

Annual Report 2024-2025

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

For fiscal year 2024-2025, which closed on June 30th, we are pleased to report that the Parish closed the books in a positive manner across all budget areas, while increasing our reserves.

Offertory exceeded its budget target. We had a strong start for the fiscal year thanks to carryover from last June's Offertory challenge. There are concerns however, as we look forward to the new year. Offertory giving started to drop off in May and June. That trend appears to have continued in July. As a reminder, Offertory is the sole funding source for our non-revenue ministry areas and represents 79% of the total Church income. A 10% Tithe of our Offertory goes towards our Justice and Peace Ministries, providing funding assistance to agencies serving our community. Another 10% goes toward the schools in the form of tuition assistance so that families with little financial means can send their children to our schools. The remaining 80% covers salaries, which are below market value, and other works of the Parish. In order to meet our growing needs, please prayerfully consider increasing your level of giving, and sign up to donate using Faith Direct if you are not already doing so.

Since COVID, both of our schools continue to exceed their enrollment targets for the year. TFS closed the year with 678 students vs. a budget expectation of 665. The Pre-School had 178 students vs. its budget expectation of 164. Due to the higher levels of enrollment, both schools ended the year with surpluses, which were used to build their reserves, grow their student assistance endowments, and bolster our maintenance and capital reserves.

The Columbarium niche sales continue to outpace our planned expectations. At the current pace, 4-5 niches per month, we need to start assessing the need for another expansion project. The last expansion project took four years, from planning through construction, and cost \$1.3M to complete. This will be a topic of discussion during this year's Columbarium Committee meeting.

This was another year with major maintenance projects undertaken and completed. In total, we spent over \$1 million to maintain this beautiful campus and buildings. That is over and above the normal \$3.3 million it takes to operate our facilities. The most visible Capital Maintenance projects included the replacement of the Chiller Units on the Community Center, replacement of the Windows and Sound Baffles in the Church and gathering space, and renovation of the TFS Courtyard to correct drainage issues. To keep up with the growing maintenance costs, next year each of the budget areas has increased their budget contributions to the Maintenance Reserve.

From a planning standpoint, there are several major projects that will have to be addressed in the future. One has already been mentioned, that being a potential Columbarium Expansion. Another being a replacement of the modular classrooms located behind Thea Hall. Those units are over 25 years old and are becoming more costly to maintain. We have just started to look at feasible options for those classrooms, which is why we have increased contributions to our Capital Savings.

This report will provide our parishioners with more insight into the details associated with the Parish finances and how we demonstrate good stewardship over the funds we receive. It will provide a brief review of our four budget areas, an overview of the financial governance which starts with the Finance Council and then provides details for each budget area's income and expenses.

Thank you for your continued support of the Parish,



Rob Neppel
Director of Finance



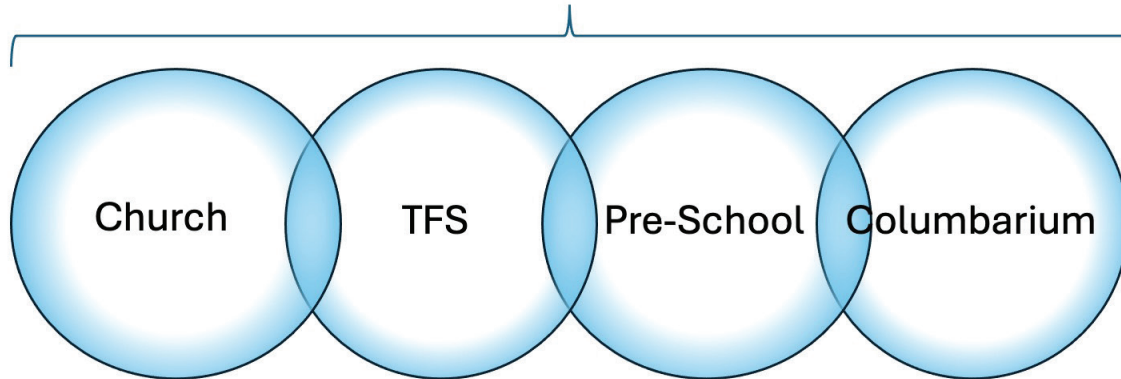
Fr. Chris Koehn
Pastor



Steve Vebber
Finance Council Chair

How Are We Financially Organized

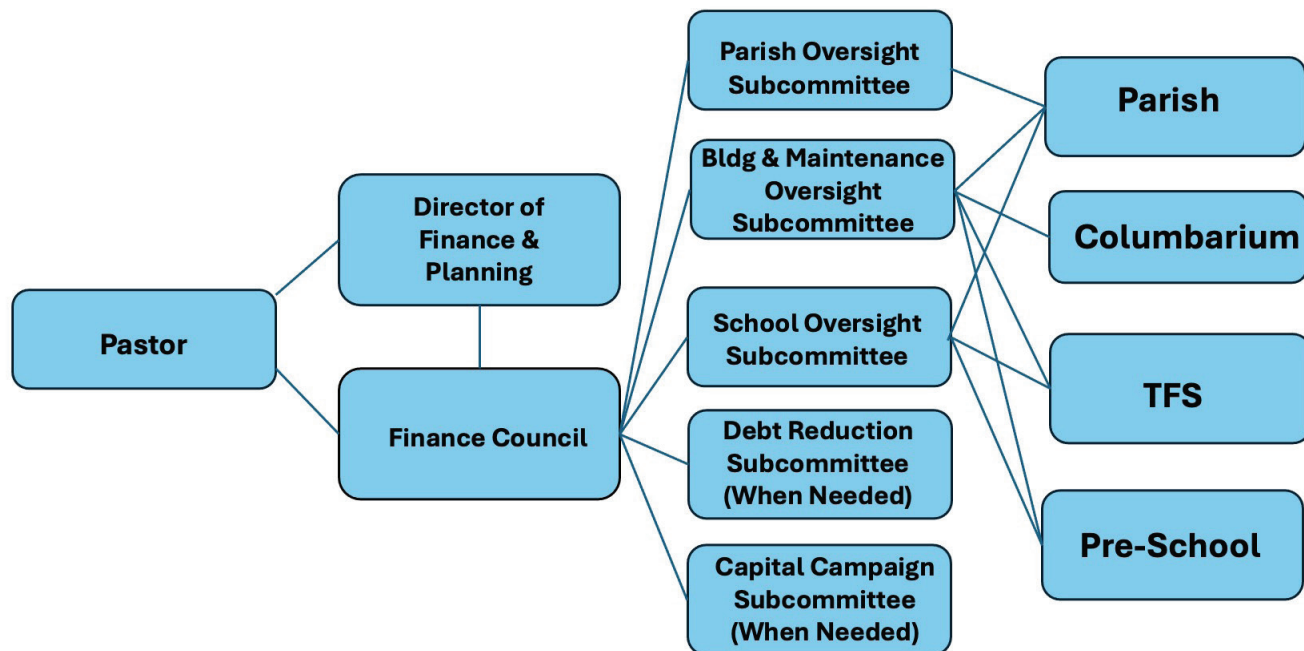
Parish Finances are composed of 4
Separate Budgets that are Interlinked and Co-dependent



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 headed 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 composed of fifteen parishioners with a variety of financial skills and backgrounds and represent 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 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 also sit on the Justice and Peace Grant 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.

We have an additional business control associated with all account withdrawals. All withdrawal requests require multiple approvals, specifically the Pastor, Finance Council Chair, Director of Finance & Planning, and responsible Budget Owner.

The following chart 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.

Parish 2024-2025 Financial Report

Revenue / Expense	The Franciscan				
	Church	School	Pre-School	Columbarium	Parish Total
Total Operating Income	\$5,513,516	\$7,791,208	\$1,244,121	\$236,962	\$14,785,808
Total Operating Expense	\$5,474,748	\$7,624,164	\$1,129,064	\$231,184	\$14,459,160
Net Totals	\$38,768	\$167,044	\$115,057	\$5,778	\$326,647
=====					

Cash / Reserves / Loans

Checking					
Beginning Balance	\$218,396	\$463,955	\$79,176	\$141	\$761,527
Ending Balance	\$219,207	\$633,113	\$59,089	\$5,850	\$911,408
Savings					
Beginning Balance	\$1,750,101	\$981,159	\$589,734	\$12,915	\$3,320,994
Ending Balance	\$2,440,127 *	\$1,059,793	\$725,056	\$13,308	\$4,224,976
Endowments [#]					
Beginning Balance	\$1,750,530	\$3,030,286	\$268,274	\$523,248	\$5,049,090
Ending Balance	\$1,899,502	\$3,521,995	\$338,377	\$731,416	\$5,759,874
Debt - Internal Loans					
Beginning Balance		\$367,164			\$367,164
Ending Balance		\$233,792			\$233,792

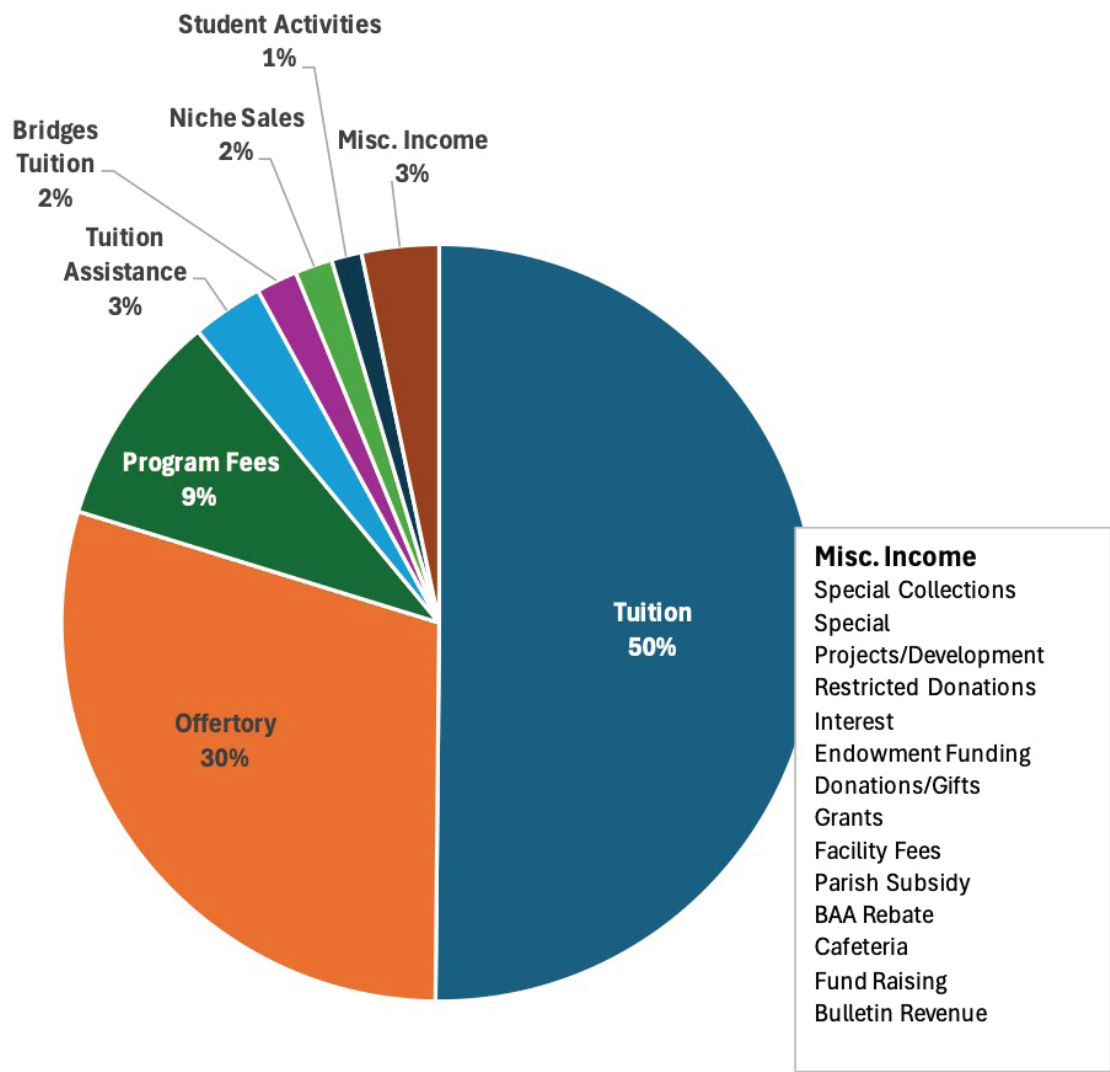
Notes: * \$900k increase in church savings is the maintenance reserve to which all budget areas contribute.

Endowments are restricted funds for specific purposes set by donors.

Collective Parish Budget

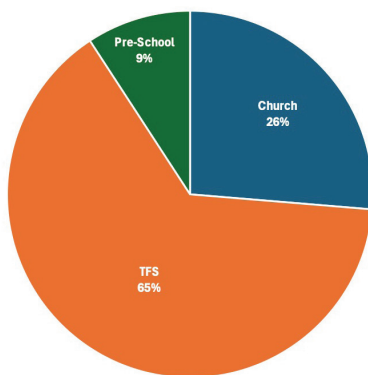
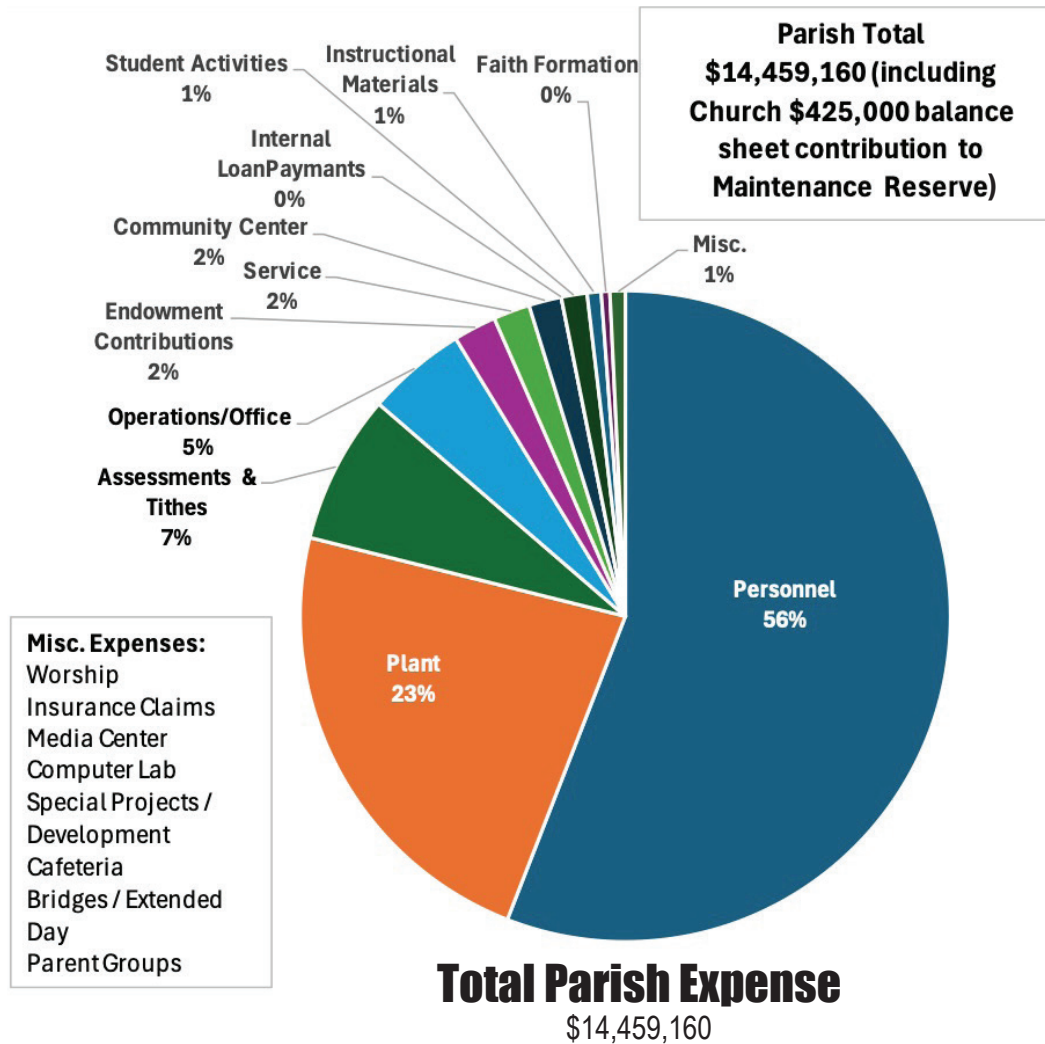
Over the years our Parish has grown in numbers, facilities, and services to both our community and beyond. As a result, our financial needs have grown accordingly. Maintenance is placing an ever-increasing demand upon our budgets as our facilities age and will continue to do so into the future. The Parish 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 \$14,785,808 operation. Of that total, about \$800K are exchanged between budgets in the form of budgetary allocations for shared services and the Offertory Tithe of Tuition Assistance for our school. The following charts show the collective sources and elements of Parish income and expense.



Total Parish Income
\$14,785,808

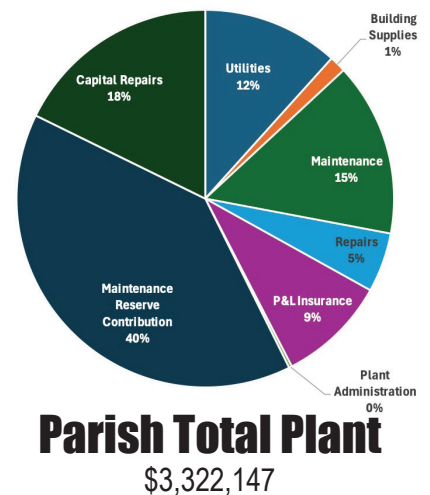
Collective Parish Budget



Parish Personnel Allocations
\$8,084,517

As you can see from 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. 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.

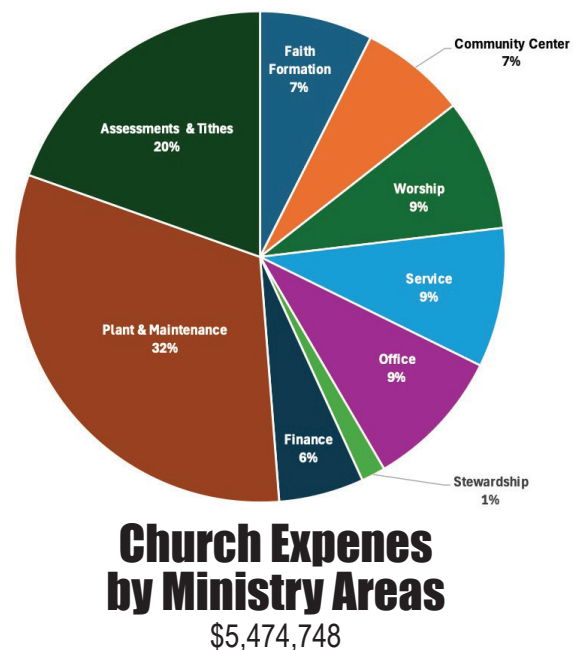
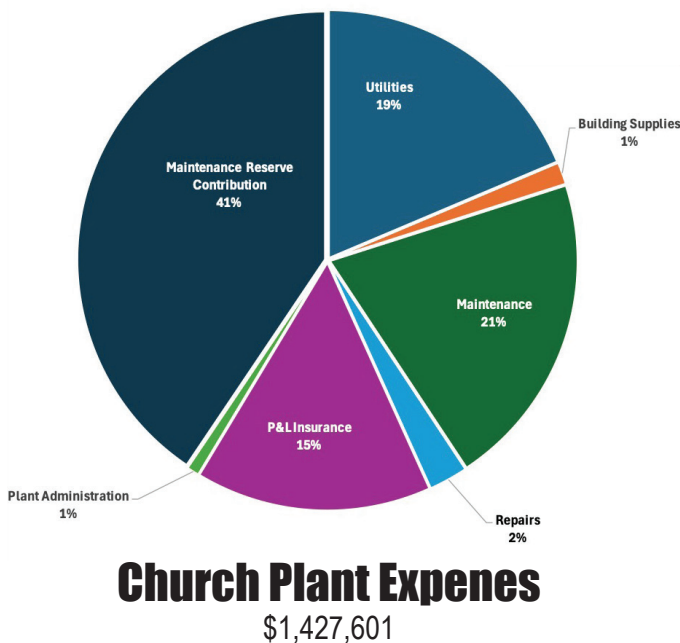
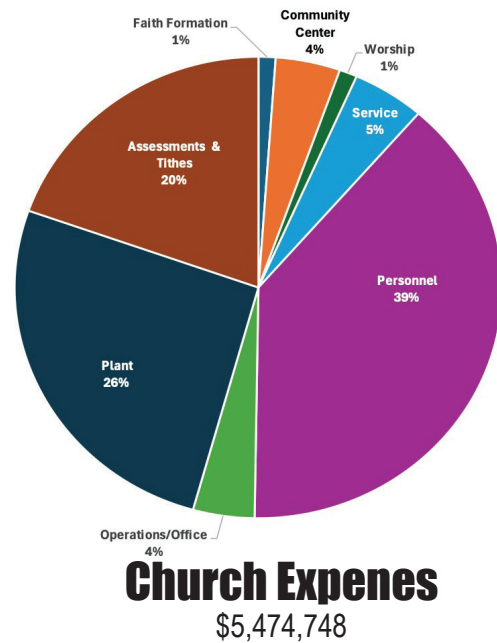
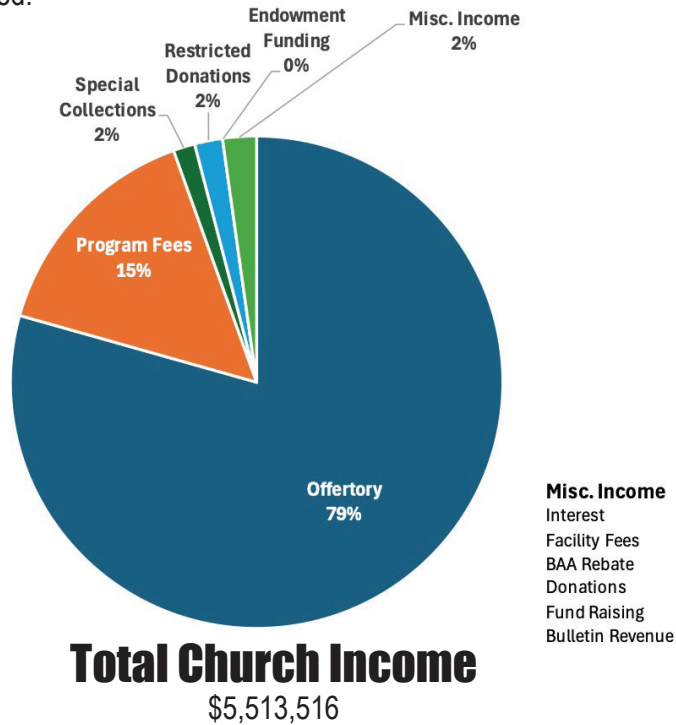


Parish Total Plant
\$3,322,147

Church Budget

The Church income for the fiscal year totaled \$5,513,516, of which 79% 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 the reason we tend to talk about it as much as we do. The total income was \$271,445 more than expected due primarily to receipt of a large bequest, a BAA rebate from the Diocese, a 4% increase in Offertory, and higher enrollment in our programs. The resulting surplus was \$463,768, of which \$425,000 was a planned balance sheet transfer to the Maintenance Reserve. The following two charts will show our sources of income and major expense areas.

The Plant related expenses are broken down as follows. 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.



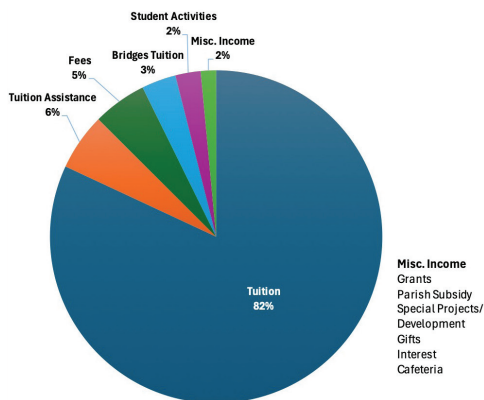
The Franciscan School Budget

The budget cycle for the schools starts in September/October. 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.

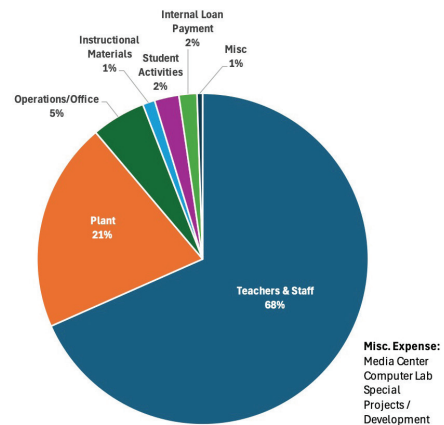
TFS income for the year was \$7,791,208, which was \$871,396 higher than the budget called for. The increase was generated from a number of sources, including higher student enrollments, higher number of non-steward rate student enrollments, NC Opportunity Scholarship funds which negated the need for the Church provided tuition assistance funds, and the Home & School Association making several significant grants to the school. Due to the significant unplanned increase in income and solid expense management, TFS was able to make the following investment in its reserves:

- \$300,000 to the Capital Reserve
- \$200,000 to the Maintenance Reserve
- \$100,000 to the Student Assistance Endowment (3 yrs of early payments on the internal loan)
- \$13,041 to Timberwolf Savings
- \$19,119 to the Home & School Savings
- The remaining funds remained in the checking account to cover July expenses, as the new school year and tuition income do not start until August.

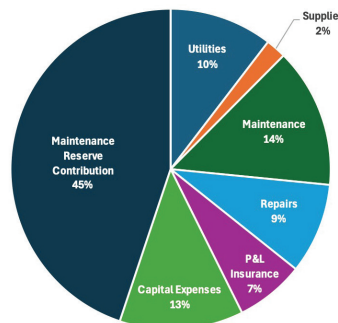
While the preliminary budgets assumed staff salaries would compose 78% of the expense budgets, we ended this fiscal year with personnel costs being 68% of the total expense. The lowering of the actual percentage was due to the above allocation of surplus funds. The following two charts will show our sources of income and major expense areas.



TFS Income
\$7,791,208



TFS Expenses
\$7,624,164



TFS Plant Detail
\$1,674,430

St. Francis Pre-School Budget

As described above, the budget cycle is the same as TFS with the same set of assumptions being considered. A major difference between the two schools is the ages of the students, the number of students per class, based upon age, and the number of day offerings (2, 3, 5 days).

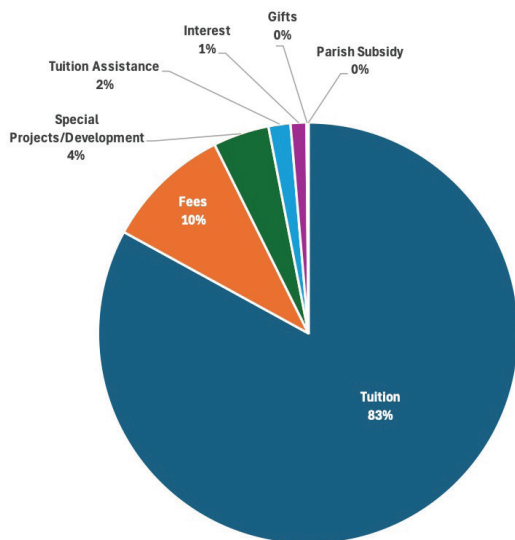
This year the Pre-School received \$1,244,121 in income vs. a planned expectation of \$1,025,497. The income, along with sound expense management, the Pre-School was able to make the following investments:

- \$100,000 to the Pre-School General Savings
- \$125,000 to the Maintenance Reserve
- \$25,000 to the Nancy Bourke Scholarship Endowment
- \$21,258 to the Designated Savings
- The remaining funds remained in the checking account to cover July expenses, as the new school year and tuition income do not start until August.

Just as with TFS, while the preliminary budget assumed staff salaries would compose 78% of the expense budgets, we ended this fiscal year with personnel costs being 66% of the total expense.

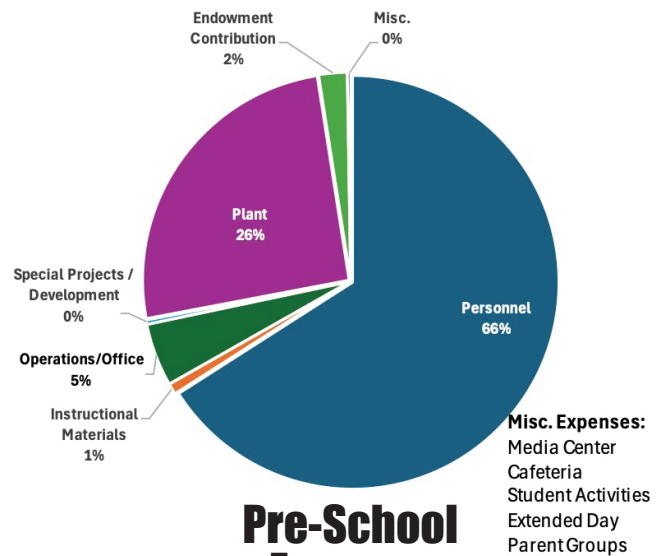
The lowering of the actual percentage was due to the above allocation of surplus funds.

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



Pre-School Income

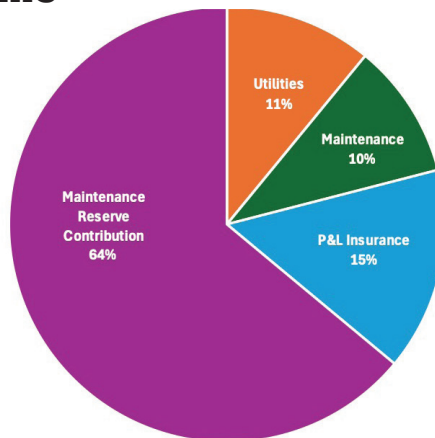
\$1,244,121



Pre-School Expense

\$1,129,064

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



Pre-School Plant Expense

\$273,620

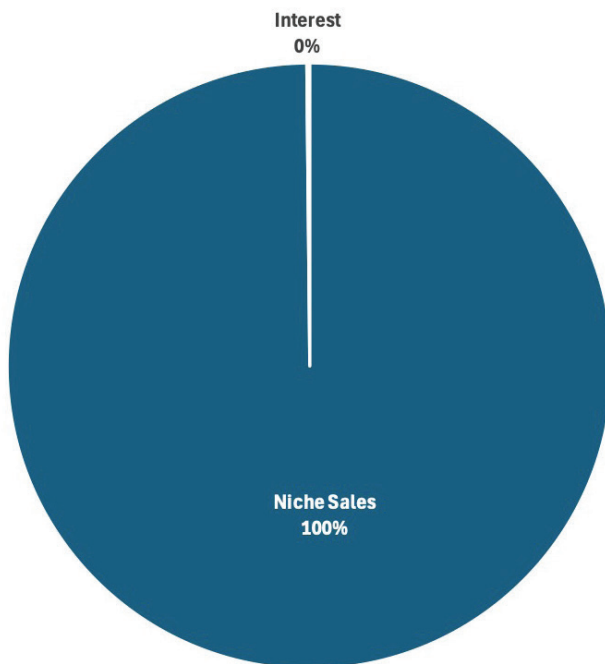
Columbarium Budget

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, sales exceeded the planned expectations. Income came in at \$236,962 in income vs. a plan expectation of \$171,350. Of the gross sales, we are required to invest 15% in the endowment for Perpetual Care. In our case, the endowment was 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 expenses, the following

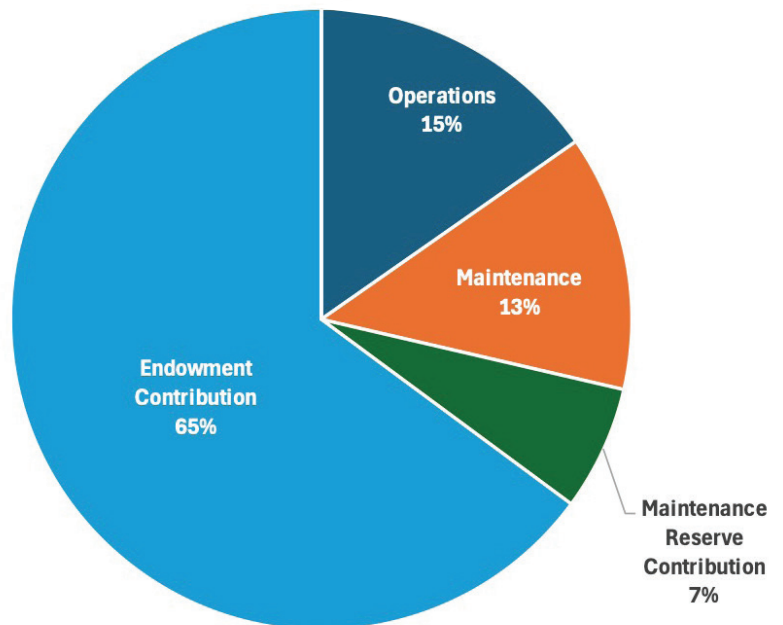
- \$35,471 to the Endowment for Perpetual Care (required 15%)
- \$114,529 as additional investment in the Endowment (future expansion)

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



Columbarium Income

\$236,962



Columbarium Expense

\$231,184