

ANNUAL REPORT OF THE FINANCE COUNCIL

St. George Church

OCTOBER 2018

Introduction:

This is a summary of our parish's financial information for the fiscal year ended June 30, 2018. It has been prepared by the Finance Council for the information and benefit of the members of our parish. Your comments or questions are welcomed and may be given to Msgr. Walsh or any of the members of the Finance Council whose names appear on the last page of this report.

Financial Results:

Financial Highlights

Fiscal Year 2018 vs. Fiscal Year 2017

(Fiscal Year = July 1 thru June 30)
(In Thousands \$)

| Revenue (See Note 1 Below): | <u>FY 2018</u> | <u>FY2017</u> |
|--|----------------|---------------|
| Collections: | | |
| Weekly | \$315 | \$271 |
| Christmas | 29 | 27 |
| Easter | 15 | 14 |
| Holy Days | 3 | 5 |
| Maintenance & A/C | 51 | 56 |
| "Slay the Dragon"/Debt Reduction | 39 | 29 |
| Other Income: | 62 | 120 |
| TOTAL REVENUE | \$514 | \$522 |
| Expenses (See Note 2 Below): | | |
| Mortgage Principal & Interest Pmts | 58 | 63 |
| Salaries, Stipends & Benefits | 147 | 169 |
| Subsidies & Charity | 18 | 9 |
| Materials & Supplies | 28 | 24 |
| Utilities | 40 | 39 |
| Transportation Expenses | 6 | 2 |
| Building Maintenance | 76 | 48 |
| Other | 49 | 49 |
| Subtotal Expenses | \$422 | \$ 403 |
| Diocesan Assessments(*) (See Note 3 Below) | 60 | 60 |
| TOTAL EXPENSES | \$482 | \$463 |
| Excess (Deficit) of Revenue over Expenses | \$32 | \$59 |

(*) This amount has been paid in full to the Diocese in 2018. In 2017, \$38,000 of the total was paid.

Notes:

1. **Revenue:** The Parish derives virtually all of its revenue from the contributions of parishioners in the weekly, Christmas, Easter and Holy Day collections. **Other Income** (\$62,000) consists primarily of Religious Education Fees, interest earned, and fees for specific items such as mass offerings, weddings, funerals, etc. Last year includes a \$55,000 gain on the sale of the condo previously occupied by Sr. Dorothy Jancola.
2. **Expenses:** **Mortgage Principal and Interest** is self-explanatory. A more complete description of parish debt follows. **Salaries, Stipends & Benefits** includes the Pastor's salary, Administrator, Religious Education Director, Choir Director, Organist and Cantors; stipends for visiting clergy, salary-related benefits, including medical and retirement contributions. **Subsidies & Charity** consists of scholarships, charitable appeals, social programs and individual assistance. **Materials & Supplies** includes, among others, liturgical supplies, office supplies, missals, books, membership dues, postage and printing. **Utilities** includes, telephone, cable, heating, water, sewer and electricity. **Transportation Expenses** includes vehicle allowances, gas and oil, insurance, registrations and maintenance. **Building Maintenance** comprises cleaning, building and equipment repairs, service contracts and landscaping. This year includes extraordinary amounts to repair the parking lot and driveway asphalt, the Parish Center and the church sound system. **Other Expenses** includes insurance, property taxes and miscellaneous.
3. **Diocesan Assessments:** The Diocese of Trenton derives revenue to support its activities from direct contributions (including the Bishop's Annual Appeal), earnings on investments, and assessments on the parishes within the Diocese. These assessments fall into several categories that, in part, are calculated as a percentage of certain defined parish revenue totals. This year, for the first time in many years, St. George was able to make complete payments on the current year assessments to the Diocese. The total assessments for this financial year were \$60,000 and we made

actual payments of \$60,000. Note that the total assessment is shown as expense in the year it is billed. The aggregate outstanding liability for unpaid prior-year Diocesan Assessments at June 30, 2018 was \$1,068,000.

4. **Church Mortgage:** At June 30, 2018, the balance of the mortgage for our church building was \$393,000, down from \$438,000 at the end of the prior year. Monthly mortgage and interest payments are made from the regular weekly contributions and periodically from monies collected in the ongoing "Slay the Dragon of Debt" campaign and periodic debt reduction offerings. Campaign funds are held in a separate account with amounts used effectively as a reserve to ensure that the regular mortgage payments can be made in those months when contributions fall short of budget or to make periodic additional principal payments. At the end of the 2018 year, the "Slay the Dragon of Debt" account had a balance of \$70,000. The parish re-financed the church mortgage in February 2016. Details appear under "observations" below.
5. **Cash and Reserves:** At June 30th 2018, the Parish had total cash on hand of \$292,000. These monies comprise: current checking and Money Market balances of \$209,000 and the "Slay the Dragon of Debt" account (discussed above) of \$70,000. The remaining amounts consist of Social Concerns, Scholarship Fund and CCD balances not available for general parish expenses. Contributions to the parish typically decline during the summer months. Therefore, to ensure sufficient cash to pay ongoing expenses, the parish attempts to build cash reserves during the other months of the year. In addition, the parish attempts to maintain prudent reserves for potentially significant but unexpected expenses such as repairs. The Money Market balance reflects \$148,000 in one time proceeds in 2017 from the sale of the condo that was previously used by Sr. Dot.

Observations

- **Overall Collections for 2018 (excluding Other Income) were up \$50,000 vs. 2017.** In 2018 we experienced increased collection revenue in the wake of our increased offertory campaign. We are hopeful that the increased levels of contributions will continue.
- **Current year operating expenses of \$503,000 are up from \$463,000 in 2017 as a result of maintenance expenses for the parking lot, parish center and church sound system and air conditioning previously noted.**
- **The Church Mortgage was re-financed in February 2016.** This was done privately through the Diocese who placed the mortgage with two parishes within the Diocese with funds to invest. The total balance at the re-fi date was limited to \$500,000, thus requiring us to make a one-time principal payment of \$15,000 in 2016 to reach the target balance. Our mortgage carries a 3% rate and our principal payments are calculated on a 10 year term. However, the actual term of the mortgage is five years, thus requiring that we either pay the remaining balance or refinance in 2021. Interest savings from the lower rate amounts to about \$6,000 per annum which is being set aside as a reserve for anticipated maintenance needs.
- **A number of repairs will be required in the new financial year.** The church air conditioning systems may require replacement and some modest repairs and modifications are required on the Parish Center building. The parking lot will be paved and striped in spring of 2019. Other repairs remain under consideration.
- **Some Categories of Parish expenses will continue to rise.** Even though every effort is and will continue to be made to contain expense growth, it is clear that we can expect costs to rise in some categories even if there is no change in the services offered by the parish to its members. In particular, the Finance Council continues to be concerned about the potential for cost increases in maintenance as a number of needs have recently come to light.
- **Register in the Parish and Use Envelopes.** The Finance Council believes that there are many who regularly use services of our parish but are not registered as parish members. If you are reading this and you are not a registered member of St. George, please do so as soon as possible. Yes, if you register you will receive contribution envelopes. However, you will also receive an annual statement of your contributions to support your tax deduction for your contributions to St. George. We cannot provide contribution statements for non-envelope contributors. **The IRS requires that taxpayers taking a contribution deduction have a cancelled check or a receipt from the recipient institution.**

Working Together for the Future:

- The St. George community has always been extremely generous in their donations to their parish, but we know that in these trying times, the parish may not always be the "squeaky wheel" demanding your financial attention. **During the course of our Increased Offertory Campaign, we are asking all to prayerfully consider their level of financial support to the parish and to make an increase in that level where possible.**
- Parishioners should note that we now have an internet giving site for those who prefer automatic contributions or contributions via credit card. Please go to: thechurchofstgeorge.weshareonline.org.
- Please also remember that our parish expenses, like your household costs, accumulate during vacation periods and holidays. If you are away from home, please make up your regular contributions when you return.

MEMBERS OF THE PARISH FINANCE COUNCIL:

Michael Ahearn, Jeffrey Schrader, Gerald Sellner, Thomas Sipple,* Rev. Msgr. Michael Walsh (*) Lay Chairman