

St. Stephen Roman Catholic Church Report on Parish Finances

The Administrator, Trustees and Finance Council prepared this report for the parishioners of St. Stephen Roman Catholic Church. It contains information on parish finances for the fiscal year that began in July 2008 and ended in June 2009. The report also provides information about the parish budget for the year that started in July 2009 and will end in June 2010. Some additional background material on St. Stephen School finances, the bequest from the Donald Gilbride estate, and parish and school debts owed to the Diocese of Camden is also provided in order that parishioners have a fuller understanding of the parish's overall financial condition.

Respectfully submitted to the parishioners of St. Stephen by the Finance Council:

Rev. Vincent Orum, AJ, Administrator
Kathy Boyer
Bill Mattia
Lonnie Monaco, Trustee
Craig Otto, Trustee
Gary Sapienza
Tony Saranchak, Finance Council Chairperson

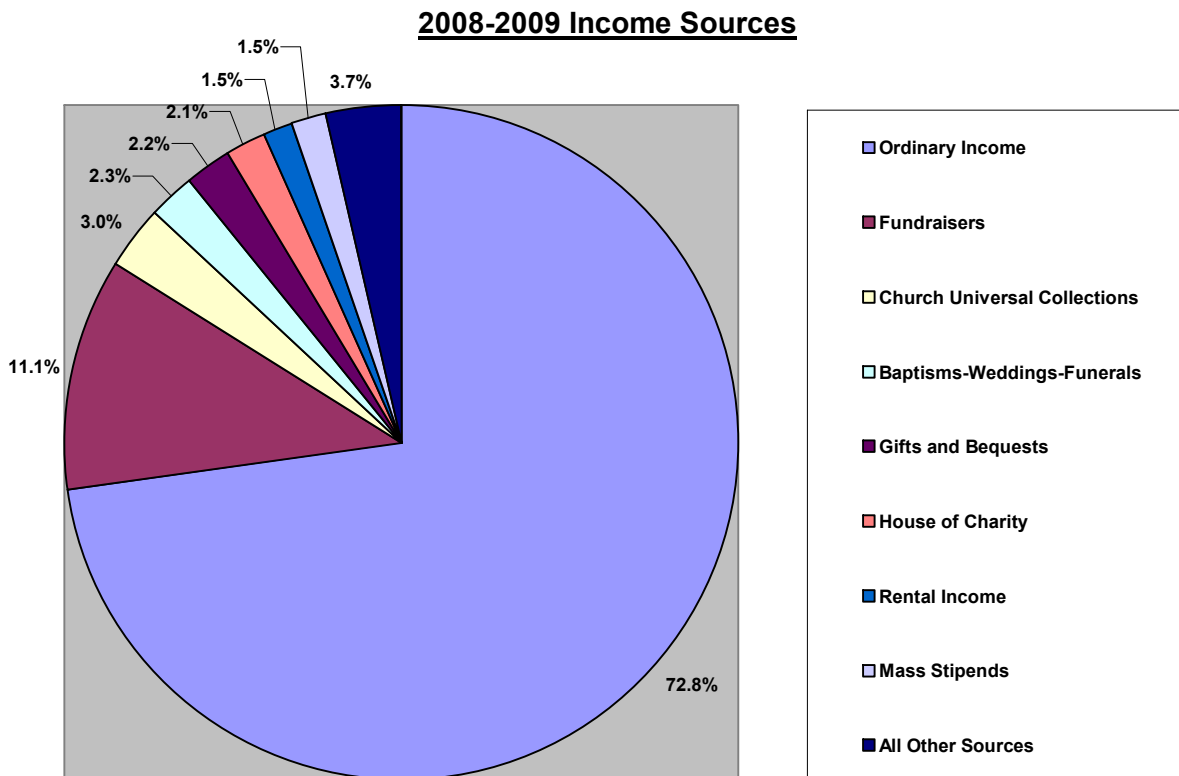
◆ Part I: Parish Income and Expenses for 2008-2009 ◆

- ⇒ Total parish income in 2008-2009 was \$33,233 or 6.7% below the level of the prior year.
- ⇒ Total parish expenses (including capital expenditures) in 2008-2009 were \$6,389 or 1.3% below the level of the prior year.
- ⇒ With total income down by a larger figure than the decline in expenses, the parish operated at a loss of \$17,580 during the 12-month period from July 2008 through June 2009.

⇒ Summary*	
Income	\$463,277
Expenses	\$480,857
Deficit	-\$17,580
School Subsidy	\$76,934

* All income and expense figures are based on QuickBooks reports and are presented on an accrual basis.

⇒Income		
Source:	Amount	Pct of Total
Ordinary Income	\$337,049	72.8%
Fundraisers	\$51,509	11.1%
Church Universal Collections	\$13,885	3.0%
Baptisms, Weddings and Funerals	\$10,430	2.3%
Gifts and Bequests	\$10,154	2.2%
House of Charity	\$9,501	2.1%
Rental Income	\$6,900	1.5%
Mass Stipends	\$6,875	1.5%
All Other Sources	\$16,974	3.7%
Total Income	\$463,277	



⇒ Ordinary Income: The parish derives its ordinary income from several sources: regular weekend Mass collections; special Christmas and Easter offerings; Holy Day collections; and miscellaneous contributions. Ordinary income represented 72.8% of total parish income during the past year. The parish could not survive without the ongoing generosity of its members, for which we all are genuinely grateful.

During 2008-2009, ordinary income was down by 49,329 or 12.8% from the level of the prior year. Regular weekend Mass offerings make up the single largest part of

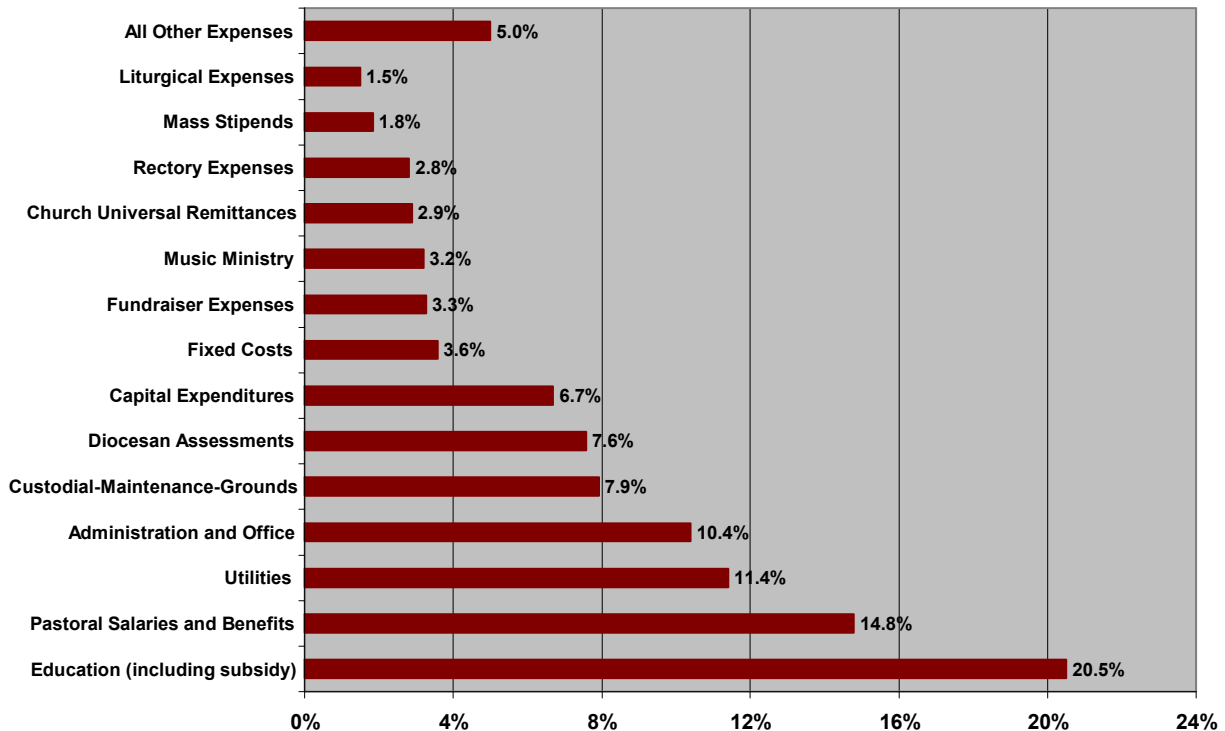
the parish's ordinary income. In 2008-2009, these collections totaled \$297,680 or an average of \$5,725 per week. In contrast, during the prior year these collections totaled \$348,783 or an average of \$6,707 per week.

Unless reversed, this troubling downturn in ordinary income will cause the parish serious financial difficulties. Over the long run, it will seriously compromise our spiritual and educational mission.

- ⇒ Fundraiser Income: Thanks to the dedication and hard work of the Fund Development Committee and many others who helped with or contributed to parish fundraisers, the 50/50 Raffle and Giant Yard Sale earned a total of \$51,509 (before expenses). Fundraiser income constituted 11.1% of all parish revenue in 2008 – 2009, making this the second largest source of funding after ordinary income.
- ⇒ Gifts and Bequests: Income from gifts and bequests in 2008-2009 totaled \$10,154. This amount includes both restricted and unrestricted gifts, but does not include income from the Donald Gilbride estate.
- ⇒ House of Charity: During 2008-2009, the parish received \$7,786 back from the Diocese representing our share of House of Charity donations. Additional income shown under this category represents gifts designated by parishioners for the House of Charity which were initially deposited in the parish's account, but then transferred to the Diocese.

⇒Expenses		
Category:	Amount	Pct of Total
Education (including subsidy)	\$98,583	20.5%
Pastoral Salaries and Benefits	\$71,091	14.8%
Utilities	\$54,797	11.4%
Administration and Office	\$49,950	10.4%
Custodial-Maintenance-Grounds	\$38,095	7.9%
Diocesan Assessments	\$36,421	7.6%
Capital Expenditures	\$32,155	6.7%
Fixed Costs	\$17,206	3.6%
Fundraiser Expenses	\$15,702	3.3%
Music Ministry	\$15,396	3.2%
Church Universal Remittances	\$13,885	2.9%
Rectory Expenses	\$13,524	2.8%
Mass Stipends	\$8,816	1.8%
Liturgical Expenses	\$7,207	1.5%
All Other Expenses	\$24,052	5.0%
Total Expenses	\$480,857	

2008-2009 Expenses



- ⇒ Education: Parish education expenses include the subsidy for St. Stephen Regional School (\$76,834 in 2008-2009), the cost of the CCD program, and subscriptions for the Star Herald, as well as smaller outlays for adult education and RCIA. Education, including the school subsidy, constituted the single largest category of parish expenses at 20.5% of the total in 2008-2009. The school subsidy of \$76,834 represented 22.8% of our ordinary income, below the Diocesan guideline of 30%, but still high for a parish of our size and financial condition.
- ⇒ Pastoral Salaries and Benefits: This category includes salaries paid to the Administrator and Pastoral Associate, extra clergy wages, and several pastoral benefits: clergy medical and automobile insurance, priest pension expense and priest automobile allowance.
- ⇒ Utilities: These expenses include electric, natural gas, heating oil, water and sewer, security alarm, telephone, and cable TV. Utility charges cover the rectory, church and convent, but not the school.
- ⇒ Administration and Office: This category includes the salaries of the full-time Office Manager and part-time Bookkeeper, as well as the cost of all office equipment and supplies.
- ⇒ Fixed Costs: This category includes FICA taxes, Medicare, and insurance.
- ⇒ Rectory Expenses: This category includes the cost of food and other rectory supplies

⇒ Liturgical Expenses: All non-personnel costs related to the ongoing liturgical and sacramental life of the parish are covered in this category, including hosts, candles, flowers, missalettes, and Arts and Environment expenses.

◆ **Part II: Parish Balance Sheet as of 6/30/09** ◆

At the end of 2008-2009, parish bills were essentially current, except for past-due payables owed to the Diocese and subsidy payments due to the school. These two categories accounted for most of the parish's accounts payable as of 6/30/09.

Parish Balance Sheet (6/30/09) **		
	Assets	Liabilities
Cash	\$284,490	
CD	\$43,023	
Other	\$4,133	
Total Assets	\$331,646	
Accounts Payable		\$251,047

** Based on QuickBooks. Assets include \$210,000 from the Gilbride estate.

Since June, \$110,000 from the Gilbride estate has been placed in the parish's revolving savings account with the Diocese and \$50,000 has been sent to the Diocese to partially repay past-due parish debts. An additional \$50,000 was transferred to the school as part of the parish's subsidy obligation with the intention that it be sent to the Diocese to partially repay past-due school debts.

◆ **Part III: St. Stephen Parish Budget for Fiscal Year 2009-2010** ◆

This year, the process of creating a parish budget for the period of July 2009 through June 2010 and then submitting it to the Diocese for approval was delayed, first by complications involving the school budget (which had to be completed first) and then by uncertainties concerning the budgets for other parishes in various stages of the merger process. As a result, St. Stephen did not submit its budget to the Diocese for approval until September. In October, the Diocese requested that we supply several clarifications, which will require a few modifications to our original budget submission. These changes will be made and the budget re-submitted to the Diocese for final approval. Thus, the following budget figures, which are taken from the parish's original submission to the Diocese, *can only be considered as preliminary at this time*.

Projected Income		Projected Expenses	
Ordinary Income	\$360,000	Education (including subsidy)	\$135,750
Fundraisers	\$48,000	Pastoral Salaries and Benefits	\$68,554
Rental Income	\$10,800	Utilities	\$48,700

Projected Income		Projected Expenses	
Gifts and Bequests	\$10,000	Administration and Office Expenses	\$46,706
Baptism, Wedding and Funeral Offerings	\$8,000	Diocesan Assessments	\$38,600
Miscellaneous Pastoral Revenue	\$8,000	Custodial-Maintenance-Grounds	\$33,850
Interest Income	\$5,000	Fixed Costs	\$23,179
Other Income	\$7,000	Music Ministry	\$15,500
		Organization, Activity & Fundraiser Expenses	\$14,500
		Rectory Expenses	\$13,300
		Liturgical Expenses	\$8,000
		All Other Expenses	\$4,200
Total Income	\$456,800	Total Expenses	\$450,839
		School Subsidy	\$114,950

◆ Part IV: St. Stephen Regional School Budget for 2009-2010 ◆

Although this report focuses on parish finances, it would be incomplete without providing a brief overview of school finances. The budget prepared for the current year at St. Stephen Regional School calls for total revenue of \$1,037,745 and outlays in the amount of \$1,012,434. The school budget is balanced through inclusion of a parish subsidy of \$ 127,722: \$114,950 from St. Stephen; and \$12,772 from St. Veronica (now merged with St. Cecilia to form the new parish of Mary, Queen of All Saints).

Projected Income		Projected Expenses	
Tuition K-8	\$789,750	Salaries – Instruction and Supervision	\$471,250
Pre-K and After School Income (Net)	\$45,773	Fixed Costs	\$191,624
Donations, Gifts and Grants	\$26,000	Administration and Office Expenses	\$109,540
Organizations and Fundraisers (Net)	\$25,000	Other Instructional Expenses	\$86,800
Fees	\$23,500	Custodial-Maintenance-Grounds	\$81,320
Sub-total (excluding subsidy)	\$910,023	Utilities	\$71,900
Parish Subsidy	\$127,722		
Total Income	\$1,037,745	Total Expenses	\$1,012,434

⇒ St. Stephen Regional School is one of the parish's most important and visible ministries. At the same time, the school subsidy of \$114,950, which is larger than last year's figure and represents 32% of our projected ordinary income for 2009-2010, will strain the parish's current resources and is of significant concern relative to our ongoing financial stability. Combined with the continuing decline in ordinary income (down by \$5,788 or 7.3% for July through September 2009 compared with the same period in 2008) and the recent news that the school will not be receiving the \$12,772 subsidy from St. Veronica, the \$114,950 subsidy obligation is a major cause for concern.

◆ Part V: Parish and School Debts ◆

In the past, neither parish nor school revenues have kept up with expenses. As a result, both parish and school have incurred debts to the Diocese of Camden.

Debts Owed to the Diocese***	
Parish	\$124,343
School	\$185,629
Total	\$309,972

*** Based on data from 9/30/09 contained in Diocese of Camden reports.

During the past two years, the parish has kept current with its obligations to the Diocese, including payments for Diocesan assessments, insurance and priest pensions. However, during this same period, the parish has not made its full subsidy payments to the school, which has contributed to the school's indebtedness to the Diocese, since it cannot cover all expenses through tuition, fees and fundraising alone:

- During 2007-2008, the parish paid the school one half of its \$84,000 subsidy obligation (the remainder was placed in reserve);
- During 2008-2009, the parish paid the school \$10,000 of its \$76,834 subsidy obligation; and
- So far this year (i.e. the fiscal year from July 2009 through June 2010), the parish has paid the school \$28,822 as an initial installment on its \$114,950 subsidy obligation, which helped the school handle the expense of certain needed repairs. In addition, the parish has used \$50,000 of the Gilbride bequest to partially cover its past-due subsidy obligations to the school for use in repaying a portion of the school's debts to the Diocese.
- Between now and the end of December, additional parish funds are being transferred to the school as part of our past-due subsidy obligations and both parish and school representatives will meet jointly to map out a strategy for ongoing regular current subsidy payments.

◆ **Part VI: Donald Gilbride Estate** ◆

St. Stephen was named as the major beneficiary in the will of Mr. Donald Gilbride, who died in January 2008. To date, the parish has received a total of \$210,000 from the Gilbride estate. Of this amount, \$100,000 has been used to pay down the debts owed to the Diocese by the parish (\$50,000) and school (\$50,000). The remainder (\$110,000) was deposited in the parish's revolving reserve account with the Diocese of Camden (in accordance with Diocesan financial guidelines).

Much of the remainder of Mr. Gilbride's estate consists of stocks in several companies, including Bank of America, Comcast, General Electric, Microsoft and Wal-Mart, as well as some additional cash. At this time, it is not clear when the parish will gain access to the remaining estate assets. We also have not yet received a complete accounting of the value of the assets that will eventually be transferred to the parish. Once this takes place, the Administrator, Finance Council and Pastoral Council will formulate a plan for using these funds to address the long-term financial needs of the parish and school.