

St. Clement Mary Hofbauer Parish Annual Report for Fiscal Year 2017

September 2017

Dear Parishioners,

Please find our annual financial report. During the past year we have completed several projects to improve our parish. We also faced the challenge of merging St. Clement's School with St. Michael's, leaving the buildings on our campus empty. I'm pleased to report that we have completed much needed repairs to the boilers on our campus, enhancing the safety and functionality of our buildings. The mechanical insulation on the Church roof has been repaired and netting has been installed to prevent bird damage. We have painted the Church hall and much of the parish office building (inside and outside) and repaired the Friary roof.

We appreciate your generous contributions to our maintenance collections that allowed these projects to be completed. I also want to express my gratitude to Mary's Fund, a local charity, and the estate of Frida Barbernitz, whose contributions were used to pay for the boiler repair project.

Our parish finished FY 2017 with a small overall surplus, however, we did have an operating deficit. Our budget for FY 2018 shows significant operating and overall deficits. After the school buildings were closed, the maintenance and insurance obligations for those buildings reverted to the parish. This will significantly impact our budget until the buildings are sold. As you know, I am working with the Archdiocese and a commercial real estate broker to dispose of the buildings and preserve the financial stability of the parish, but this process is likely going to take 18 – 24 months.

Archbishop Lori has generously allowed all donations from our parishioners to the Archbishop's Annual Appeal, FY 2017, to remain in the parish to assist us with the costs associated with the school buildings. Thank you to all who generously donated to the Appeal. This will make our projected deficit for FY 2018 much smaller.

Finally, I want to particularly thank Fr. George, Fr. Julio, Deacon Frank and the entire parish staff for all they do, day in and day out, to assist this faith Community.

As pastor, and In the name of our corporators (Elizabeth Goral -Makowski , Jackie Nolan, and Jim Buckler) and our Finance Committee (Madeline Buchanan, Ken Adamski, and Elmer McFadden), I want to thank you, our parishioners, for your faithful and generous support for the mission of the Gospel here at St. Clement's.

Sincerely,

Fr. Vincent

	2017 Result	2018 Budget	
Operating Income			
Offertory - Envelopes	\$ 323,045.00	\$ 321,000.00	
Offertory - Online	51,324.00	55,000.00	
Offertory - Loose	57,531.00	57,500.00	
Offertory - Holy Days	22,409.00	31,000.00	1
Collections for Operating Needs	16,864.00	17,000.00	
Donations and Gifts	40,560.00	42,000.00	
Interest	4,360.00	4,500.00	
Rental	26,495.00	14,000.00	2
Votives, Pamphlets, Misc.	13,435.00	13,700.00	
Catholic Review	4,116.00	4,200.00	
Fund Raisers	14,595.00	18,000.00	3
Poor Box, Archdiocesan and Special Collections	52,658.00	46,000.00	4
Religious Education and Youth Programs	20,620.00	20,350.00	
Total Operating Income	648,012.00	644,250.00	
Operating Expenses			
Facilities	77,153.00	105,550.00	5
Administration	37,708.00	33,500.00	
Liturgical	16,914.00	18,000.00	
Votives, Pamphlets, Misc.	498.00	1,000.00	
Catholic Review	8,684.00	7,500.00	
Fund Raisers	8,600.00	9,000.00	
Food Pantry, Archdiocesan Collections, Special Charitable Purposes	53,213.00	46,000.00	
Salaries and Benefits	355,967.00	371,100.00	
Religious Education and Youth Programs	11,890.00	15,500.00	
Tuition Assistance	14,000.00	13,500.00	
Archdiocesan Tax	71,850.00	75,000.00	
Total Operating Expense	656,477.00	695,650.00	
Net Operating Income	(8,465.00)	(51,400.00)	
Other Income			
Archdiocesan Campaign - Parish Share and Rebates	10,180.00	10,000.00	
Archbishop's Annual Appeal - Rebates and Grants	10,007.00	40,000.00	6
School Support	16,776.00	17,000.00	
Dividends and Interest - Non-Operating Accounts	740.00		7
Unrealized Gain on Investments	10,893.00		7
Restricted Gifts	17,291.00		7
Total Non-Operating Income	65,887.00	67,000.00	
Other Expenses			
Direct School Subsidy	16,507.00	-	8
Extraordinary Repairs	23,752.00	25,000.00	
Grants	9,165.00	9,200.00	
Total Other Expenses	49,424.00	34,200.00	
Net Other Income	16,463.00	32,800.00	
Net Income	\$ 7,998.00	\$ (18,600.00)	

Review of Fiscal 2017

The parish ran a total surplus of \$7,997, however, we experienced an operating loss of \$8,466. Total offertory was down by 0.65%, similar to the previous fiscal year. Operating expenses were stable from the previous year. Operating income was 6.5% below budget and operating expenses were 3.4% below budget.

On the non-operating side, the parish benefited from a significant restricted gift and good returns on our endowment investments. The proceeds from these investments are used for tuition assistance. Major repairs were within the amount budgeted. We were able to complete significant repairs to the boilers on our campus. We also completed much needed repairs to the mechanical insulation located on the Church roof. Damage done by birds to the church roof was repaired and bird exclusion netting was installed.

Outlook for Fiscal 2018

An operating deficit of \$51,400 is projected, however, due to an expected surplus on the non-operating side, our total deficit is projected to be \$18,600.00.

Why are we experiencing such an increase in the operating loss? The short answer is the closing of the school. The parish is now responsible for significant property and casualty insurance that was previously paid by the school. In addition, direct facility support provided by the parish to the school, which is still required, now becomes an operating expense instead of a non-operating school subsidy. Due to the passing of Fr. Berard, rental income will now be substantially reduced (see note to the financial report).

Archbishop Lori has generously allowed the parish to keep all funds donated to the Archbishop's Annual Appeal for Fiscal 2017 to offset some of the costs associated with the closed school. This will result in a \$30,000 increase in net other income, offsetting a significant portion of the operating loss for Fiscal 2018. The disposition of the school buildings will be key to reducing future operating losses, however, this will be a multi-year process.

Notes to the Financial Report

¹The offertory for Holy Days was down by \$9,800 from FY 2016 to FY 2017. We believe this was due to the fact that Christmas fell on a Sunday in FY 2017. We have budgeted an increase for FY 2018.

²The parish receives rental income for Fr. Julio from Annunciation Parish. Previously, we received rental income for Fr. Berard from the Franciscans, however, that payment stopped with his passing. We cannot reasonably expect another Friar so rental income is projected accordingly.

³The primary fundraiser is the *Lucky 3*. The parish will be assuming several months of *Lucky 3* due to the closing of the school so an increase is budgeted.

⁴All poor box donations support the food pantry.

⁵The cost of facilities will rise due to the assumption of significant expenses for the school buildings.

⁶Archbishop Lori has generously allowed the parish to keep all contributions from FY 2017. This cannot be expected in future years.

⁷We cannot responsibly assume that there will be dividends, gains or restricted gifts.

⁸Previously, certain maintenance and contracted services provided by the Parish to the school were considered a school subsidy. This is no longer possible due to the closing of the school, however, these expenses continue and are now shown on the operating side of the budget.

Parish Assets and Liabilities

Assets

	<u>At 6/30/16</u>	<u>At 6/30/17</u>
Checking and Petty Cash	\$ 24,511	\$ 13,104
Interparish Loan Fund	<u>488,177</u>	<u>503,317</u>
	\$ 512,688	\$ 516,421
Parish Endowment	\$ 117,909	\$ 125,838
Shipley Endowment (Tuition)	\$ 30,863	\$ 33,001
School Endowment	\$ 12,293	\$ 13,120

Liabilities at 6/30/17: Unearned income is \$4,101.00. Exchanges to be dispersed are \$5,348.00.

Bequests to St. Clement Parish

St. Clement received one bequest in FY 2017. We received \$2,500 from the estate of Frida Barbnitz. With the support of the Corporators and the Finance Committee members, the practice of the parish has been to place 25% of non-designated bequests in the St. Clement Parish Endowment Fund. Given the financial needs of the parish this past year, the entire amount of the bequest was used to help cover the cost of upgrading our boilers.

Please consider a bequest to St. Clement Mary Hofbauer Parish or School. For additional information please contact the Parish Office (410-686-6188) or the Archdiocesan Office for Parish Stewardship and Development (443-263-1951).

Stewardship

Every parishioner is asked to consider the gifts that God has given to him or her. Then, compare those to the amount that you return in gratitude for those gifts. With this report, I have included a chart "Taking the Next Step." It maps out the various levels of offertory giving and where St. Clement parishioners actually fall in their weekly contributions. You will notice that 115 families give between \$20 - \$29.99 each week in the first collection. 144 families give \$5 - \$9.99 in the first collection each week. 373 families give between \$1 - 4.99 in the first collection...that wouldn't even pay for a meal at Burger King or McDonald's!

Please review the chart and find your level of giving. Given the increased expenses St. Clement's parish will be facing this coming fiscal year, I'm asking all parishioners to prayerfully consider moving to the next step or two in your offertory gifts. While some may not be able to make that commitment, others may be able to do so.

It is our firm belief that through sound planning we can avoid any financial crisis and preserve our parish's well-being now and in the years to come.

Have you considered online giving? It's an easy and safe way to contribute to the parish. It offers the possibility of using your credit card so that you can get credit card points in return for your contribution. You can also use debit cards or electronic checking payments. Please check our website: www.stclementmh.org for more information.

Parish Statistics for FY 17

Baptisms-9 First Eucharist – 37 Confirmation – 42 Marriages/Convalidations – 6 Funerals -33