

Catholic Community of St. Francis of Assisi 2022-2023 Annual Financial Report

The past fiscal year (July 2022-June 2023) was a very successful and productive one for our faith community. Parishioners increasingly returned to Mass on the weekends, our ministries were all active, TFS and the Pre-School both experienced solid enrollments, the Columbarium expansion was completed, and what started as a project to repair a drainage problem resulted in the creation of the Franciscan Garden. In addition, the Parish became debt free as our final mortgage for Siena was paid off in February. From a financial standpoint, all budget areas closed the year in a positive manner and were able to grow their reserves, the latter important for the ongoing maintenance of our campus and major unexpected repairs and other "unknowns." Our endowments are healthy and growing to about \$4.5M, with close to \$200K available for withdrawal if needed. While we do have some internal debt, we have solid plans in place to address those. Finally, our Church community continues to grow its membership, which has enabled us to exceed our Offertory expectations over the past two years. The attached pages will provide a deeper look into our financials. With that said, we would like to point out several key accomplishments.

The Columbarium Expansion, which produced 616 new niches, was a \$1.3M project. The Columbarium Committee began the site selection and design planning process in 2019. The entire project was self-funded by the proceeds from previous niche sales which are then deposited into an endowment for perpetual care and future expansion. As such, there was no need to conduct a Capital Campaign for the required funding. All niche sales income, more than the Columbarium operating costs, are deposited in the endowment to address future needs and upkeep.

Over the course of the year, we invested just over \$850K in Capital Maintenance projects. Potential projects are identified and prioritized by our Maintenance Oversight Committee using the Giles-Flythe Asset and Reserve Study, conducted in 2021, as a reference. Over 28 individual projects were identified and approved by the Finance Council and Msgr. Clay. Major projects included upgrades to the boiler-chiller control systems, drainage repairs across the campus, parking lot repairs, rectory bathroom renovations, computer upgrades, HVAC replacements, audio system repairs and upgrades, painting, and many security upgrades across the campus. All these projects were covered by our Maintenance Reserves and operational income. Every budget area contributes to the Maintenance Reserve priorities each year as part of their operational budgets. Immediate priority is always given to anything identified as being related to health, safety, and security.

Many people have asked about what we are doing with the mortgage funding now that the mortgages have been paid off. The answer is simple. For TFS, the funding is being directed to closing the teacher salary gap with the published state scale. Three years ago, our teachers were in the 86% range. We are happy to report, for the 2023-2024 school year, we will have our teachers at the 97% range. Church mortgage funding is now being directed to the Maintenance Reserve, which Giles-Flythe forecasted would take \$18M to maintain our campus over a 20-year period.

There are several groups we would like to identify and thank for the financial success of the parish. It starts with you, our parishioners, who provide your financial support throughout the year. Then our Finance Council members who dedicate their time and business expertise to providing oversight and guidance to the pastor and staff. And then the staff, who along with the staff finance team, manage the day-to-day operations in line with their assigned budgets. Our collective goal is to demonstrate good stewardship over the funds provided while meeting the needs of our community.

Thank you for another successful year and for your continued support of our faith community.



Michael Clay
Pastor



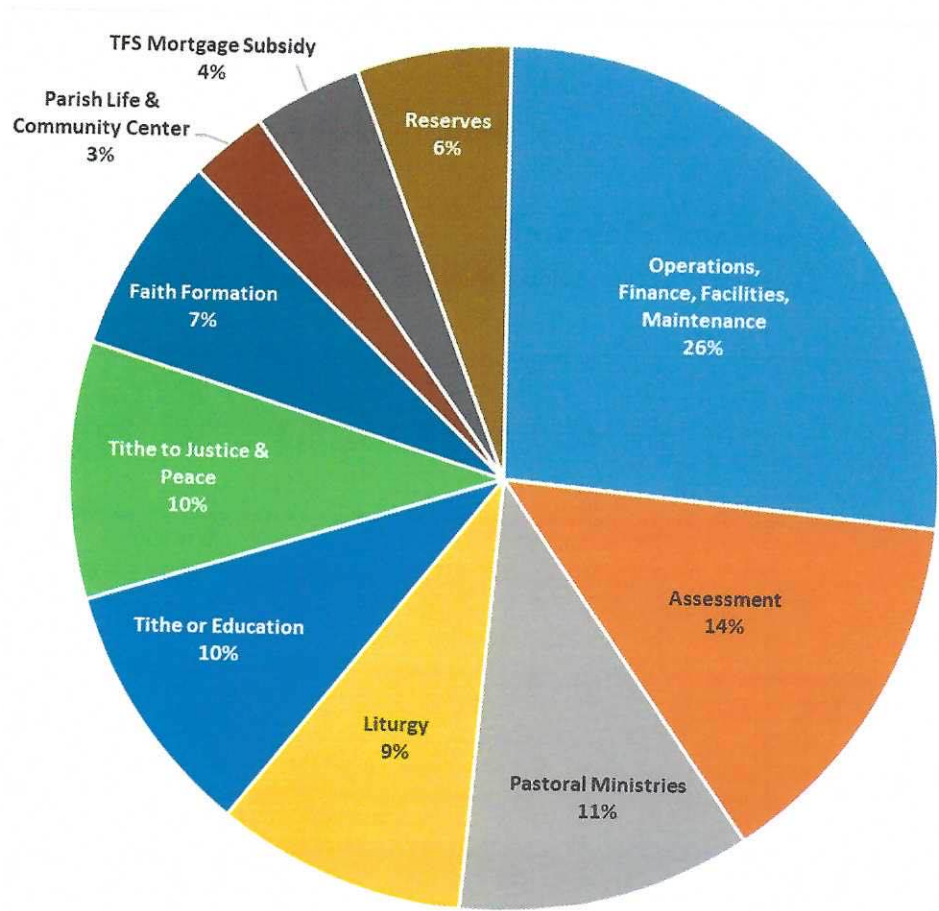
Steve Vebber
Finance Council Chair



Robert C Neppel
Director of Finance
and Planning

Offertory

The Parish received \$4,036.368 in Offertory contributions during fiscal year 2022-2023. The following diagram shows how those funds were applied in support of the Parish operations:



This chart shows how the Offertory funds are applied in support of the ministry areas not covered by ministry specific income (fees, gifts, and grants). Offertory is the primary funding source for most of our ministry areas.

The parish has a long-standing commitment to two 10% Offertory tithes going equally towards Justice & Peace and the schools (TFS and Pre-School) to provide tuition assistance to families with financial needs. The Assessments are set by the Diocese and are based upon the prior year's total Offertory. They include Cathedra (8.3%), Priest Welfare & Retirement (5.8%) and support of Catholic High Schools (1%).

The Reserve contributions represent the Churches commitment to the Maintenance Reserve fund (\$200K) and the operating surplus of the Boy Scouts being deposited in their reserve account. All four budget areas contribute to the Maintenance Reserve account. Now that the Mortgages have been retired, the Mortgage Subsidy to TFS is now being directed to the Maintenance Reserve.

Parish 2022-2023 Financial Summary Report

Revenue/Expense	Church	Franciscan School	Pre-School	Columbarium	Totals
Total Operating Income	\$5,192,796	\$6,982,536	\$1,110,682	\$299,631	\$13,585,646
Total Operating Expense	\$5,075,720	\$6,156,075	\$1,035,919	\$227,630	\$12,495,343
Net Operating Totals	\$117,076	\$826,462	\$74,764	\$72,001	\$1,090,302
Balance Sheet - Mortgage Principal Expense		\$476,596			
Net Totals	\$117,076	\$349,866	\$74,764	\$72,001	\$613,707
Cash Flow					
Checking					
Beginning Balance	\$181,780	\$117,858	\$98,323	\$40,546	\$438,507
Ending Balance	\$217,997	\$418,204	\$74,995	\$159,315	\$870,511
Savings					
Beginning Balance	\$1,087,967	\$787,766	\$557,470	\$539,496	\$2,972,699
Ending Balance	\$1,741,853	\$910,769	\$533,758	\$12,596	\$3,198,976
Endowments					
Beginning Balance	\$1,542,886	\$2,233,642	\$156,336	\$296,116	\$4,228,980
Ending Balance	\$1,653,350	\$2,547,973	\$217,016	\$364,881	\$4,783,220
Debt - Mortgage					
Beginning Balance		\$1,513,898			\$1,513,898
Ending Balance		\$0			\$0
Debt - Internal Loan					
Beginning Balance		\$767,396		\$0	\$767,396
Ending Balance		\$600,536		\$170,000	\$770,536

Note: The TFS internal loan was established in 2014 when it was determined that the school had been running in the red. Over time, \$1M had been borrowed from two, what were then, savings accounts to balance the books. The Finance Council and Pastor, Fr. Mark Reamer, decided those funds would have to be repaid as a 30 year no interest loan. The loan has since been consolidated to one account. TFS is making annual payments to the TFS Tuition Assistance Endowment, formerly a saving account.

The Columbarium took on a \$270K loan from the Church's contingency savings account to complete the expansion project. At the end of the fiscal year, it paid back \$100K of the loan.

Church Operating Budget Summary

	YTD Budget	YTD Actual	Difference
Revenues:			
Offertory	\$3,875,054	\$4,036,368	\$161,313
Other Ordinary	\$113,500	\$96,687	(\$16,813)
Non-Ordinary	\$27,700	\$144,072	\$116,372
Restricted Donations	\$125,000	\$89,174	(\$35,827)
Word	\$427,865	\$505,589	\$77,724
Service	\$500	\$18,593	\$18,093
Parish Operations	\$305,588	\$298,282	(\$7,306)
Fundraising	\$2,500	\$4,031	\$1,531
<u>Total Revenues</u>	<u>\$4,877,707</u>	<u>\$5,192,796</u>	<u>\$315,089</u>
Expenses:			
Word	\$316,449	\$310,261	\$6,188
Worship	\$50,700	\$136,128	(\$85,428)
Service	\$254,184	\$264,910	(\$10,726)
Personnel	\$2,132,365	\$1,999,254	\$133,111
Operations	\$198,200	\$215,237	(\$17,037)
Plant	\$756,632	\$1,011,430	(\$254,798)
Assessments & Subsidies	\$1,169,178	\$1,138,500	\$30,678
<u>Total Expenses</u>	<u>\$4,877,707</u>	<u>\$5,075,720</u>	<u>(\$198,013)</u>
Net	\$0	\$117,076	\$117,076

The significant overage in Worship was the purchase of the piano and the holding tabernacle. Those expenses were offset by the increased donations in the non-Ordinary section of revenue.

The significant overages in the Operations and Plant expense sections are associated with reimbursable expenses related to Capital Maintenance Projects and Employee/Volunteer Education. Those expenses would typically be reimbursed from the Maintenance Reserve savings and Lay Education Endowment. The reimbursements were not required to close the year in a positive manner. The funding remains in those accounts for future use.

The underrun in Personnel related expenses was a result of some attrition and the difficulty in hiring qualifies replacements.

The Franciscan School Operating Budget Summary

	YTD Budget	YTD Actual	Difference
Revenues:			
Education	\$6,101,836	\$6,286,008	\$184,172
General	\$389,704	\$334,184	(\$55,520)
Auxiliary	\$360,983	\$362,345	\$1,362
<u>Total Revenues</u>	<u>\$6,852,523</u>	<u>\$6,982,536</u>	<u>\$130,013</u>
Expenses:			
Education	\$4,741,587	\$4,410,311	\$331,276
General - Office	\$375,636	\$354,312	\$21,324
General - Sp Projects	\$32,728	\$92,522	(\$59,794)
General - Plant	\$973,505	\$1,150,804	(\$177,299)
Auxiliary Services	\$134,595	\$148,127	(\$13,532)
<u>Total Expenses</u>	<u>\$6,258,051</u>	<u>\$6,156,075</u>	<u>\$101,976</u>
Net Total	\$594,472	\$826,462	\$231,990
Balance Sheet:			
Mortgage Principal Payments		\$476,596	
Net Operating Total		\$349,866	
# of Students	646	673	

The overage in Education revenue was driven by increased tuition income because of enrollment exceeding the budget expectation. The plan was built upon the expectation of 646 students which we then achieved 673 students.

The Education expenses significantly underran it budget target. The two drivers being retirements and less than expected health insurance billings. As more senior teachers left, they tended to be replaced by teachers with less experience and therefore received less salary. The plan also expected a higher percentage of TFS employees electing to participate in the Diocese health plan.

The significant overages in the Plant expense sections are associated with reimbursable expenses related to Capital Maintenance Projects. Those expenses would typically be reimbursed from the Maintenance Reserve savings. The reimbursements were not required to close the year in a positive manner. The funding remains in those accounts for future use.

TFS made the following investment in reserves:

- \$100,000 to its General Savings
- \$100,116 to the Tuition Assistance Endowment as a payment on its internal loan
- \$36,128 to the Home & School Savings Account

Pre-School Operating Budget Summary

	YTD Budget	YTD Actual	Difference
Revenues:			
Education	\$895,185	\$1,065,062	\$169,877
General & Other	\$15,935	\$45,620	\$29,685
<u>Total Revenue</u>	<u>\$911,120</u>	<u>\$1,110,682</u>	<u>\$199,562</u>
Expenses:			
Education	\$676,712	\$673,532	\$3,180
General	\$190,347	\$360,419	(\$170,072)
Auxiliary Services	\$3,554	\$1,967	\$1,587
<u>Total Expenses</u>	<u>\$870,613</u>	<u>\$1,035,919</u>	<u>(\$165,306)</u>
Net	\$40,507	\$74,764	\$34,257
# of Students	160	171	

Pre-School revenue exceeding plan was driven by enrollment exceeding plan expectations and an outstanding year of fundraising.

On the expense side, the overage in the General Expense area was primarily driven by excess funds being invested in our reserves for future use. The following transfers to reserves were made:

- \$125,000 to General Savings
- \$100,000 to the Maintenance Reserve
- \$25,000 to the Nancy Bourke Scholarship Endowment

Columbarium Operating Budget Summary

	YTD Budget	YTD Actual	Difference
Revenues:			
Columbarium Income	\$84,000	\$298,380	\$214,380
Interest	\$0	\$1,251	\$1,251
<u>Total Revenue</u>	<u>\$84,000</u>	<u>\$299,631</u>	\$215,631
Expenses:			
Operating Expenses	\$54,444	\$227,630	(\$173,186)
<u>Total Expenses</u>	<u>\$54,444</u>	<u>\$227,630</u>	<u>(\$173,186)</u>
 Net	 \$29,556	 \$72,001	 \$42,445

Niche sales have been extremely high since the re-start of sales in January. The resulting revenue has far exceeded the plan's expectations.

Of the Operating Surplus, we made the following investments in our reserves:

- \$45,136 to the Perpetual Care Endowment
 - Diocese requires a minimum investment of 15% of annual Niche sales.
- \$100,000 initial payment on internal loan to complete the expansion project.
- \$15,000 to the Maintenance Reserve