

St. Margaret Mary Parish Fiscal Year 2008 Annual Financial Report

The Finance Committee is pleased to present our annual report on the financial results and condition of St. Margaret Mary Parish. This report is in addition to the more condensed reports given each quarter. We believe it is important for all parishioners to know and understand our stewardship efforts as reflected in the attached financial report. This report covers the parish's fiscal year 2008 (FY08) which started on July 1, 2007 and ended on June 30, 2008.

For FY08, the parish had an operating surplus of \$88,501 and a deficit, after transfers to other funds, of \$44,924. The combination of over-budget collections and under-budget operating expenditures resulted in a surplus. However, this surplus was not enough to cover our financial needs when including the parish's annual savings requirement for funding future All Saints Catholic Academy payments and building addition requirements. Below are highlights of the financial reports that follow:

Fiscal Year 2008 Statement of Revenues and Expenses

Actual Results

- Sunday collections were \$22k, or 1.6%, under budget though slightly above last year. Much of this shortfall occurred in October when the church was closed for sprinkler installation and masses were held downstairs. During this period, weekly attendance and collections decreased. This shortfall was not budgeted for as the closure was not anticipated when the budget was made. The parish's automatic giving program (www.parishpay.com) has continued to be very successful with 175 families currently participating. If you are not enrolled, please consider signing up. It allows the parish to better anticipate regular revenues throughout the year.
- Other collections were \$44k, or 25.6%, over budget and well over last year. Christmas and Easter collections were very strong this year and more than made up for the lower Sunday collections.
- Salaries were basically right on budget as the number of employees remained constant throughout the year. Fringe Benefits were lower due mainly to reduced continuing education.
- Repairs and maintenance was \$10k over budget due mainly to higher air conditioning maintenance costs.
- Services were \$23k over budget due to over budget snow removal costs and certain other services.
- Materials and supplies were \$17k under budget led by lower than budgeted religious education textbooks and teaching supplies.
- Utilities were \$11k under budget led by lower electricity and telephone costs.
- The Diocesan Assessment is paid to the Diocese of Joliet to support their activities. This is separate from the Annual Catholic Ministries Appeal to the parishioners.
- Scholarship is used to encourage and support parishioners attending Catholic schools. Amounts are paid for students attending All Saints Catholic Academy to help cover a

portion of their tuition. In addition, families that were part of the program that attended St. Joan of Arc or Sts. Peter and Paul remain part of the program as long as their children attend these schools. For the year, Scholarship was \$9k lower than budget and \$19k lower than last year.

- St. Margaret Mary is the Parish with Heart. Continuing a tradition of giving, over 5.5% of our revenue was donated to organizations providing essential services to those in need as directed by the Charitable Contributions Committee.
- For the year ended June 30, 2008, the operating surplus was \$89k. There was a deficit of \$45k after transfers. The Transfer to School Fund is required to fill the gap between the Parish's funding obligations for All Saints Catholic Academy versus the amount pledged in the capital campaign. Based on a comprehensive model reviewed with the Pastoral Council, an annual transfer is projected to be required each year through 2020. The transfer is budgeted to be \$100k in FY09. The Transfer to Campaign Fund is to provide funding for the difference between the total expected expenditures for the building expansion and the amounts received from the Capital Campaign.

FY09 Budget

The Pastoral Council, along with each committee, went through a difficult budget preparation process this spring. Given the state of the economy and demographic factors affecting the parish, we are anticipating that collections in FY09 will be slightly lower than FY08. Hopefully this is an incorrect assumption. At the same time, many uncontrollable expenses are increasing rapidly.

As can be seen in the FY09 Budget column, difficult choices were made to cut expenditures in many areas. In addition, certain religious education fees were increased which helps offset declining enrollment. These cuts were made in the spirit of trying to have the least effect on the worship and educational missions of the parish. If collections trend higher than budget during the year, the Pastoral Council will look at restoring some of these funds to these committees' budgets.

The budget is for a \$134k operating surplus and a \$34k surplus after transfers. This surplus is required to reverse the trends of unsustainable deficits after transfers that we have been experiencing and to begin to replenish the Capital Fund, if possible.

Operating Revenue vs. Expenditures Comparison

- This graph shows the difference between revenue and expenditures over the last seven years. Expenditures include operating expenses and transfers to non-operating fund accounts. The FY08 gap between revenue and expenditures is the largest during the period.
- Revenue increased in FY08. Unfortunately, expenses increased more.
- The revenue shown does not include the capital campaigns which are in their ending stages. As the capital campaigns end, please consider adding to your normal Sunday donation.

Fiscal Year 2008 Fund Balance and Loan Principal Report

- The Operating Fund holds the net amount of all prior operating surpluses and deficits, less transfers to other funds. The balance at June 30, 2008 was \$78k.
- The Capital Fund holds funds the parish has set aside for future building and equipment purchases. To fund remaining building expansion and renovation costs, \$328k of Capital Fund monies were transferred to the Campaign Fund.
- The Campaign Fund holds the campaign contributions received so far from parishioners, less prior expenditures for the building expansion and school. The balance of the Campaign Fund as of June 30, 2008, was \$903k. This amount will increase with additional campaign contribution receipts, interest earnings, and the annual transfer from the Operating Fund for the school payments discussed above. These funds will address the approximately \$200k of remaining building expansion costs and the \$2.4 million of remaining school loan payments.

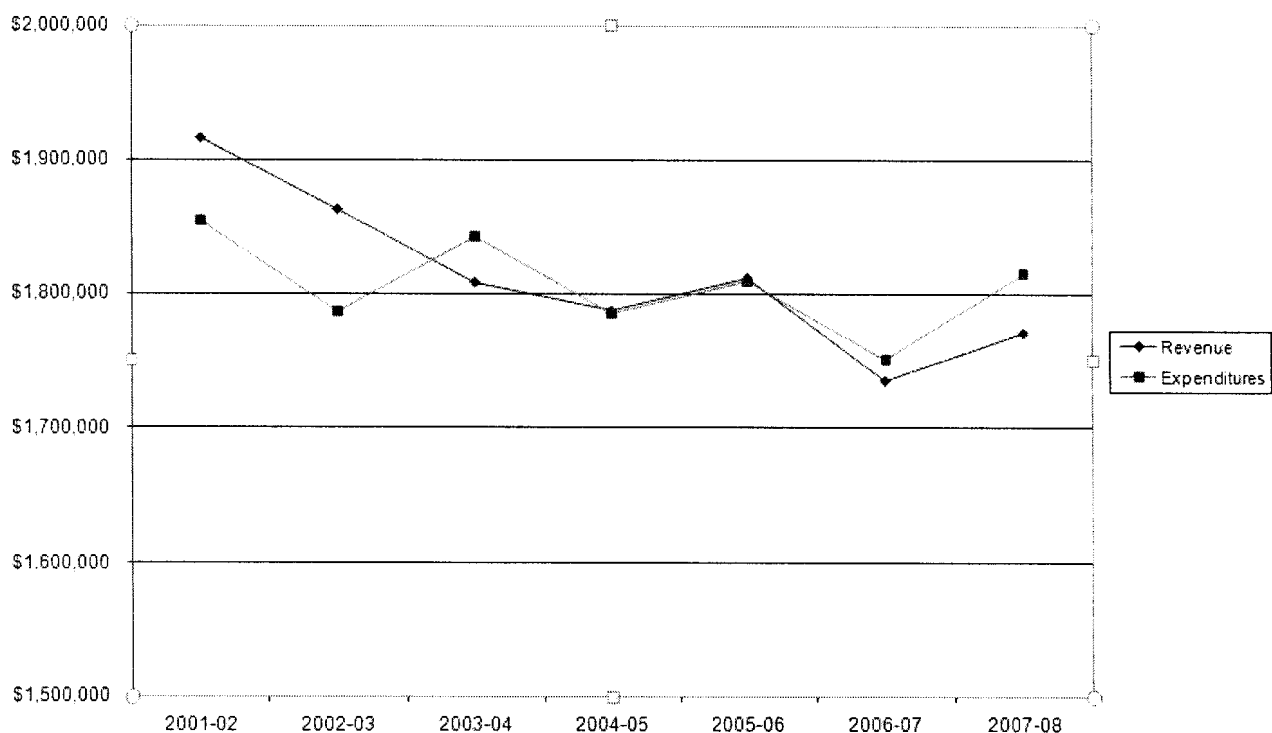
The Pastoral Council, Staff, Committee Heads, and Volunteers take great pride in being good stewards for the parish. If you have any questions, please do not hesitate to contact any member of the Finance Committee.

Faithfully,

St. Margaret Mary Finance Committee
Anne Lysaught, Kevin Madden (Chairperson),
Andrew Sioson, Terry Wagner and Paul Weinewuth

October 2008

**St. Margaret Mary Parish
Operating Revenue vs. Expenditures Comparison - FY02 to FY08**



St. Margaret Mary Parish
Fiscal Year 2008 Statement of Revenue and Expenses

	FY 2008 Actual Total	FY 2008 Budget Total	FY 2007 Actual Total	FY 2009 Budget Total
Revenues:				
Sunday Collections	\$ 1,409,723	\$ 1,432,000	\$ 1,402,626	\$ 1,402,500
Other Collections	214,714	171,000	172,833	181,180
Tuition and Fees	102,451	99,400	105,777	106,875
Other Unrestricted Revenue	43,582	54,540	53,591	35,825
Total Revenue	\$ 1,770,470	\$ 1,756,940	\$ 1,734,826	\$ 1,726,380
Expenses:				
Salaries	\$ 625,132	\$ 625,612	\$ 620,276	\$ 642,844
Fringe Benefits	267,418	274,928	268,799	286,357
Repairs & Maintenance	41,535	31,463	32,992	31,050
Services	110,601	87,990	92,356	85,979
Materials & Supplies	81,911	98,863	92,117	90,390
Insurance	21,638	22,063	21,046	23,114
Utilities	62,952	73,990	58,391	67,050
Diocesan Assessment	85,224	85,223	78,468	59,132
Tuition Scholarship	118,267	126,814	137,342	101,451
Donation	98,436	95,971	108,703	77,077
Other Operating Expense	150,631	152,968	148,384	120,752
Total Expenses	1,663,745	1,675,885	1,658,874	1,585,196
Ordinary capital expenditures	18,224	8,000	5,642	7,000
Operating Surplus	\$ 88,501	\$ 73,055	\$ 70,310	\$ 134,184
Transfer to School Fund	(87,000)	(87,000)	(79,000)	(100,000)
Transfer to Campaign Fund	(46,425)	-	(6,830)	-
Change in Operating Fund Balance	\$ (44,924)	\$ (13,945)	\$ (15,520)	\$ 34,184

Fiscal Year 2008 Statement of Revenue and Expenses
Fund Balance and Loan Principal Report

	Operating Fund	Capital Fund	Repair & Replacement	Campaign Fund	TOTAL
Balance as of July 1, 2007	\$ 123,350	\$ 372,605	\$ 251,327	\$ 2,115,142	\$ 2,862,424
Income	1,770,470	-	-	319,804	\$ 2,090,274
Expenditures	(1,681,969)	-	(21,953)	(1,992,984)	\$ (3,696,905)
Transfers	(133,425)	(328,048)	-	461,473	\$ -
Balance as of June 30, 2008	<u>\$ 78,426</u>	<u>\$ 44,558</u>	<u>\$ 229,375</u>	<u>\$ 903,435</u>	<u>\$ 1,255,793</u>
		Balance as of July 1, 2007	Additional Loans	Principal Payments	Balance as of June 30, 2008
Loan Principal		\$ 2,601,413	-	200,000	2,401,413