

# FINANCIAL REPORT

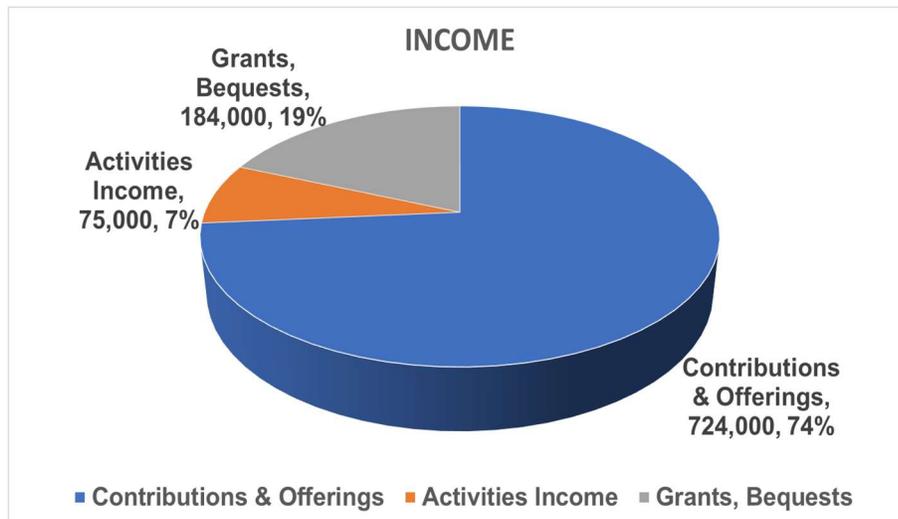
What a Relief! Whenever you come into a parish as a new pastor, you always hold your breath until you can get a handle on parish finances. Fortunately, at Old St. Joseph, the overall situation was in good order. Not only were we NOT broke, but we also had some modest reserves. Alleluia! And that's a credit to you, our generous parishioners, and all the people who work behind the scenes to manage our financial affairs.

But, using past experience in other parishes, I did want to make a few adjustments. So we organized the "chart of accounts" so that we can better track sources of income and patterns of expenses. We've made some computer hardware adjustments, too. After reviewing the financial data for the fiscal year that ended last June 30<sup>th</sup>, I would like to present a comprehensive financial report to you on Parish Finances.

You will find a chart that lists all our parish income and expenses. I have some comments that I hope will give you a clearer understanding of our financial standing.

First, I separate our "operating" accounts from "non-operating" accounts. "Operating" refers to the normal, routine, day-to-day business and activities of the parish. Last year, these normal operations produced a surplus of almost \$178,000. That's good. It means we are living within our means. The "Non-Operating" funds, for us, consist almost entirely of investment income, which as you know can fluctuate with market performance and is essentially beyond our control. Last year, our investments grew by almost \$86,000. That means that our total "profit" last year was slightly over \$263,000. So that's not bad.

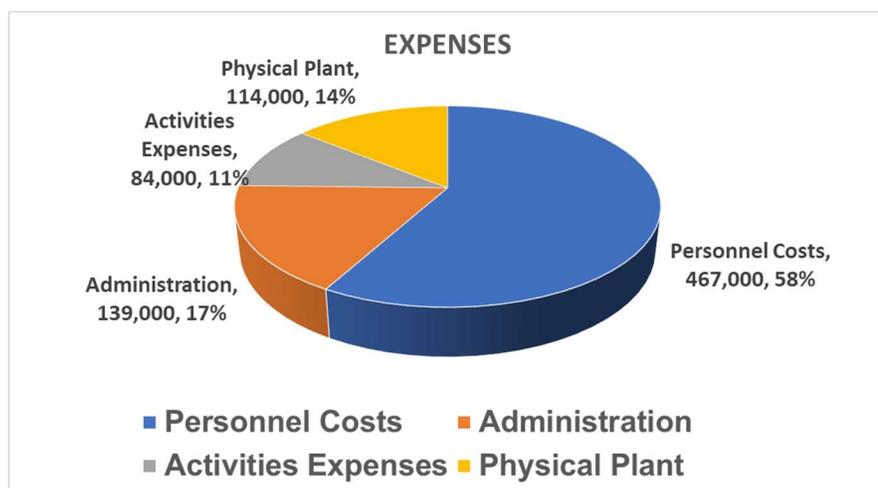
Second, how did this happen? Here's where you have to look at the listing of income and expenses. To help you see what's going on, I have included in this Report pie charts illustrating income and expenses. Old St. Joseph runs true to form for a Catholic parish. On the income side, almost 75% of our income comes from Sunday contributions (including on-line giving), Christmas and Easter collections and wedding fees, etc. A second major source of income is special gifts. Last year in particular we received an extraordinary legacy of \$130,000.



That's great news, but it's a warning, too. This single gift represents a significant part of our overall operating surplus (remember, that was \$177,571) and there is no guarantee that such an exceptional gift

will be forthcoming again this year. Not surprisingly, the Parish receives only 7% of its operating income from "activities," reflecting the fact that basically the Parish does not charge fees for most of the services it renders. It's not a business!

Third, we see that the pattern of expenses is also fairly typical for a parish. As the economists would say, parishes are in the "service sector" of the economy. It takes many paid employees and volunteers to run a parish – ordained clergy, lay ministers, clerical help and maintenance staff. In financial terms, that means that 58% of our expenses are personnel costs – salaries and benefits. This fact always generates pressure: the most effective way to hold down expenses is to pay low salaries with poor benefits. Churches need to resist that temptation because it contradicts the basic fairness that

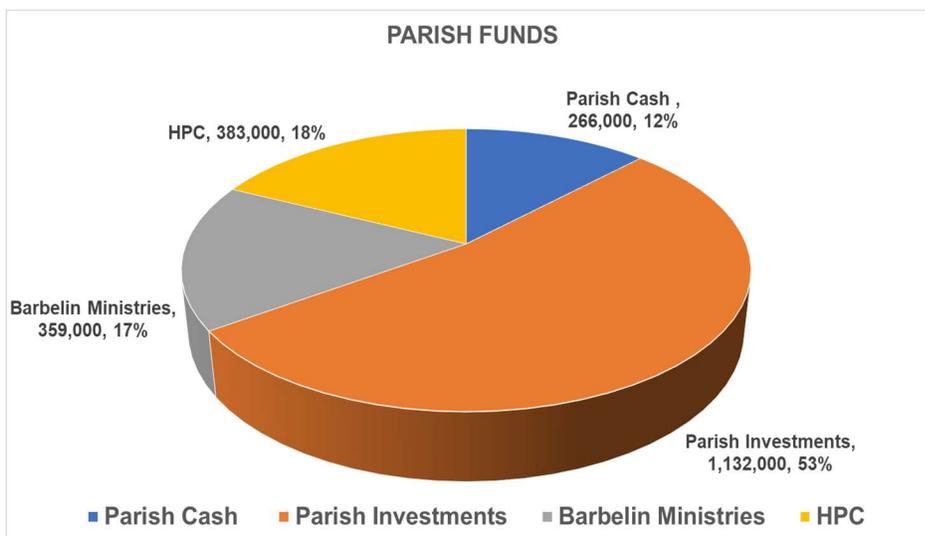


the gospel calls us to live and in the end is counter-productive anyway. Another sensitive point concerns "Administration." This is always a suspect word when a charitable organization reports on its finances. But the truth is more complicated.

For us, the biggest administrative expense is the \$62,000 paid as part of the Archdiocesan assessment. If you're a regular reader of the parish bulletin, you remember my recent report on the vital functions that the Archdiocese is performing for the benefit of the poor, evangelization of the wider community and support for parish services. Money well spent!

Fourth, one expense category to watch carefully is what we are calling "Physical Plant." Along with depressed salaries, a second misguided way to save money is to underfinance building maintenance. Deferred maintenance is essentially like borrowing money. There's no problem until the debt comes due. There's no problem until something totally breaks down – the roof leaks or the boiler blows up. Like most charitable organizations I have worked with, we do not fund a depreciation account, which we have not even included in our financial report. Fortunately, the physical plant at OSJ is not in bad shape. We have not neglected critical needs. But still, we spent only \$50,000 last year on general maintenance and probably we will have to do more in the future so that we don't fall behind the curve. And, of course, the extensive work to refurbish the front façade of the rectory is a clear sign that responsible efforts are being made to maintain the physical integrity of the buildings.

Fifth, that brings us to the important consideration of the parish reserve funds – our "cash position" – what we have in the bank. Here we have four



categories, places where parish funds are being held. We have our checking account and investment funds. We have the Barbelin Ministries Fund, which is money reserved for social

justice causes and the funds of the Historical Preservation Corporation (HPC), which is a stand-alone corporation dedicated to the upkeep of our parish

facilities. The total is just over \$2 million dollars. How much money is that? If I had 2 million dollars, just for myself, I would be in pretty good shape, given my overall life style. For a rich person in our economy, it's not that much money. What does it mean for the parish? First of all, without some funds in reserve the parish would be completely frozen. Prudence would demand that no expenditure is made, no program offered, beyond the bare minimum. That in turn would diminish parishioner participation and enrollment, which would further limit resources and constrict the parish still further. That's always been my pastor's nightmare, going into a downward spiral like an airplane that stalls in midair. Fortunately, at the present time, our reserve funds allows us prudently to finance programs without risking financial ruin. But to get further perspective, I like to think of it this way: our reserve funds would all together support parish operations for about two and a half years. That's good. On the other hand, just the one project of refurbishing the rectory façade will decrease our reserves by almost \$250,000, which illustrates how capital projects use up reserve funds so quickly. And we have some further capital projects on the horizon. Overall, as I said in the beginning, we're NOT broke. But we must to guard against complacency because we face on-going financial challenges.

Now that we are somewhat comfortable with our day-to-day circumstances, we can start planning for the mid and long term. I look forward to working with you as we face future challenges together and foster continuing growth in our parish.

A final word. As you have probably gathered, I like talking about parish finances. I hope you share my interest because money enables us to do a lot of great things for the Lord. I feel especially indebted, therefore, to you who contribute to the financial support of the parish. I thank our business manager, Eric German, and our finance committee, led by Paul Shay and his team, for their expert stewardship and guidance.

Father Walter F. Modrys, S.J.

Pastor

**PROFIT & LOSS FOR FISCAL 2017 [July 1, 2016 - June 30, 2017]**

<b>INCOME FROM OPERATIONS</b>	
<b>Contributions &amp; Offerings</b>	
Sunday Collections	504,040
Weddings	83,050
Christmas - Collection	49,935
Easter - Collection	35,401
Daily Mass Collections	13,700
Special Donations for Liturgy	9,776
Candles	6,366
Baptisms	5,855
Other Donations	15,617
<b>TOTAL: Contributions &amp; Offerings</b>	<b>723,740</b>
<b>Activities Income</b>	
FFF Program	37,401
Religious Education Program	13,760
Jesuit Housing Reimbursement	8,000
Music Income	7,472
Collections for Liturgical Decorations	2,954
Bulletin reimbursement	2,000
St Ignatius Day	1,251
St Joseph's Day	1,019
Rental Income	750
<b>TOTAL: Activities Income</b>	<b>74,607</b>
<b>Grants, Bequests &amp; Other Income</b>	
Legacies and Bequests	133,564
Interest & Dividends	18,803
Trust Income	17,958
Other Donations	13,346
<b>TOTAL: Grants, Bequests &amp; Other Income</b>	<b>183,671</b>
<b>TOTAL INCOME FROM OPERATIONS</b>	<b>982,018</b>
<b>OPERATING EXPENSES</b>	
<b>Personnel Costs</b>	
Salaries (Clergy and Lay)	334,904
Employee Taxes & Benefits	77,110
Health Insurance	55,132
<b>TOTAL: Personnel Costs</b>	<b>467,146</b>
<b>Administration</b>	
Diocesan Assessments	62,130
Jesuit Community Expenses	19,737
Fund Raising	13,750
Computer Expenses	11,974
Accounting Fees	8,240

Banking & Payroll Fees	8,456
Office Supplies & Equipment	5,685
Outside Printing and Publicatio	2,274
Other Administration Expenses	7,039
<b>TOTAL: Administration</b>	<b>139,285</b>
<b>Activities Expenses</b>	
FFF Expenses	41,621
Liturgical Supplies/Equipment	16,581
Religious Education Program	6,884
Music Expenses (non-personnel)	6,386
Candles Expense	4,130
Altar Flowers	2,636
Hospitality (coffee hours, etc.)	2,552
Other Activitiess	3,569
<b>Total: Activities Expenses</b>	<b>84,359</b>
<b>Physical Plant</b>	
General Maintenance	50,616
Electricity	15,800
Property and Liability Insuranc	13,656
Gas & Petroleum	11,187
Equipment Rental	6,387
Water & Sewer	5,250
Telephone	4,316
Transportation & Vehicle Insura	4,203
Real Estate Taxes	2,242
<b>TOTAL: Physical Plant</b>	<b>113,657</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>804,447</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>177,571</b>
<b>INVESTMENT INCOME</b>	
Unrealized Capital Gains & Loss	83,630
Realized Capital Gains & Loss	2,187
<b>TOTAL: INVESTMENT INCOME</b>	<b>85,817</b>
<b>NET INCOME</b>	<b>263,388</b>
<b>CASH &amp; INVESTMENTS - JUNE 30, 2017</b>	
Parish Cash on Hand	265,897
Parish Investments	1,132,290
Barbelin Ministries	358,523
Historical Preservation Corporation	382,775
<b>TOTAL</b>	<b>2,139,485</b>