly Play and the Red Door Pantry to the Parish House, or do we move the Parish House offices to Dickey Hall. The new Music Ministry, how will we continue to fund that program? How will we continue to fund all that needs to be done?

The Vestry has a huge job to do and is always interested in your wants/needs/ideas so do not hesitate to contact any of them to let them know what your wishes are on any subject related to our Parish. It is difficult for them to make decisions if they do not know what you would like. Remember - it is YOUR Parish and you can have a say in what decisions are made for us. If the Vestry does not hear from you they will make decisions based on the people they do hear from.

I have thoroughly enjoyed the time I have served on Vestry and I would love to see more people take an interest in being a Vestry member. We are growing in so many ways, we need your voice and ideas.

Yours in Christ, Pat Sylvia, Senior Warden

Jr. Warden's Report

This will be my final report. I have served as Jr. Warden for 2 years and due to Diocesan guidelines I will be stepping down. So on with the news.

Due to a mild winter we found ourselves with a rather large infestation of Box Elder bugs. In fact I would say we were going buggy. Got in contact with an exterminator and had all facilities sprayed inside out. After two doses, the bugs were no longer bugging us this year. In the spring of "17" the premises will be checked to see if any further action needs to be taken.

Got the lawn mower serviced and ready for the summer season. Sprinklers were turned on and were off to the races. Tried to cut the grass at least every 10 days. With plenty of watering and good weather it grew green and fast.

Before cold weather set in vestry voted to get a weatherization check done on the Parish House. It passed but found that the gas hot water heater was not venting out chimney. Therefore the heater was turned off and replaced with an electric water heater.

With the help of Marten Fulsaa (he did most of the work) we trimmed branches from trees overhanging the Parish House, Dickey Hall and some on south side of the church. Pryor to this some trees were removed from the side of the Parish House. Upon inspection of the roof by the Arborist it was voted on by the vestry to begin getting bids for a new roof on the Parish House. This is an ongoing process and hopefully will be done this spring.

The lift went down this fall and at this writing is still down. Replaced motor belts and then the top bearing froze up. The parts are on order and hope to have the lift up and running by the first part of February.

Well that ends this year's happenings. Thank you for allowing me to be your Jr. Warden. I'll still be around and helping wherever needed

Donald Amundson, Jr. Warden

Worship Committee

The Worship Committee consists of members: Father O'Flynn, Julie Crandall, Tom Carlson, Mark Railey, Nancy Faure, Marilyn Eberly, Don Amundson, Deb Hodges and Barb Myers. We have met to plan, review and discuss our worship services.

Special acknowledgments to all who made our Advent and Christmas services so rich and beautiful---especially, Father O'Flynn, the decorating crew--Peg Stout, Mark Norley and all helpers, Mark Railey and all singers, Ida Fischer and all children who acted out the Christmas story so well.

And thanks to all who work behind the scenes to keep things running smoothly for our worship.

We are planning for a very special Great Vigil of Easter to be held at 9pm on Saturday night, April 15, and celebratory Easter morning choral Eucharist at 10am on Sunday, April 16.

We are currently looking at a vision for the development of music excellence and programs at Christ Church. Please join us in these exciting possibilities for our worship together, with input, suggestions, help with raising friends and funds. The next meeting will be on Feb. 18 at 11am to view the webinar by Yale University on the development of parish music schools.

Respectfully Submitted by Barb Myers

WORSHIP LEADER/LECTOR REPORT FOR 2016

We have had another very busy, successful year for the Lectors, Worship Leaders (Lay Readers) and Acolytes. At present we have a total of 8 Lectors and 7 Worship Leaders (Lay Readers). At 10:00 we have 8 Lectors and at 8:00 we use a volunteer. The Worship Leaders have been accommodating so we have all 7 that are available for the 08:00 or the 10:00 service. It would be wonderful if we could schedule Lectors for the 8:00 service. The count for the active Acolytes is 6.

When the priest is not available the Worship Leader conducts the services doing Morning Prayer, unless a substitute priest is brought in. This has been quite successful as the Worship Leaders are very willing and able to do a meaningful homily or provide with some type of "sermon" when necessary in the absence of the priest. The Lectors can give a homily if they are so inclined or if approved by the priest or the vestry, any member of the church could do so.

Now that we have Fr. O'Flynn we are having ongoing instruction for the Worship Leaders as well as the Lectors and Acolytes. This is a welcome instruction for all of us so we can serve better, and make the services more meaningful.

If you are interested in becoming a Worship Leader or Lector or Acolyte please talk with Fr O'Flynn, any member of the vestry or myself as we are always open to training new people. A good way to start, if interested in being a Worship Leader, is to be a Lector, especially if you are really not sure. Being a Lector, Acolyte or Worship Leader is very rewarding and provides a wonderful ministry to Christ Church and our Lord Jesus Christ.

I would like to thank all the Lectors, Worship Leaders and Acolytes for your dedicated service and devotion to this ministry and will welcome any newcomers who express an interest.

In Christ, Marilyn Eberly

Lay Eucharistic Ministers

The Lay Eucharistic Ministers take communion to those who cannot attend church. It is our privilege to visit and pray with them. Last year we had four that we ministered to. We go once a month or more if we can. Barb Meyers and myself are presently the ministers. We meet with the priest every 3 months or more if needed.

Respectfully submitted, Peggy Stout

Campus Ministry

2016 was a year of change for campus ministry at Flathead Valley Community College. In the spring semester of 2016 we had a steady group of students meeting once a week at the college for fun and fellowship. However, most of those students moved on to a four year school, and so this fall we found ourselves with no student leadership. The college has a policy that every group must be student led (not just outside groups/adults), and as we could find no students that wanted to take over the leadership of the group, the group essentially disbanded.

Janelle continued to meet with a few students who wanted the group, but didn't want to lead it. After visiting with Father O'Flynn, the decision was made to start having free meals for college students in an attempt to grow the group and the ministry. Those meals will start spring semester of 2017. The meals will be for college students, as well as young adults in the community who may not be attending the college but are of college age.

We remain hopeful to have a physical group at FVCC, which would happen with students who wish to lead there. The potential for ministry there is essentially untapped. There are multiple churches who are interested in doing college ministry, and the goal would be to have an interdenominational group. What that would look like remains to be determined.

We thank you for your continued prayers and support of the group. Starting a new ministry is a hard and lengthy process. God bless you all!

Janelle Fuller

The Red Door Pantry

The outreach ministry which began in 2012 as the Red Door Pantry continues to bless the lives of our community in need. During this past year, the pantry provided groceries for 380 adults and 12 children. This was accomplished through congregational donations of money and groceries as well as financial support from the vestry.

Being open on Friday afternoons from 3-4 p.m. in Dickey Hall seems to be working well. Our faithful volunteers, Nancy Faure and Rosemary Woodland staff the pantry each week and shop as needed to keep the shelves well stocked. Their cheerful presence make those who come feel welcome and respected. All who shop find the experience easy and often make a point to thank us. Whenever there is a need to find a fill-in volunteer, someone always steps up. This weekly work could not continue without good support. This seems to be the case with our pantry.

Financial donations, groceries, and prayer are on-going needs. A huge thank you to all for their continuing support. Checks can be made out to Christ Church (earmarked for the pantry) and dropped in the collection plate on Sunday. Groceries can also be brought in on Sunday and left in the basket in the narthex. Anyone who would be interested to see how this all works is welcome to stop in any Friday afternoon! It is your ministry and part of the story of our church. We continue to write it together.

Respectfully submitted, Patty Basko

Music Department Report - 2016

Summary:

2016 has been a year of new beginnings at Christ Church, including the start of Music Director/Organist, Dr. Mark Railey who charted the church's affiliation with the Royal School of Church Music and created two choirs (an adult and a children's choir) to sing extended choral preludes on Christmas Eve. The present challenge remains the instruments - the pipe organ and the Clavinova. Both instruments are in desperate need of repair. The church paid \$750 to the Bond Organ Company for a maintenance and repair service call. That company renewed it's repair estimate, originally given seven years earlier, of approximately \$18,500. Despite the service call in November, the organ ceased to function properly when it became colder (hovering around 0 degrees) and was not playable for the Christmas Eve service. Mark struggled to play the service on the Clavinova as five of the keys were sticking in the "play position" as he accompanied the choir and congregation. Thankfully, the congregation did not notice the problem. At Mark's request, a Worship Committee was created to address the problem with the instruments and generally to oversee and approve the development of the music program.

Details:

Mark Railey served as a guest organist/choir director during the month of August and led the choir for the inaugural service of Fr. O'Flynn. The Canon Music for the Diocese, Sarah Hussey, who sang in the inaugural choir, guided the Vestry in the proper way to evaluate and to hire Dr. Railey. Mark shared his vision to build a quality music program with the Vestry and was hired beginning in September. Dr. Railey also served as the organist under Sarah Hussey at the 2016 Diocesan Convention at Church of the Incarnation in Great Falls.

Mark immediately built two choral programs: He led the choir to recruit new members from the community to sing a short 30 minute extended choral prelude ("concert") on Christmas Eve. Fifteen adults sang Lauridsen's *Sure On This Shining Night*, Rutter's *What Sweeter Music*, Darke's *In the Bleak Midwinter*, Trotta' *All Is Calm, All Is Bright*, Posten's *Jesus Christ the Apple Tree*, and Sirett's *Dormi, Jesu!* Additionally, Mark chartered an affiliation with the Royal School of Church Music. Fourteen children, ages 5 to 12, mostly recruited from the community, studied at the White Level and debuted as Christ Church Children's Choir, singing an extended choral prelude at the 5:00 Christmas Eve children's service. The Children's Choir sang Gilpin's *Gloria Tibi Domine* (in Latin), Ramsey's *Three Quotes by Mark Twain* (and performed original choreography), and the Chinese Folk Tune, *Wind is Blowing Across the Lake* (in Mandarin).

Music Activities:

The church is deeply indebted to the genius of Dr. Craig Hodge's who has faithfully prepared and directed the quite remarkable compline service, "Nightcap for the Soul." The service continues to attract a unique congregation of visitors to the church. The quality of the music is staggeringly beautiful, peaceful, and an ideal expression of Anglicanism at it's best.

Director's Note:

As I have only served a few months with the church, I want to recognize the activities of the choir in the Spring (Easter season) and especially the faithful service of those who have gone before me, as well as the service of the organist search committee. I recognize there are many wonderful people engaged in the music of the church. I am particularly appreciative of the choir members and music loving members of the congregation. I am deeply grateful to David Reese for introducing me to the church and to the community, to Sarah Hussey for guiding me quickly through a reintroduction to Anglican music and especially as it applies to the organ, and finally to the church for allowing me the privilege of serving in this way. I am amazed at our community's commitment to quality music. Thank you for your support.

Faithfully submitted, Mark Railey

Christ Church Episcopal
Treasurer's Annual Report
For the Year Ended December 31, 2016

This report discusses CCE's financial performance for the year ended December 31, 2016. It includes two financial statements designed to provide an objective and easily readable analysis of CCE's financial performance for the year. Together these financial statements present the "big picture" of CCE's financial status and results of operations. Please read it in conjunction with all of the other reports contained in the Annual Report.

The Statement of Net Position presents information on all of CCE's assets (resources) and liabilities (debts), with differences between the two reported as *net position* (equity or worth). The Statement of Activities presents information for revenues, expenses, and the resulting change in net position for the year. Both statements report *net position* and how it has changed. Net position is the difference between CCE's assets and liabilities and is one way to measure CCE's financial health or *position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CCE is improving or deteriorating. To assess CCE's overall health, one needs to consider non-financial factors such as membership trends, vibrancy of the youth programs, outreach endeavors, and condition of the Church buildings and facilities. To this end I reiterate that this report is to be read in combination with all of the other ministry reports.

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. CCE maintains two types of funds. The Operating Fund (General Fund) is used to account for all of the normal operations of the CCE community. The Restricted Funds are used to account for non-operating activities such as the Red Door Pantry and Campus Ministry funds. Generally, the non-operating Funds are designated as restricted by contributors who stipulate that their contributions are to be used for specific purposes. The Vestry may also designate a portion of resources from the Operating Fund to be restricted for a specific purpose, such as a reserve account to pay for major building repairs and improvements.

The Operating Fund's net position decreased by \$1,674 in 2016. This decrease was offset by an increase in the net position of the restricted funds of \$10,328 for the year. The increase in restricted funds was largely due to increases in the Worship (\$3,153), Mission (\$3,500) and Build Improvements (\$2,100) Funds. The overall net position of CCE increased \$8,654 to \$97,510 during 2016.

The Statement of Activities shows total revenues for the year of \$116,736, with \$91,591 (79%) in the Operating Fund and \$24,845 in restricted funds. Total revenue for 2016 was up \$195 from the previous year. Total expenses for the year decreased by \$11,053 to \$108,082, with \$93,565 (87%) incurred in the Operating Fund and \$14,517 (13%) incurred in the restricted funds. In total CCE ended the year with an \$8,654 surplus, which accounted for its increase in net position.

Operating revenues decreased by \$12,322. Pledge and Plate revenue dropped by \$8,852 (11%) and revenue from fundraising activities declined by \$3,782 (79%). The drop in Fundraising revenue reflects the fact that CCE did not sponsor a Rising Stars fundraiser in 2016.

There was also a \$13,554 net decrease in operating expenses for 2016, largely due to a decrease in the priest package of \$18,890. This decrease was partially offset by the increase in the cost of interim priests of \$2,926 for 2016. Although the Operating Fund had a \$1,674 deficit for the year it incurred \$3,362 of outreach expenditures, contributing to the Red Door Pantry, Camp Marshall, Neighbors in Need, and Priest's Discretionary Fund. If those expenditures had not been made, the Operating Fund would have closed the year with a small surplus. The Statement of Activities also shows that CCE passed \$14,517 through its restricted funds, including \$2,484 to the Red Door Pantry, \$3,850 to Barbara Bennett-Baumgarten's mission work in Brazil, and \$3,000 to CCE's campus ministry at the Flathead Valley Community College.

Finally, this report presents the 2017 operating budget adopted by CCE's Vestry. Budgeted revenues for 2017 have been set at \$105,000, an increase of \$250 over 2016 based on 23 pledges received for 2017, compared to 26 pledges for 2016. Budgeted expenses for 2017 have been set at \$124,393, an increase of \$27,240 over the prior year. The increase in budgeted expenses is the result of two factors: (1) The 2016 budget was based on the Rector's position being vacant for six months, whereas the 2017 budget assumes that position being filled the entire year; (2) The 2017 budget also reflects the Vestry's commitment to revitalizing CCE's music ministry by adding a paid Music Director. These two factors account for all of the increase in budgeted expenses. As a result the congregation is expecting a budget deficit of \$19,393 for 2017. While this projected deficit is a matter of concern to all because it is unsustainable, past experience has shown that at the end of transitional periods such as the one we have just come out of that membership and revenue will stabilize. We trust and pray that this long term trend will hold.

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Statement of Net Position

As of December 31, 2015 and 2016

	December 31		Increase (Decrease)	% Change
	2016	2015		
Cash	100,388	87,706	12,682	14.5%
Due from Diocese	1,500	1,500	-	0.0%
Capital Assets	N/A	N/A	N/A	N/A
Total Assets	101,888	89,206	12,682	14.2%
Taxes Payable	4,379	350	4,029	1151%
Total Liabilities	4,379	350	4,029	1151%
Fund Balance				
Unrestricted	20,612	22,286	(1,674)	-8%
Restricted	76,898	66,570	10,328	15.5%
Net Position	97,510	88,856	8,654	9.7%
Fund Balance				
<i>Unrestricted</i>				
Operating	20,612	22,286	(1,674)	-7.5%
<i>Restricted</i>				
Altar Guild	1,773	2,162	(389)	-18.0%
Red Door Pantry	731	160	571	355.8%
Building Reserve	23,821	21,721	2,100	9.7%
Columbarium	3,081	2,681	400	14.9%
Memorial	35,249	34,439	810	2.4%
Godly Play	1,262	1,412	(150)	-10.6%
Worship	4,564	1,410	3,153	223.6%
Mission	5,813	2,313	3,500	151.3%
Priest's Discretionary	500	50	450	900.0%
Pass through other	103	221	(117)	-53.2%
Restricted Total	76,898	66,571	10,327	15.5%
Total Fund Balance	97,510	88,856	8,654	9.7%

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Statement of Activities

As of December 31, 2015 and 2016

	December 31		Increase (Decrease)	% Change
	2016	2015		
Revenues				
<i>Operating</i>				
Pledge & plate	72,680	81,532	(8,852)	-10.9%
Interest	17,565	18,229	(664)	-3.6%
Fundraisers	730	3,512	(2,782)	-79.2%
Other	915	940	(25)	-2.7%
Total operating revenues	91,891	104,213	(12,322)	-11.8%
<i>Restricted</i>				
Red Door Pantry	3,055	2,680	375	14.0%
Building Improvement	2,100	2,000	100	5%
Columbarium	400	-	400	
Memorial	810	1,615	(805)	-49.8%
Worship	4,000		4,000	
Campus ministry	3,000	3,000	-	0.0%
Parish retreat	1,237		1,237	#DIV/0!
Mission	7,350	4,550	2,800	61.5%
Other Pass Through	2,893	1,483	1,410	95.1%
Total restricted revenues	24,845	12,328	12,517	102%
Total revenues	116,736	116,541	195	0%
Expenses				
<i>Operating</i>				
Priest package	25,957	44,847	(18,890)	-42.1%
Assessment	17,175	19,688	(2,513)	-12.8%
Wages & salaries	19,004	16,078	2,926	18.2%
Utilities	6,499	9,244	(2,745)	-29.7%
General operating	19,195	13,092	6,103	46.6%
Taxes	2,373	1,170	1,203	102.8%
Outreach	3,362	3,000	362	12.1%
Total operating expenses	93,565	107,119	(13,554)	-12.7%
<i>Restricted</i>				
Red Door Pantry	2,484	3,125	(641)	-20.5%
Worship	1,013		1,013	
Parish retreat	1,287		1,287	
Mission	3,850	4,550	(700)	-15.4%
Campus Ministry	3,000	2,744	256	9.3%
Other Pass Through	2,884	1,597	1,287	80.6%
Total restricted expenses	14,517	12,016	2,501	21%
Total expenses	108,082	119,135	(11,053)	-9%
Change in net position	8,654	(2,594)	11,248	-434%

**Christ Church - Kalispell MT
2017 Operating Budget**

Account #	Account Name	2017 Budget
<i>Income</i>		
4.100.100	General Fund	
4.100.101	Pledge & Plate	85,000
4.100.102	Building Use	500
4.100.103	Foundation Gift of Interest	16,500
4.100.104	Fundraiser	2,500
4.100.105	Altar Guild Income	500
	Total Income	105,000
<i>Expenses</i>		
5.100.101	Assessment	19,950
5.100.105	Altar Guild Expense	500
<i>5.100.110 Discretionary</i>		
5.100.111	Priest Discretionary	840
	<i>Total Discretionary</i>	<i>840</i>
<i>5.100.120 Priest Package</i>		
5.100.121	Priest Salary	37,700
5.100.122	Housing	0
5.100.123	Pension	0
5.100.124	Health Insurance	17,160
5.100.125	Cell Phone	250
5.100.126	Mileage	1,000
5.100.127	Continuing Education	500
	<i>Total Priest Package</i>	<i>56,610</i>
<i>5.100.200 Wages & Salaries</i>		
5.100.201	Sexton Salary	4,500
5.100.202	Youth Salary	1,800
5.100.203	Nursery Stipend	650
5.100.204	Supply Priest	500
5.100.205	Music Director	12,000
5.100.210	Workers Comp	850
5.100.215	Special Event- Child Care	
	<i>Total Wages & Salaries</i>	<i>20,300</i>
<i>5.100.300 Taxes</i>		
5.100.301	Property	1,100
5.100.302	Permits	65
5.100.303	Payroll	1,553
	<i>Total Taxes</i>	<i>2,718</i>
<i>5.100.400 Utilities</i>		
5.100.401	Telephone	
5.100.402	Water/Sewer	
5.100.403	Gas	
5.100.404	Electric	
	<i>Total Utilities</i>	<i>8,000</i>
<i>5.100.500 General Operating Expenses</i>		
5.100.501	Fellowship	400
5.100.502	Christian Education	250
5.100.503	Subscriptions & Books	500

**Christ Church - Kalispell MT
2017 Budget (Operating Funds)**

Account #	Account Name	2017 Budget
5.100.504	Convention	1,000
5.100.505	Maintenance & Repair	2,000
5.100.506	Insurance	4,400
5.100.508	Bank Charges	175
5.100.510	Office Supplies	600
5.100.512	Postage	250
5.100.513	Advertising	600
5.100.514	Miscellaneous	100
5.100.515	Worship	500
5.100.516	Internet	600
5.100.517	Music	2,000
5.100.519	Godly Play	100
	<i>Total General Operating Expenses</i>	<i>13,475</i>
<i>5.100.600</i>	<i>Outreach</i>	
5.100.601	Neighbors in Need	500
5.100.602	Camp Marshall	500
5.100.604	Red Door Pantry	1,000
	<i>Total Outreach</i>	<i>2,000</i>
	Total Expenses	<u>124,393</u>
	Difference	<u><u>(19,393)</u></u>

Foundation Report

For many years, the Foundation has had a unique investment strategy. It invested only in stocks that paid high dividends and this income is paid to the Church. This strategy worked well for many years but it forced the investments into limited categories, mostly energy and commodities. When the value of these type of stocks fell in 2015 the foundation saw a significant reduction in its value. Knowing we needed to diversify and change our investments we added several new members last year to help discern these changes. At the beginning of the year we did some portfolio rebalancing, selling some of our energy holdings and made investments in the technology and health care sectors. As we searched options that met our criteria it became increasingly apparent that our investment strategy was not working as well and it may become impossible to keep the same level of income to the church.

Midway through the year we decided that the time had come to completely change how the portfolio was invested. This was precipitated by two occurrences. First our long time financial advisor left D.A. Davidson and was replaced with a new advisor who better understood our goals and how to achieve them. He has significant experience dealing with not for profit foundations both as their financial advisor and as a board member. And second our investments saw a significant return to value which opened up new possibilities.

We decided to switch from owning individual stocks to a diverse portfolio of managed and indexed funds. While we may not see as high of returns as we have experienced we also will be more stable and not exposed to the huge market losses we also experienced. Rather than paying the dividends earned to the church the foundation will determine a set percentage of the total investment and pay that to the church. This stabilizes the income to the church and makes it a known budgetable amount each year. It also means that extra income is invested back into the foundation to help it grow. This is how most foundations are set up and run, including the endowment of the Diocese. Up to this point that type of investment had been resisted because it would not provide as much income to the Church. However the value of the Foundation is now large enough that we can switch to this type of investments and still provide a similar income to the church.

We believe these changes will give the Foundation a stronger footing for a secure future. This also changes the role of the foundation board, rather than being responsible for deciding what stocks to buy and sell and when to do so, they are responsible for discerning the financial goals of the foundation and ensuring they are met. This reduces the market knowledge needed to effectively serve on the board and should open it to more people.

The foundation has been a remarkable benefit to Christ Church. It was started in 1989 with an initial investment of \$24,000. Over the years about \$180,000 has been contributed to it. The total value of the fund is now \$328,513. In 2016 it paid the church \$17,565. Since its inception it has paid the church \$185,000, quite the return on investment. The funding level for 2017 have been set at \$15,900. It is the single largest donor to the church.

Contributions to the Foundation continue to be a great way to ensure the long term financial stability of the Church. It is a gift that keeps on giving year after year. As part of the reorganizing of our account we now have a gift receiving account which allows the Foundation and the Church to receive gifts of stock and for donors to get all the tax benefits of such gifts.

We are grateful to those who came before us and the foresight to create the Foundation and the generosity to fund it. We are also grateful to all of the leaders of the board who have expertly guided the investments over the years and built it up to such a successful endowment. We look forward guiding it into the future.

John Bertram

Foundation President