

# ANNUAL REPORT OF THE FINANCE COUNCIL

## St. George Church

### OCTOBER 2020

**Introduction:**

This is a summary of our parish's financial information for the fiscal year ended June 30, 2020. 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 directed to Msgr. Walsh or any of the members of the Finance Council whose names appear on the last page of this report.

**Financial Results (dollars in thousands):**

| Revenue <sup>1</sup>                             | <u>FY 2020</u> | <u>FY 2019</u> |
|--|----------------|----------------|
| Collections:                                     |                |                |
| Weekly   | \$320          | \$294          |
| Christmas  | 25             | 30             |
| Easter   | 11             | 18             |
| Holy Days  | 4              | 4              |
| Maintenance & A/C                                | 44             | 51             |
| "Slay the Dragon"/Debt Reduction                 | 28             | 50             |
| Other Income                                     | 42             | 49             |
| <b>TOTAL REVENUE</b>                             | <b>\$474</b>   | <b>\$496</b>   |
| <br>Expenses <sup>2</sup>                        |                |                |
| Mortgage Principal & Interest Payments           | \$ 53          | \$ 57          |
| Salaries, Stipends & Benefits                    | 164            | 151            |
| Subsidies & Charity                              | 10             | 29             |
| Materials & Supplies                             | 22             | 24             |
| Utilities  | 35             | 38             |
| Transportation Expenses                          | 7              | 8              |
| Building Maintenance                             | 113            | 87             |
| Other  | 41             | 39             |
| Subtotal Expenses                                | <u>\$445</u>   | <u>\$433</u>   |
| Diocesan Assessments <sup>3</sup>                | 61             | 59             |
| <b>TOTAL EXPENSES</b>                            | <b>\$506</b>   | <b>\$492</b>   |
| <b>Excess (Deficit) of Revenue over Expenses</b> | <b>(\$32)</b>  | <b>\$4</b>     |

**Notes:**

- 1. Revenue:** The Parish derives most of its revenue from the contributions of parishioners in the Weekly, Christmas, Easter and Holy Day collections. **Other Income** (\$42,000) consists primarily of Religious Education fees, interest earned, and fees for specific items such as Mass offerings, weddings, funerals, etc.
- 2. Expenses:** **Mortgage Principal and Interest Payments** are self-explanatory. A more complete description of parish debt follows. **Salaries, Stipends & Benefits** includes the Pastor's salary, Administrator, Religious Education Director, Music Director, Organist and Cantors; stipends for visiting clergy, and contributions to the salaries of the Capital Health Chaplain, Communications Director and Parochial Vicar, and 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 Parish Center boiler, install a handicap railing, install carpet in the Parish Center and make lighting and heating upgrades to the Church. **Other Expenses** includes insurance 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 St. George was able to make complete payments on the current year assessments to the Diocese. The total assessments for this financial year were \$61,000 and we made actual payments of \$61,000. 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, 2019 is \$1,068,000.

4. **Church Mortgage:** At June 30, 2020, the balance of the mortgage for our church building was \$301,000, down from \$346,000 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 2020 year, the “Slay the Dragon of Debt” account had a balance of \$66,000. The parish has re-financed the church mortgage in September 2020. Details appear under “Observations” below.

#### **Cash and Reserves:**

At June 30, 2020, the Parish had total cash on hand of \$270,000. These monies comprise: current checking, Money Market and CD balances of \$186,000 and the “Slay the Dragon of Debt” account (discussed above) of \$66,000. 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.

#### **Observations:**

- **Overall Collections for 2020 (excluding Other Income) declined by \$10,000 vs 2019.** Decreased giving to the “Dragon of Debt” campaign was largely offset by increases in the weekly collection receipts. In spite of the COVID related church closure, collection revenue remained surprisingly strong. Shortfalls in Christmas & Easter collections totaled \$10K and are partially attributable to non-parishioners or to those who attend only at these special days.
- **Current year operating expenses of \$445,000 are up slightly from \$433,000 in 2019 as a result of increased maintenance expenses as previously noted.**
- **The Church Mortgage was re-financed in September 2020.** This was done privately through the Diocese who placed the mortgage with two parishes within the Diocese with funds to invest. Our mortgage carries a 3% rate and our principal payments are calculated on a 5 year term. The mortgage will be fully paid at maturity in 2026. 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.
- **Building repairs may be required in the new financial year.** Some modest repairs and modifications are being considered on the Church and Parish Center building. It is likely that the parking lot will require additional attention. 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 our buildings age.
- **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 can receive contribution envelopes. 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 and this has been very evident during these unusual times of the pandemic. **Parishioners should note that we have an online giving site for those who prefer automatic contributions or contributions via credit card.** Over 55 families routinely contribute via electronic giving and a further 60 contributors have used the system for one-time transactions. To sign up, 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*