

# Annual Report 2023-2024

SAINT FRANCIS OF ASSISI CATHOLIC PARISH OF RALEIGH



THE CATHOLIC COMMUNITY OF ST. FRANCIS OF ASSISI  
11401 LEESVILLE ROAD, RALEIGH, NC 27613

# SAINT FRANCIS OF ASSISI CATHOLIC PARISH OF RALEIGH

## Annual Report

As we look back on our last fiscal year, which closed on June 30th, we are pleased to report the Parish closed the books in a positive manner, while increasing our reserves across all budget areas.

Both of our schools exceeded their enrollment targets for the year. TFS closed the year with 666 students vs. a budget expectation of 660. The Pre-School had 171 students vs. its budget expectation of 160. Due to the higher levels of enrollment, both schools ended the year in a manner that allowed them to invest in reserves, grow their student assistance endowments, and bolster our maintenance reserve.

With the Columbarium expansion project ending, we experienced a period of higher-than-expected niche sales due to the pent-up demand for niches. This raised concern that another expansion may be required much sooner than planned. Fortunately, sales have settled down to our normal 3-4 niche sales per month, which means that our current inventory of niches should last another 15-20 years.

As Msgr. Clay had communicated to the Parish, the Church was struggling to reach our Offertory budget target, a 4% increase over last year. As a reminder, Offertory is the primary funding source for most of our ministry areas and represents 80% of the total Church income. Fortunately, a generous family stepped forward and offered to back, dollar-for-dollar, our June Offertory Challenge, to which there was a tremendous response. Not only did it allow us to reach our budget target, but it carried over into the new fiscal year.

This was another year with several major maintenance projects undertaken and completed. Hopefully, you have all had the opportunity to appreciate the new sound system in the Church. In addition to the sound improvement, we have also added screens. The school's bell and communications system has been upgraded, and now reaches across the campus to assist in the delivery of security and safety messages. The access to the ballfield has been improved by replacing the old wooden steps and ramp with a new concrete set of steps and an ADA compliant ramp. The carpet was replaced in Clare Hall and the Chapel. We completed the Franciscan Garden, renovated bathrooms in the rectory, repaved the parking lot, replaced the phone system, replaced several heat pumps, and continued to improve drainage across the campus. Overall, we spent just over \$1.4 million to maintain this beautiful campus and buildings.

Four years ago, one of our parishioners funded a Capital Asset and Reserve study of the Parish. The finding of the study, conducted by Giles-Flythe Engineers, concluded that it would take \$18,000,000 to properly maintain the Parish campus over the next 20 years. The study based its cost estimates using pre-COVID prices. It has now become apparent that it will take about \$30,000,000 to maintain the campus, as capital equipment replacement and labor costs have skyrocketed from the estimates used in the study. Considering this current reality, all budget areas will be required to increase their contributions to the Maintenance Reserve during the next fiscal year's budget cycle. We also ask that you prayerfully consider including the Maintenance Sunday envelope or Faith Direct appeal as one of your giving options in the future.

We are aware that many of our parishioners are not familiar with the details associated with the Parish finances and how we serve as good stewards over the funds we receive. This report will attempt to assist everyone in having a better understanding of the financial workings of the Parish. We will provide a brief introduction to our four budget areas, an overview of the financial governance which starts with the Finance Council, and then provide the detail for each budget areas' income and expenses.

Thank you for your generosity and support of the Parish,



Rob Neppel  
Director of Finance



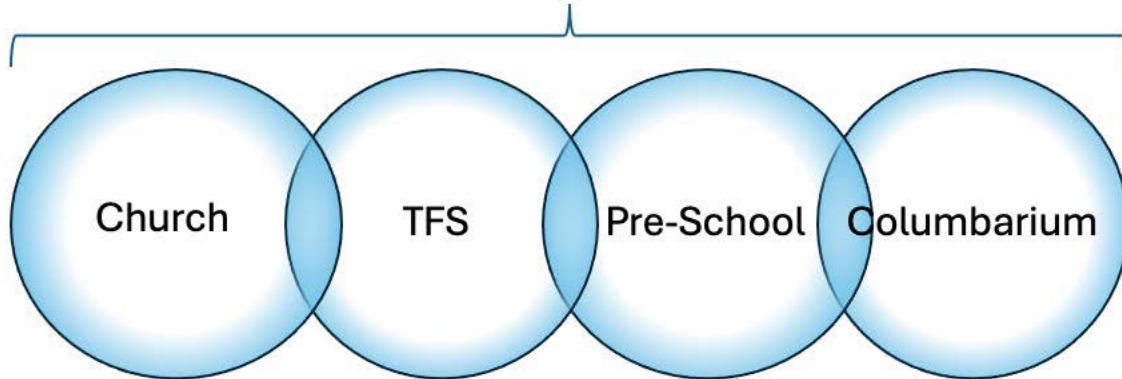
Fr. Chris Koehn  
Pastor



Steve Vebber  
Finance Council Chair

# How Are We Financially Organized?

Parish Finances are composed of 4  
Separate Budgets that are Interlinked and Co-dependent



Shared Plant Infrastructure, Utilities, IT, and Maintenance Contractor Support  
Shared Operations, Finance, HR, and Maintenance Staff Support  
Shared Landscaping and Grounds Keeping Support

The Parish financial governance is led by the Finance Council which is the only Council specifically required by Canon Law. The role of the Council is to provide Financial Guidance and Recommendations to the Pastor. The Council is made up of fifteen parishioners with a variety of financial skills and backgrounds. They compose the voting members of the Council. The Council meets 7-8 times a year but will meet more frequently if the needs arise. Key staff members and Pastoral Council Chair also sit on the Council as non-voting members and provide organizational input and expertise. For a Council meeting to be official, the Pastor must be present, along with at least eight voting members.

The Director of Finance and Planning also serves on the council as a non-voting member, in a support capacity. The Director of Finance will collaborate with the staff and Sub-Committees to prepare proposals for Finance Council consideration and is responsible for the day-to-day execution of approved plans. St. Francis has also put in place Oversight Committees to oversee various aspects of Parish financial operations. The following chart illustrates our Financial Management structure:



## **Finance Council Responsibility Chart**

In addition to the above sub-committees, Finance Council members are also assigned to sit on the Justice and Peace Tithe Committee, the Columbarium Committee, and the Chair of the Finance Council also serves on the Pastoral Council.

All the budget areas follow our expense approval guidelines, which are:

- Expenses less than \$50, no prior approval required.
- Expenses \$50 - \$499, prior approval of the budget owner is required.
- Expenses \$500 and above, prior approval of the budget owner and Director of Finance & Planning are required.

In addition, any expenses greater than \$10,000 require the approval of the Finance Council and Pastor. If the expense involves a Capital Improvement, the Diocese of Raleigh also needs to approve the expense before work can proceed.

## **Year End Report**

The following table provides the high-level summary we provided the Diocese as part of its Year End Report. All budget areas closed their books in a positive manner.

It must be noted, the Columbarium would not have closed in a positive manner if we did not account for the \$159,315 carried over from the prior year to cover expenses related to the expansion. At the end of the year, we used the balance of those funds to pay off the internal expansion loan and the balance went back to the Columbarium Endowment for Perpetual Care and Future Expansion, where it will grow based upon market performance.

# Parish 2023-2024 Financial Report

Revenue / Expense	The Franciscan				Parish Total
	Church	School	Pre-School	Columbarium	
<b>Total Operating Income</b>	\$5,370,538	\$7,055,116	\$1,106,168	\$384,937 #	\$13,916,759
<b>Total Operating Expense</b>	\$5,241,474	\$6,930,341	\$1,069,316	\$384,244 &	\$13,625,374
<b>Net Totals</b>	\$129,064	\$124,775	\$36,852	\$693	\$291,385
<p><b>Balance Sheet Notes:</b> (#) - Includes \$159,315 carried over from prior year in the checking account            (&amp;) - Includes final Columbarium Expansion Project expense of \$13,398</p>					

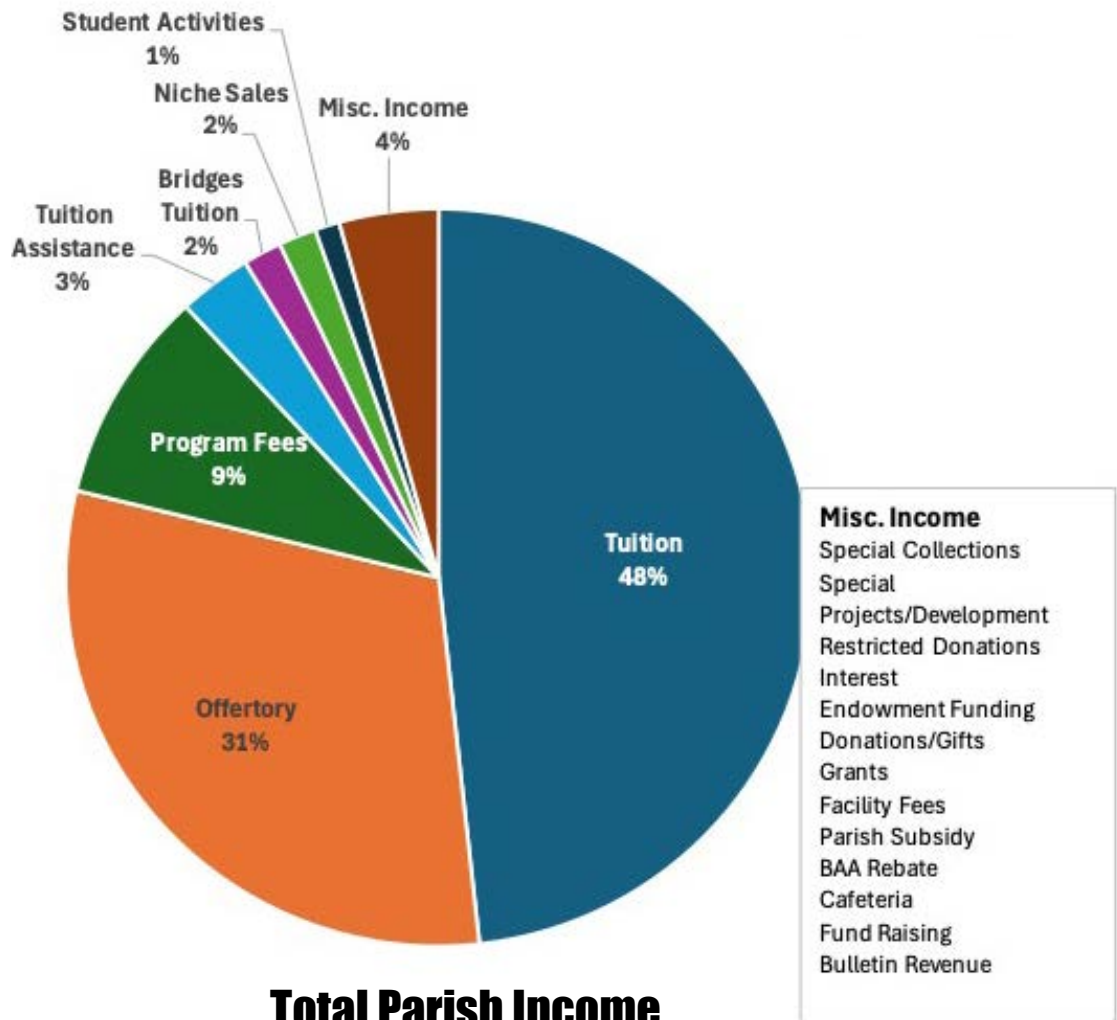
## Cash Flow

<b>Checking</b>					
<b>Beginning Balance</b>	\$217,997	\$418,204	\$74,995	\$159,315	\$870,511
<b>Ending Balance</b>	\$218,396	\$463,955	\$79,176	\$141	\$761,668
<b>Savings</b>					
<b>Beginning Balance</b>	\$1,741,853	\$910,769	\$533,758	\$12,596	\$3,198,976
<b>Ending Balance</b>	\$1,750,101	\$981,159	\$589,734	\$12,915	\$3,333,908
<b>Endowments</b>					
<b>Beginning Balance</b>	\$1,653,350	\$2,547,973	\$217,016	\$364,881	\$4,783,220
<b>Ending Balance</b>	\$1,750,530	\$3,030,286	\$268,274	\$523,248	\$5,572,339
<b>Debt - Internal Loans</b>					
<b>Beginning Balance</b>		\$600,536		\$170,000	\$770,536
<b>Ending Balance</b>		\$367,164		\$0	\$367,164

# Collective Parish Budget

Over the years our Parish has grown in numbers, facilities, and services to both our community and beyond. As a result, our financial needs have grown accordingly. Maintenance is placing an ever-increasing demand upon our budgets as our facilities age and will continue to do so into the future. The Parish faces the same issues your family does with your own budgets. Prioritization and budget planning are a never-ending process. This report intends to provide you with better insight into how your financial gifts to the Parish are utilized and offer you an opportunity to ask questions as well as provide input for our planning process.

Collectively, the combined budgets represent the Parish as a \$13,757,444 operation. Of that total, about \$800K is exchanged between budgets in the form of budgetary support for shared services and the Offertory Title of Tuition Assistance for our school. The following charts show the collective elements of Parish income and expense.

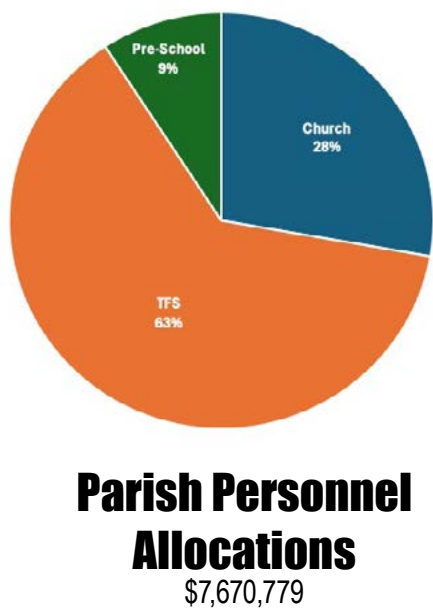
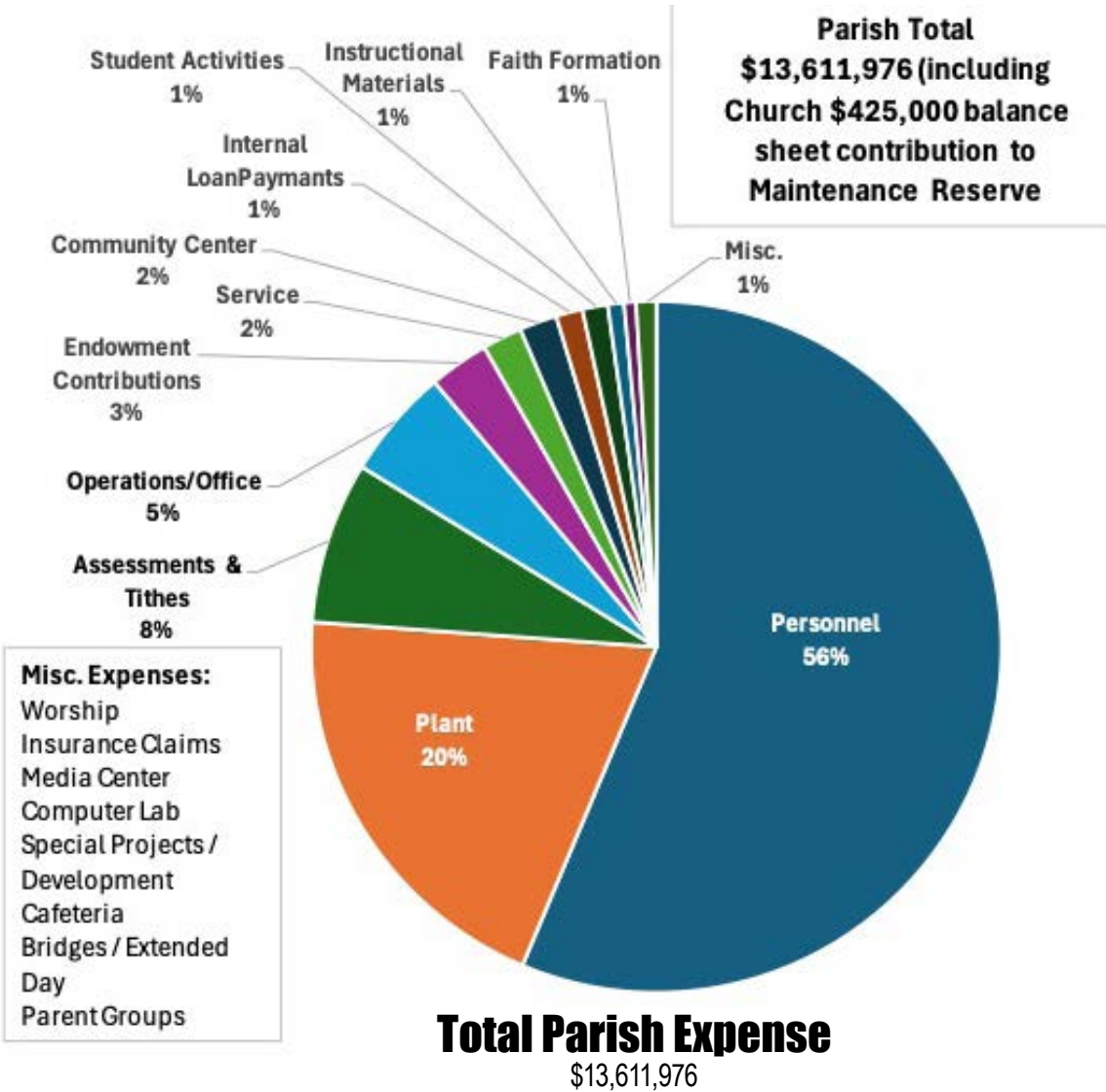


## Total Parish Income

\$13,757,444

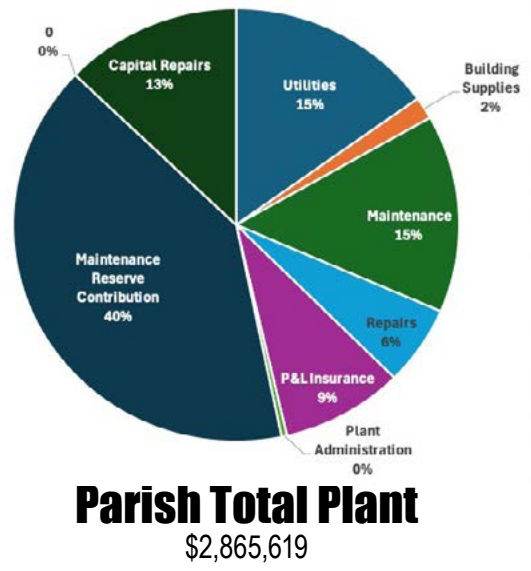
Includes Columbarium \$159,315 carried over from prior year

# Collective Parish Budget



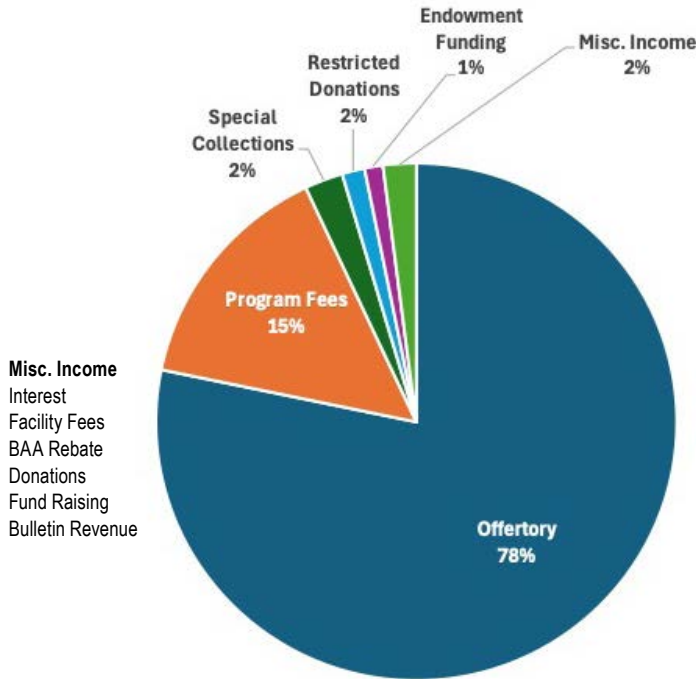
As you can see in the Parish Expense Chart, personnel costs represent the largest expense area. The chart on the left shows how the staffing expense is allocated across the Church, TFS, and Pre-School budgets.

The second largest expense area is the plant related expenses, chart on the right. They include utilities, building supplies, maintenance, repairs, P&L insurance premiums, loan payments, and contributions to the Maintenance Reserve. As stated in our introductory letter, maintenance expenses have skyrocketed since COVID and now require an increased level of funding to keep up with the demands of maintaining this 30-acre campus.



# Church Budget

The Church budget income for the fiscal year totaled \$5,370,538, of which 78% is from Offertory donations. As we have shared in the past, Offertory income is critical to support the non-revenue producing ministries of the Parish and why we tend to talk about it as much as we do. The total income was \$172,377 more than expected due primarily to a successful appeal for the Franciscan Garden, a BAA rebate from the Diocese, and higher enrollment in our programs. The resulting surplus was \$129,064, of which \$100,000 went to the Maintenance Reserve. The following two charts will show our sources of income and major expense areas.



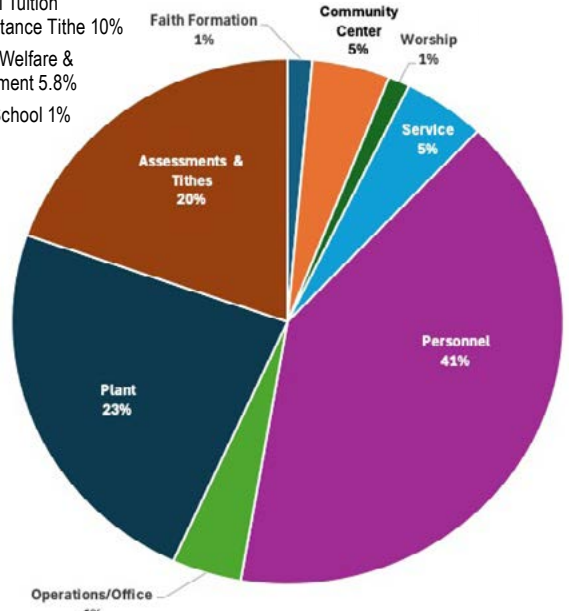
Misc. Income  
Interest  
Facility Fees  
BAA Rebate  
Donations  
Fund Raising  
Bulletin Revenue

## Church Income

Total Church Income  
\$5,370,538

Assessments are based of a percentage of Offertory:

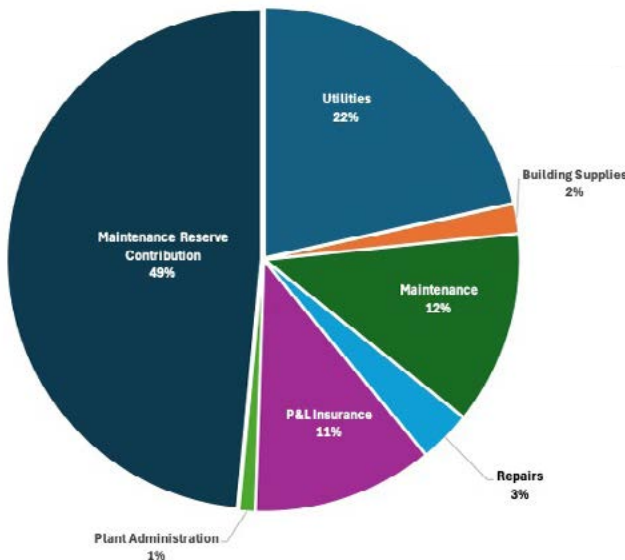
- Cathedracum 8.73%
- School Tuition Assistance Tithe 10%
- Priest Welfare & Retirement 5.8%
- High School 1%



## Church Expense

Total Church Expense  
\$5,241,474

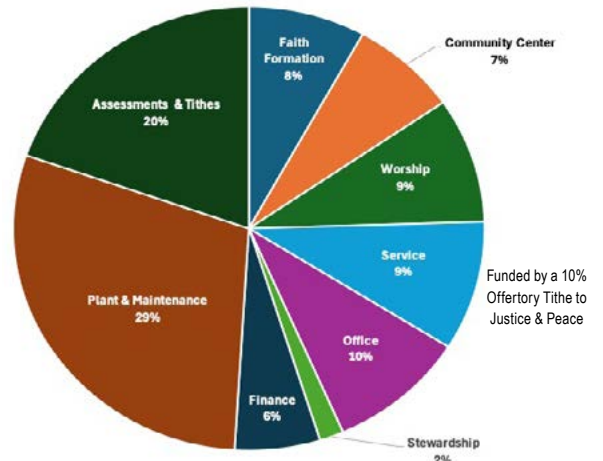
The Plant related expenses are broken down as follows.



## Church Plant Expenses

\$1,233,674

A more informative way to view our expenses is the following chart which combines the appropriate staff expenses along with the other expenses for the ministry areas to which they are assigned.



Funded by a 10% Offertory Tithe to Justice & Peace

## Total Church Expenses by Areas



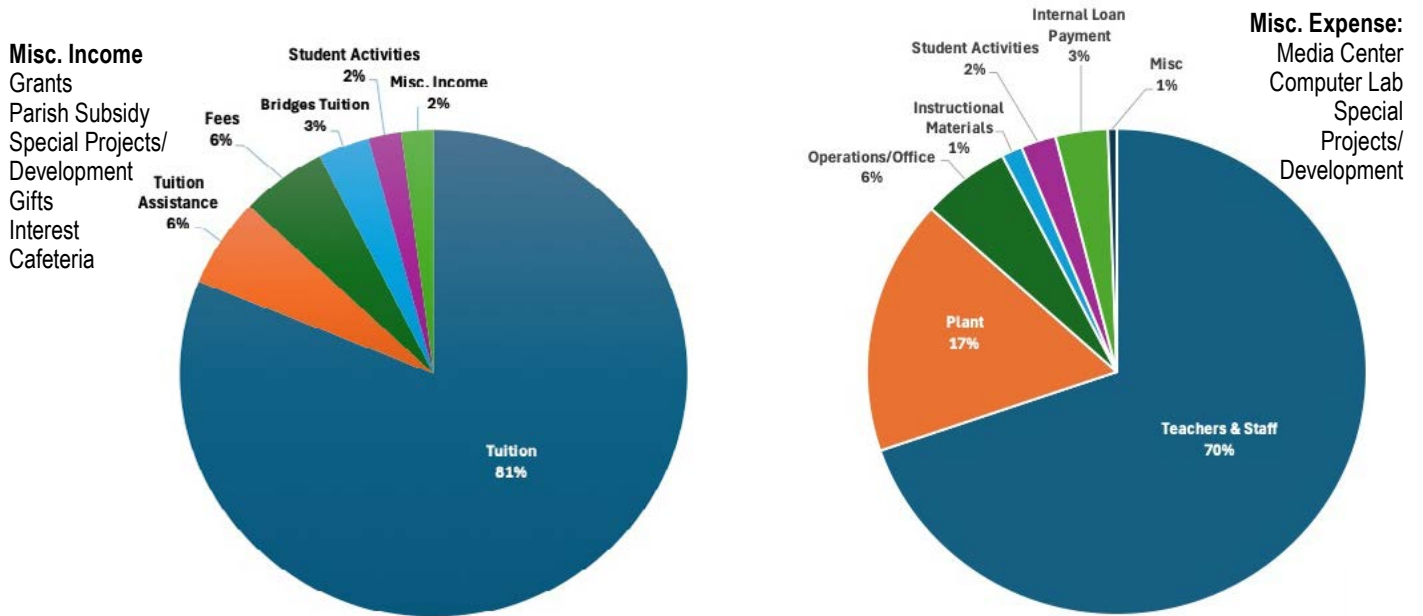
# The Franciscan School Budget

The budget cycle for the schools starts in the September/October time frame. Preliminary budgets are prepared and reviewed for the purpose of setting the next school year's tuition rates. The rates are published in late December or early January in support of the opening of the enrollment process. The plans start with the assumptions associated with teacher and staff salaries, which represent 78% of the schools' expense budgets. Then there are assumptions related to inflation, and the number of students qualifying for which tuition rate. The budgets are conservative both for their income and expense expectations.

TFS' income for the year was \$7,055,116, which was \$555,449 higher than the budget called for. The surplus was generated from a number of sources, including higher student enrollments, higher number of non-steward rate student enrollments, and the Home & School Association making a number of significant grants to the school. The surplus was then applied as follows:

- \$200,000 to the Maintenance Reserve
- \$200,000 to the Student Assistance Endowment
- \$50,000 to the TFS General Savings Account
- The remaining funds were kept in the checking account to cover July expenses

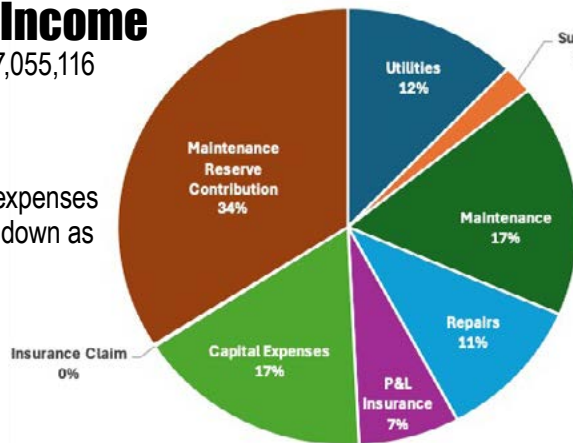
While the preliminary budgets assumed staff salaries would compose 78% of the expense budgets, we ended this fiscal year with personnel costs being 70% of the total expense. The lowering of the actual percentage was due to the above allocation of surplus funds. The following two charts will show our sources of income and major expense areas.



**TFS Income**  
\$7,055,116

**TFS Expense**  
\$6,930,341

TFS Plant expenses are broken down as follows:



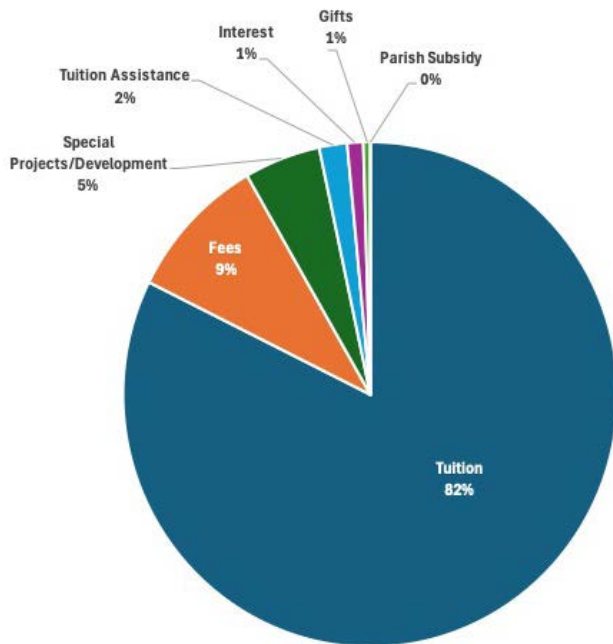
**TFS Plant Expenses**  
\$1,174,430

# St. Francis Pre-School Budget

As described above, the budget cycle is the same as TFS with the same set of assumptions being considered. Major differences between the two schools are the ages of the students, the number of students per class limits based upon age, and the number of day offerings (2, 3, 5 days). This year the Pre-School received \$1,106,168 in income vs. a planned expectation of \$941,298. The income, along with sound expense management resulted in an initial surplus of \$186,852. The surplus was then applied as follows:

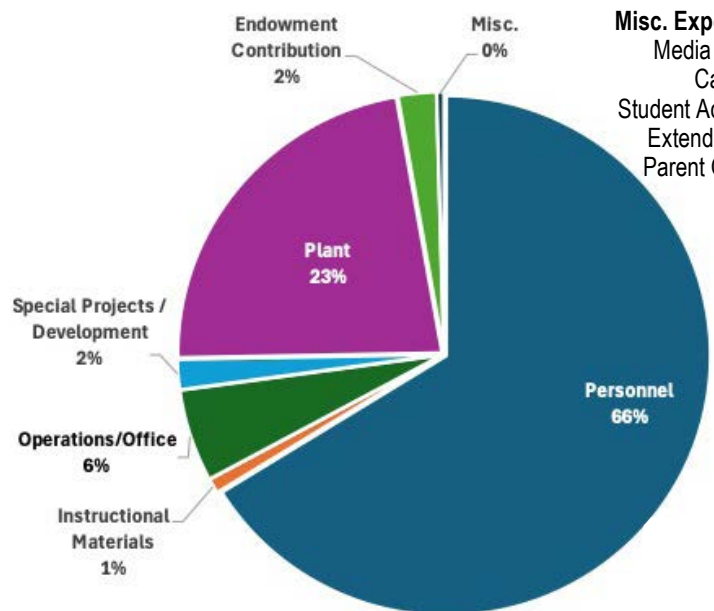
- \$100,000 to the Maintenance Reserve
- \$25,000 to the Nancy Bourke Scholarship Endowment
- \$25,000 to the General Saving Account
- The remaining funds were kept in the checking account to cover July expenses

Just as with TFS, while the preliminary budgets assumed staff salaries would compose 78% of the expense budgets, we ended this fiscal year with personnel costs being 66% of the total expense. The lowering of the actual percentage was due to the above allocation of surplus funds. The following two charts will show our sources of income and major expense areas.



**Pre-School Income**

\$1,106,168

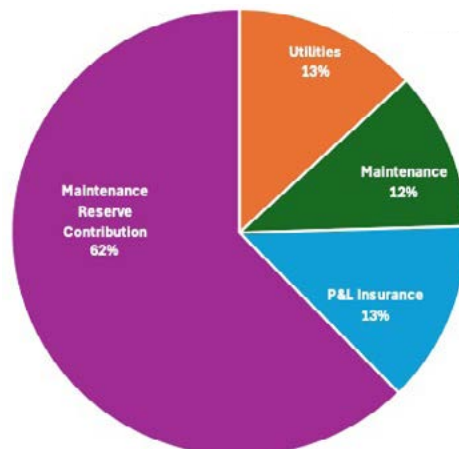


**Pre-School Expense**

\$1,069,316

**Misc. Expenses:**  
Media Center  
Cafeteria  
Student Activities  
Extended Day  
Parent Groups

Pre-School Plant expenses are broken down as follows:



**Pre-School Plant Expense**

\$240,730

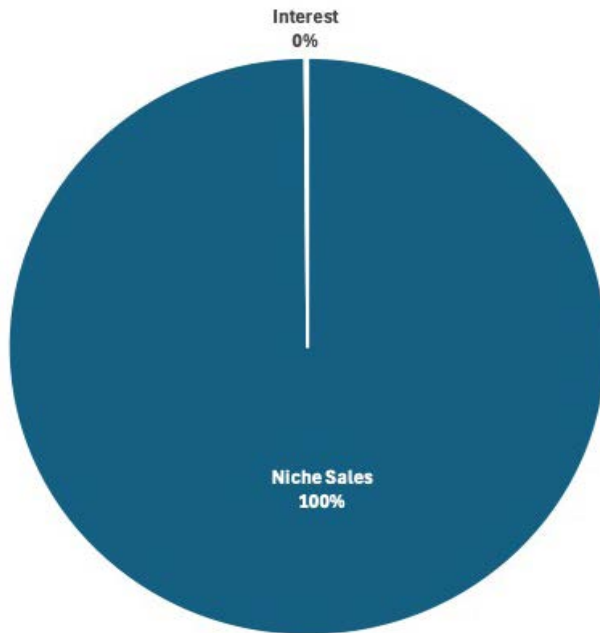
# Columbarium Budget

The Columbarium budget starts with the assumption of 3-4 Niche sales per month based upon historical sales. It also assumes all sales will be double Niches at the Parish Steward rate. As mentioned in our opening letter, we started the year with sales being between 10-12 per month. While sales have settled back down to the normal pace, the Columbarium received \$225,622 in niche sales income in addition to \$159,315 carried over from 2022-2023 vs. a plan expectation of \$143,860. Of the gross sales, we are required to invest 15% in the endowment for Perpetual Care. In our case, the endowment is not only established to provide for Perpetual Care but also Future Expansion. The endowment provided the bulk of the funds required for the most recent expansion.

After normal operating expenses, the balance of total funds were invested as follows:

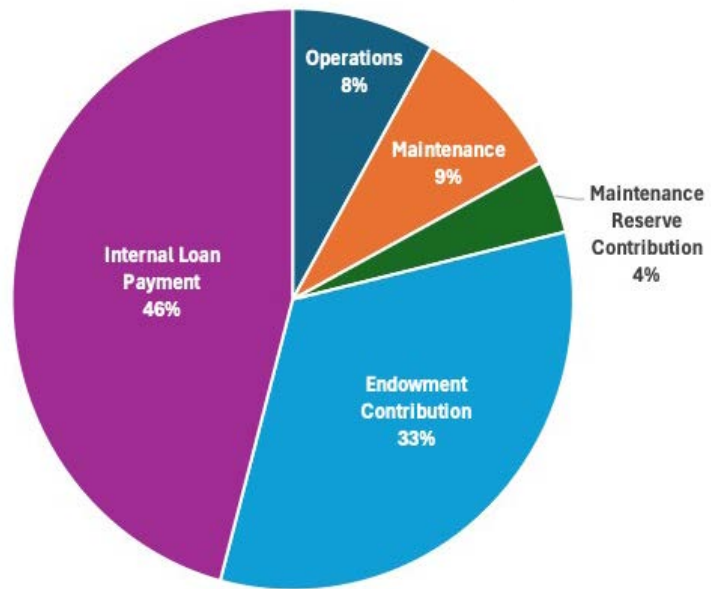
- \$170,000 to payoff the internal expansion loan
- \$34,000 to the Endowment for Perpetual Care (required 15%)
- \$88,000 as additional investment in the Endowment (future expansion)

The following two charts will show our sources of income and major expense areas.



## Columbarium Income 2023-2024

Total Income \$384,937  
2023-2024 Income of \$225,622  
Plus \$159,315 carried over from 2022-2023



## Columbarium Expense 2023-2024

\$384,244