

**Fellow parishioners,**

I hope many of you are able to join us for one of the parish listening sessions scheduled for after the 5:30, 7:30, 9:30 and 11:30 Masses on February 25<sup>th</sup> and 26<sup>th</sup>. Members of the OSJ Parish Council will be on hand to hear your thoughts and concerns about our current state and ideas for our future. We had an amazing turnout for last month's social discernment session and would like to hear from you again. The Parish Council has prepared a "state of the parish" report for you to review in advance of the listening session and has asked the Finance Council to also prepare the following financial report and statements.

**HEADLINE**

The headline is that, as of January 31, 2023, we have enough money to pay our bills! That said, our expenses are expected to exceed our income by the June 30<sup>th</sup> fiscal yearend and any deficit will be made up from money in our investment accounts. While we are blessed with substantial funds in these investment accounts, "dipping into savings" to keep the lights on is not a healthy way to run a household – or parish.

*Here's a note on how to read the attached income and expenses report. The columns compare income and expense categories from July 1 (the start of our fiscal year) through January 31 for fiscal years 2022 and 2023. We've added percentage guidelines for current year income and expenses. For example, the current fiscal year is 60% complete on January 31<sup>st</sup>, so a year to date expense or income item should generally be around 60% of the budgeted **annual** number. Some expenses, like natural gas, may be higher during the winter months, so the percentages might be skewed a bit, but usually align with the budget as the year progresses.*

**OFFERTORY COMPARISON:**

**July 1 - January 31: Years 2019 - 2023**

Totals consist of the following collections:

Sunday, Christmas, Holyday, & Daily Masses

2019 - **\$347,219**

2020 - **\$323,287** (March 15: Pandemic shutdown began)

2021 - **\$286,561** (first full year of pandemic)

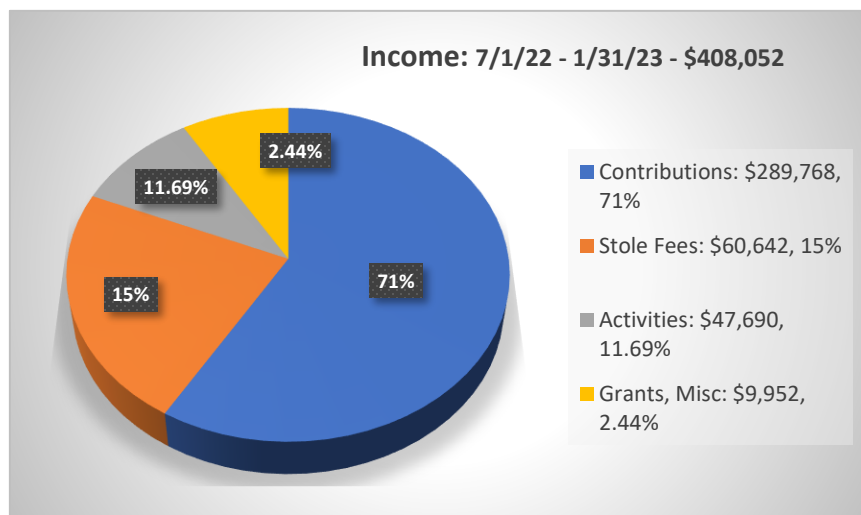
2022 - **\$304,200**

2023 - **\$289,768** (on par with 2021 and down \$57,451 since 2019)

**INCOME NOTES**

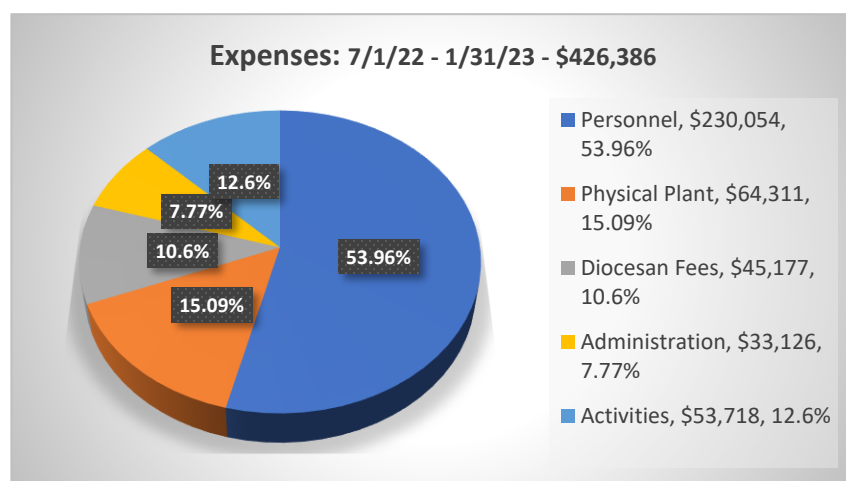
Since the beginning of the pandemic, our income has decreased. The offertory income chart shows how our general contribution income (Sunday, Christmas, and Daily Mass) has fallen over the past five years. We are down \$57,451 this year (compared to 2019) and nearly on par with the decrease experienced in the first

full pandemic year of FY21. Contrary to expectations our income during the pandemic lockdown was down, but not as much as expected. As a result, the "pandemic effect" was not particularly significant at OSJ and raises more concern about negative comparison to 2019. We also benefitted from a federal \$86,500 PPP to offset salary expenses during the pandemic. The loan balance was forgiven by the government in fiscal year 2022 but, for accounting reasons, shows as "Other Income in 2022" in the comparison report. We mention this, because it is the main reason our net income for 2022 is over \$100,000. The true measure is to disregard the accounting entry and focus on the real net income of \$18,756 which was positive because our salary expenses were down considerably.



The chart on the left shows our income sources. General offertory contributions (71%) are the largest source, followed by Stole Fees which include wedding, baptism, funeral and Mass card fees and donations (15%). The remaining 14% consists of activities' fees, grants, and bequests. Over the years we have been able to fund necessary – and largely unseen – physical plant repairs and upgrades with timely and unexpected bequests. Without these funds, OSJ's investment

accounts would be considerably lower. This year, for example, the Philadelphia Jesuit Community generously underwrote the new carpeting in the sanctuary and needed organ repairs.



### EXPENSE NOTES

Salaries and medical expenses for both clergy and lay employees account for over half (54%) of our expense budget. Physical plant expenses (15%) consist of HVAC maintenance, utilities, cleaning supplies, insurances, and Jesuit Community expenses. The *budgeted* numbers are generally based on current salaries, prior years' expenses experience and new projects. Administration takes up 10%

of our budget and consists of the expenses of maintaining our office computers, office supplies, accounting and banking fees, and other miscellaneous administration expenses.

Diocesan fees (10.6%) are a significant expense. They consist of a 10% "tax" on offertory income and Lay Employee Retirement Fund (LERP) fees based on percentages of full-time employees' gross salaries and are designated by the archdiocese to fund priest and employee pensions. The \$17,000 decrease for this year largely reflects the decline in OSJ offertory income. *These expenses are mandatory and are assessed by the archdiocese.*

The largest portion of activities fees (12.6%) consists of Faith, Food and Friends (FF&F) operating expenses (68.23%). This social services program has been self-funded over the years through designated grants and donations to the program. While we hope FF&F can continue as a self-funding program, their food expenses are subject to the same inflation we are all finding at the grocery store and may need additional subsidies from OSJ's separate Barbelin Foundation. FF&F expenses and funds are kept separate from church operating donations and expenses but are included in these numbers because they are run through parish accounts and subject to the same budgeting controls and reporting. The remaining portion of activities expenses includes PREP, liturgy, spirituality, votive candles, and hospitality.

Accounting rules require us to include investment gains and losses in our balance sheet. As a result, and because the markets moved in our favor in January, our net income on January 31 shows us as being ahead of our expenses by \$29,174. This is misleading as the gains are not *realized* – they remain in the investment account until they are withdrawn and put into our checking account for current expenses. To put it in perspective, had the markets tumbled, the unrealized loss would have increased our current operating deficit. As such, if we ignore *unrealized* gains or losses we show a current \$21,066 operating deficit meaning that we spent \$21,000 more than we collected as of January 31<sup>st</sup>.

<b>BALANCE SHEET: January 31, 2023</b>	<b><u>PRIOR</u> <u>YEAR</u> <b>FY22</b></b>	<b><u>PRESENT</u> <u>YEAR</u> <b>FY23</b></b>
<b>ASSETS</b>		
CASH and INVESTMENTS		
PNC 6993 Checking	118,374	86,106
PNC Deposit Account 9007	31,023	10,000
PNC Outreach/FF&F 2631	63,786	73,616
Schwab Parish Investment Account	869,475	1,073,335
<b>Total CASH and INVESTMENTS</b>	<b><u>1,082,658</u></b>	<b><u>1,243,057</u></b>
<b>OTHER ASSETS</b>		
Historic Preservation Checking Account	279,706	269,370
HPC Current Liabilities (Open Door campaign loan from Church)	-565,000	-267,000
HPC Total Equity	-285,294	2,370
Barbelin Ministries Investment Account	375,529	314,067
<b>TOTAL ASSETS:</b>	<b><u>1,737,893</u></b>	<b><u>1,826,494</u></b>

### ***Balance Sheet Note***

The Balance Sheet is straightforward, but one item on the Historic Preservation Corporation (HPC) statement often gives rise to a question about their large loan balance. The *Open Door* campaign to improve the church courtyard and building façade was funded through direct contributions and loans from the parish to the HPC which, in turn, paid the expenses. Thanks to a large bequest to the HPC received last year, the HPC was able to pay back \$298,000 on its \$565,000 loan from the church investment account for the *Open-Door* campaign leaving a loan balance of \$267,000. Contributions to the HPC are not subject to Diocesan assessments, so we were able to use all of your contributions for the courtyard.

### ***Conclusion and Gratitude***

Despite the cautionary notes about declining offertory collections, operating deficits and market fluctuations, we are in good financial shape! We can pay our bills and support parish programming. And, we have you to thank for this – your generosity through the last three years has been remarkable.

Please bring any questions you might have about the numbers to the February 25 and 26<sup>th</sup> Parish Listening Sessions or send a note to Paul Shay ([ps Shay@mac.com](mailto:ps Shay@mac.com)).

# OSJ INCOME & EXPENSE REPORT: JULY 1 - JANUARY 31 - Fiscal Years 2022 & 2023

	<u>PRIOR YEAR</u> FY 22	<u>PRESENT YEAR</u> FY 23	BUDGET FY 23	% of Budget 59% to balance
<b>ORDINARY INCOME</b>				
<b>Contributions &amp; Offerings</b>				
Sunday Collections: Envelopes, Loose & Mail	117,947	112,477	220,000	51.10%
Sunday Collections: E-Giving	136,420	126,571	235,000	53.90%
Daily Mass	1,493	1,680	3,000	56.00%
Holy Days	3,524	4,170	5,000	83.40%
Christmas: (including flowers & music)	41,092	42,454	34,500	123.10%
Candles	2,636	2,854	5,000	57.10%
Mass Cards	325	600	1,000	60.00%
Weddings	66,633	57,567	88,000	61.90%
Baptisms	2,265	2,125	5,000	42.50%
Funerals	850	350	1,000	35.00%
Other Contributions & Offerings	11,156	100	19,200	0.05%
<b>Total Contributions &amp; Offerings:</b>	<b>384,341</b>	<b>350,948</b>	<b>616,700</b>	<b>56.91%</b>
<b>Activities Income</b>				
PREP	8,163	8,640	10,000	86.40%
FF&F Program	27,271	36,734	50,000	73.50%
Jesuit housing reimbursement	9,150	9,414	18,250	51.59%
Music Program (non-Easter & Christmas)	3,094	2,316	3,000	77.20%
<b>Total Activities Income:</b>	<b>47,678</b>	<b>57,104</b>	<b>81,250</b>	<b>70.66%</b>
<b>TOTAL ORDINARY INCOME:</b>	<b>432,019</b>	<b>408,052</b>	<b>697,950</b>	<b>58.47%</b>
<b>ORDINARY EXPENSES</b>				
<b>Diocesan Fees</b>				
Diocesan Assessment	45,734	35,817	61,400	58.30%
LERP (Diocesan Lay Employee Retirement & Priest Pension Program)	11,452	9,360	16,190	57.82%
<b>Total Diocesan Fees:</b>	<b>57,186</b>	<b>45,177</b>	<b>77,590</b>	<b>58.23%</b>
<b>Personnel Costs - Salaries</b>				
Clergy Salaries	16,649	34,615	59,340	58.30%
Lay Salaries	160,073	159,571	302,671	52.72%
<b>Total Personnel Costs - Salaries:</b>	<b>176,722</b>	<b>194,186</b>	<b>362,011</b>	<b>53.64%</b>
<b>Medical Insurance</b>	<b>25,419</b>	<b>22,358</b>	<b>38,675</b>	<b>57.81%</b>
<b>Taxes &amp; Benefits</b>	<b>13,907</b>	<b>13,510</b>	<b>26,218</b>	<b>51.53%</b>
<b>ADMINISTRATION</b>				
Computer / AV Expenses	11,696	10,926	19,500	56.00%
Office Supplies & Equipment	6,287	5,181	11,500	45.05%
Outside Printing & Publication	1,651	1,312	3,000	43.74%
Accounting Fees	9,000	4,500	4,500	100.00%
Banking, OLG, Payroll & Investment fees	6,479	7,095	11,500	61.70%
Other Administration Expenses	6,961	4,112	4,575	89.90%
<b>Total Administration:</b>	<b>42,074</b>	<b>33,126</b>	<b>54,575</b>	<b>60.70%</b>

	<u>PRIOR YEAR</u>	<u>PRESENT YEAR</u>	<u>BUDGET</u>	<u>% of Budget</u>
<b>Activities Expenses</b>				
FF&F - Food	16,503	17,752	35,000	50.70%
FF&F - Non-Food Expenses	9,832	18,898	17,000	111.17%
Guest Presiders/Presentations	1,261	2,800	6,000	46.70%
Liturgical Supplies/Equipment	3,657	3,794	7,500	50.60%
Liturgical Music Expenses	1,396	2,591	4,750	54.56%
Spirituality	397	1,975	750	263.40%
Candles Expense	2,592	2,175	4,000	54.38%
Religious Education Program	3,658	2,800	6,000	46.70%
Hospitality	1,102	933	2,700	34.54%
<b>Total Activities Expense:</b>	<b>40,398</b>	<b>53,718</b>	<b>83,700</b>	<b>64.18%</b>
<b>Physical Plant</b>				
Maintenance Rectory	19,492	19,406	30,000	64.70%
Maintenance Church	189	1,536	1,000	153.60%
Property & Liability Insurance	9,229	6,713	11,509	58.30%
Electricity	8,226	11,426	18,300	62.40%
Gas & Petroleum	3,433	5,239	14,000	37.40%
Water & Sewer	1,862	2,343	4,000	58.60%
Furniture & Fixtures	0	536	750	71.40%
Transportation & Vehicle Insurance	5,460	2,010	5,000	40.20%
Telephone	2,551	2,494	4,200	59.40%
Real Estate Taxes	0	0	2,450	0.00%
Other Physical Plant Expenses	21	1,536	500	307.20%
<b>Total Physical Plant:</b>	<b>50,463</b>	<b>53,240</b>	<b>91,709</b>	<b>58.06%</b>
<b>Jesuit Community Expenses</b>	<b>13,078</b>	<b>11,071</b>	<b>25,000</b>	<b>44.28%</b>
	-	-	-	-
<b><u>TOTAL ORDINARY EXPENSES:</u></b>	<b>419,247</b>	<b>426,386</b>	<b>759,478</b>	<b>56.15%</b>
<b><u>NET ORDINARY INCOME:</u></b>	<b>2,732.00</b>	<b>-21,066</b>		
<b>Other Income/Expenses</b>				
Legacies & Bequests	803	100	5,000	2.00%
Trust Income	10,891	18,028	22,000	81.90%
Other Donations (Grants/Distributions)	486	0	14,200	0.00%
Other Receipts: (\$86.5K PPP Loan forgiven in FY22)	86,500	0	0	0.00%
Interest & Dividends	9,425	26,817	28,000	93.85%
Unrealized Capital Gains	-11,087	2,273	0	0.00%
Realized Capital Gains & Losses	5,506	3,022	0	0.00%
<b>Total Other income/Expenses</b>	<b>102,524</b>	<b>50,240</b>	<b>69,200</b>	<b>72.61%</b>
<b><u>NET INCOME</u></b>	<b>105,256</b>	<b>29,174</b>		