

SAINT PAUL PARISH

Harvard Square - Cambridge



2020 ANNUAL FINANCIAL REPORT

Dear St. Paul Parishioners:

The year 2020 has been a challenge for all of us. This 2020 annual report on the financial condition of the St. Paul Community (“SPC”) presents a summary of operating, investment and fundraising results for the three entities that make up the SPC: St. Paul Parish (“SPP”), Harvard Catholic Center (“HCC”) and the St. Paul’s Choir School (“SPCS”). It covers the most recent full fiscal year period from July 1, 2019 through June 30, 2020. During this period SPP continued to undertake costly and long-deferred restoration, repair and maintenance projects that encompassed significant capital expenses. We were pleased to have support for our projects on funds collected for the recent Capital Campaign. SPC continued to meet current day-to-day expenses, even as Covid 19 struck in March. We advanced further fundraising and completed the second phase of its crucial long-term church restoration program and deferred maintenance in the school. Restoration expenditures were funded by the Inspiring Hope Capital Campaign as well as support from bequests, gifts and grants. The HCC had an improvement in their numbers and posted a profit for the first time. HCC continued with another decrease in total expenses for the year. The HCC provides evangelical services to Harvard undergraduate, graduate communities and young professionals.

The SPCS, which had a small increase in enrollment and increase in tuition in FY2020, incurred a modest increase to its FY2020 deficit. The shortfall was partly due to cancelled events due to Covid 19 and increase in expenses and noted on statement of several transactions out of their control due to timing.

Considering revenues that combine daily operations and charitable giving, the Pastor and Finance Committee report that FY2020 SPC operating revenues grew by 2% over those from the previous FY2019 fiscal period. Bequests and gifts increased in FY2020 due in part to a full employment U.S. economy. However, portfolio investments registered sharply reduced income and dividends. The weekly Offertory went down a bit, but considering the church was closed for the last quarter of fiscal year were very pleased. Online giving helped the parish. Capital expenditures, including the major restoration of the Church were funded by gifts as well as the Inspiring Hope Capital Campaign.

In summary, SPC’s operating shortfall was \$275K, prior to footnotes. The Finance Committee remains committed to developing steady increases in revenue in order to bring SPC closer to financial break-even in FY2021. We continue to strive to complete ongoing deferred maintenance in our facility in order to protect the Church and modernize SPC buildings. In this regard, all of us, including the Pastor, priests, Finance Committee members, past and current parishioners, choir school parents and the Harvard Catholic community must promote and strengthen fundraising participation. We emphasize to you that present revenue sources are simply not enough to achieve positive near-term results and fulfill long-term strategies. SPC’s long history of annual deficits must be ended.

The SPC is a vital Catholic presence in your lives and those of the Harvard University community. Nonetheless, our financial condition requires your urgent attention as current expenses and capital costs continue to exceed revenues. The SPC faces greater financial challenges than ever before. Such challenges call for your commitment, participation and active giving.

Thanks in advance to each of you for your active financial support to the SPC in fiscal year 2020.

Sincerely yours,

The St. Paul’s Parish Finance Committee:

Reverend William Kelly – Pastor

Jim Perrine, Chairman David Dankens Ted Monahan Kevin Mohan Davide Marini

Fred Grein Catherine Grein

Ex Officio Members: Tom Hogan, Doug Zack, Rev. George Salzmann

| | St Paul Parish | HCSC | SPCS | Combined Totals FY 2020 | Combined Totals FY 2019 |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------|---------------------|----------------------------|----------------------------|
| Revenue | | | | | |
| Offertory | \$ 511,452 | \$ - | \$ - | \$ 511,452 | \$ 519,927 |
| Donations, Gifts & Bequests | 84,408 | 534,366 | 440,297 | 1,059,071 | 962,024 |
| Student Fees | - | - | 213,950 | 213,950 | 175,050 |
| Parent Fundraising | - | - | - | - | 150,106 |
| Religious Ed | 5,220 | - | - | 5,220 | 3,631 |
| Concerts & Recordings | - | - | 23,465 | 23,465 | 28,327 |
| Investment Income | 28,093 | 13,441 | 6,653 | 48,187 | 61,434 |
| Other (1) | 83,631 | 2,817 | 182,969 | 269,416 | 187,898 |
| Total Operating Revenue | 712,804 | 550,624 | 867,334 | 2,130,761 | 2,088,397 |
| Expense | | | | | |
| Clergy & Religious Stipend and Benefits | 64,799 | 98,828 | - | 163,627 | 162,953 |
| Salaries | 266,378 | 186,254 | 743,894 | 1,196,526 | 1,023,243 |
| Benefits | 37,100 | 24,569 | 59,939 | 121,608 | 103,264 |
| Academic Program | - | - | 31,619 | 31,619 | 25,558 |
| Music Program | - | - | 5,622 | 5,622 | 15,319 |
| Development | - | 37,225 | 33,397 | 70,622 | 117,299 |
| General & Administration | 113,024 | 94,873 | 116,218 | 324,115 | 292,889 |
| Facilities Expense | 147,655 | 76,632 | 77,559 | 301,846 | 335,833 |
| Meetings & Conference | 4,129 | 11,683 | 86,304 | 102,116 | 84,589 |
| Pastoral & Liturgical | 30,419 | - | - | 30,419 | 37,142 |
| Archdiocesan Assessments (2) | 23,458 | - | - | 23,458 | 21,438 |
| Other | 12,251 | 840 | 22,044 | 35,135 | 24,845 |
| Total Operating Expense | 699,213 | 530,903 | 1,176,596 | 2,406,712 | 2,244,373 |
| Sub-total | 13,591 | 19,721 | (309,262) | (275,951) | (155,977) |
| Parish Annual Support of the Choir School | (50,000) | - | 50,000 | - | - |
| Results from Operations | \$ (36,409) | \$ 19,721 | \$ (259,262) | \$ (275,951) | \$ (155,977) |
| Non-Operating Items | | | | | |
| Non-operating Revenue includes: | | | | | |
| Bequests & Endowment Gifts | \$ - | \$ - | \$ - | \$ - | \$ 67,889 |
| Restricted Grants & Gifts/Capital Campaign | 524,702 | - | - | 524,702 | 100,000 |
| Endowment Investment Revenue and/or appreciation/depreciation | (13,261) | (41,306) | 29,943 | (24,624) | 21,543 |
| | 511,441 | (41,306) | 29,943 | 500,078 | 189,432 |
| Non-operating expenses includes: | | | | | |
| Capital Improvements & Repairs (2) | 265,988 | - | 13,964 | 279,952 | 662,254 |
| Restricted gifts expended | - | - | - | - | - |
| Construction Loan Interest | 23,624 | - | - | 23,624 | 8,875 |
| | 289,612 | - | 13,964 | 303,576 | 771,129 |
| Net increase / (decrease) in net assets from non-operating items | 221,829 | (41,306) | 15,979 | 196,502 | (581,697) |
| Total Increase / (Decrease) in Net Assets | \$ 185,420 | \$ (21,585) | \$ (243,283) | \$ (79,449) | \$ (737,674) |
| (1) | Other Income related to Rental Income, Catholic Appeal, 90 Day Giving, Germany Trip and School tax | | | | |
| (2) | Archdiocesan Assessments support the Central Services provided to the Parishes. | | | | |
| a) | PPP Loans for three entities (note payable on Balance Sheet) | 67,260 | 30,108 | 77,802 | 175,170 |
| b) | Restricted Grant Balance of \$50K used in prior year | - | - | 50,000 | 50,000 |
| c) | To clear bad debt from prior years | - | - | 14,801 | 14,801 |
| d) | Net entry for activity on SPCS Parent Guild Acct | - | - | 3,683 | 3,683 |
| e) | Tuition Owed in FY'20 paid in Aug for FY'21 | - | - | 31,000 | 31,000 |
| f) | Grant from Flatley Foundation received in FY'21 due to Covid 19 | - | - | 50,000 | 50,000 |
| Revised Net Operations Profit/Loss | \$ 30,851 | \$ 49,829 | \$ (31,976) | \$ 48,703 | |

St Paul Community: FY 2020 Summary Balance Sheets

| | St Paul Parish | HCSC | SPCS | Eliminations | Combined Totals FY 2020 | Combined Totals FY 2019 |
|--------------------------|---------------------|-------------------|-------------------|---------------------|----------------------------|----------------------------|
| Assets | | | | | | |
| Checking Accounts | \$ 45,898 | \$ 53,971 | \$ 167,847 | | \$ 267,716 | \$ 261,721 |
| Savings Accounts | 619,717 | 255,906 | 101,424 | | 977,047 | 829,174 |
| Investments | 603,910 | 265,431 | 400,303 | | 1,269,644 | 1,297,920 |
| | <u>1,269,525</u> | <u>575,308</u> | <u>669,574</u> | | <u>2,514,407</u> | <u>2,388,815</u> |
| Due from Other Funds | 323,692 | - | - | (323,692) | - | - |
| Receivables & Prepaids | 5,894 | 2,345 | 232,882 | | 241,121 | (225) |
| Total Assets | <u>\$ 1,599,111</u> | <u>\$ 577,653</u> | <u>\$ 902,456</u> | <u>\$ (323,692)</u> | <u>\$ 2,755,528</u> | <u>\$ 2,388,590</u> |
| Liabilities | | | | | | |
| Payables & Accruals | \$ 67,260 | \$ - | \$ 472,233 | | \$ 539,493 | \$ 82,526 |
| Renovation Project Loan | - | - | - | | - | (935) |
| Due to Other Funds | - | 283,504 | 40,188 | (323,692) | - | (1,035) |
| | <u>599,090</u> | | | | <u>599,090</u> | <u>637,686</u> |
| Total Liabilities | <u>666,350</u> | <u>283,504</u> | <u>512,421</u> | <u>(323,692)</u> | <u>1,138,583</u> | <u>718,243</u> |
| Equity Value | <u>932,761</u> | <u>294,149</u> | <u>390,035</u> | <u>-</u> | <u>1,616,945</u> | <u>1,670,347</u> |