ST MARY STAR OF THE SEA FINANCIAL UPDATE

The Finance Council is pleased to present this summary report of parish operations for the fiscal years 2008 and 2009, which ended on June 30, 2008, and June 30, 2009, respectively. We also set forth below our budget for fiscal year 2010.

Summary: The figures below suggest that we endured losses of $91,474 and $90,473 in fy 2008 and fy 2009. However, these figures are heavily influence by certain "extraordinary" items (Loss on Market Value, Capital Projects-Restoration and Brimbal Avenue Transfer), and when these "extraordinary items" are removed, we actually enjoyed a surplus of approximately $142,000 in fy 2008 and $43,000 in fy 2009. For further explanation, please see the next page.

		Actual 2008	Actual 2009	Budget 2010
Revenues				
Offertory	$	491,878	470,732	489,200
Grand Annual		145,630	154,483	150,000
Sacramental		27,108	28,612	20,000
Religious Education		23,762	24,315	23,000
Rental Income		26,120	19,662	18,744
Loss On Market Value		(43,266)	(73,112)	0.0
Other		100,085	72,360	60,000
		771,317	**697,052**	**760,944**
Expenditures				
Salaries and Benefits		364,837	361,565	396,063
Supplies/Expenses		47,749	43,685	63,597
Utilities & Maint		114,142	127,364	131,302
Other		35,785	37,908	20,694
Capital Expenditures/ Reserves		207,969	57,117	60,189
Parish Investment In School		92,300	159,886	89,100
		862,791	**787,525**	**760,944**
Gain (loss) From Operations		$ (91,474)	$ (90,473)	$ 0.0
Loss on Market Value		$ 43,266	$ 73,112	
Capital Projects-Restoration		$190,672		
Transfer-Brimbal Ave			$ 60,000	
Net Gain –Excluding Extraordinary Items		$142,464	$ 42,639	

Explanation: The large Capital Expenditures in fy 2008 reflect the cost of restoring the organ. Although the monies for the restoration came from our Capital Campaign (and not operating funds) we are nonetheless required to report the expenditures, Secondly, the Archdiocese, in its ongoing mandate to provide financial transparency, now requires that we report "Loss on Market Value" of our invested funds. These monies, which result primarily from the sale of our Brimbal Avenue property a few years ago, are separate and distinct from our operating accounts. Yet we are nonetheless required to include the loss (or gain) on these invested funds in our statement of operations. Thirdly, the expenses for fy 2009 reflect a one time $60,000 donation to St Mary's School from the purchaser of our Brimbal Avenue property. We note that if these "extraordinary items" were not mandated to be included in our statement of operations, our operating surplus would have been $143,000 and $43,000 for fy 2008 and fy 2009.

Analysis: While we are, of course, happy to continue to enjoy surpluses, that happiness is tempered by the fact that we are not "funding depreciation" for our buildings. What does this mean? We own four buildings, all of which are large, beautiful and old. In an ideal financial world, we would have an expense category for depreciation, in essence a substantial reserve fund, to pay necessary maintenance and upkeep for our buildings. We don't have that; right now our revenues don't allow us to do this. Thus, just as the net losses from operations are not a good reflection of the financial status of the parish, our surpluses should be seen as an overstatement of the positive condition of our parish.

Revenues: We are deeply concerned about the Weekly Offertory. Prior to fy 09, our offertory had been increasing only at a tepid annual rate of about 1% per year, far less than the 3-4% we need to keep pace with inflation. In fy 2009, we saw a significant drop of 4.3% in the Offertory. It has been, and remains our goal, to meet our expenses via the Weekly Offertory only, such that we can designate our Grand Annual Collection to specific capital improvements. Thus it is essential that our Weekly Offertory increase annually by a minimum of 3-4% so that we can keep pace with our expenses. It will be only through significant and on going growth in the Weekly Offertory that we will be able to achieve our goal of designating our Grand Annual Collection to pay for specific capital improvements.

Expenses: Due to the significant efforts to Father Barnes and his staff, we have been able to keep our expenses in check. Utilities and maintenance increased in fy 09 due in part to a cold and snowy winter, and because of having our Adoration Chapel open 5 days per week. In fy 2009, we hired a business manager, Ms. Diane Macedo. As a "one priest parish", our hiring of Diane has allowed Father Barnes to focus more of his attention on his pastoral duties and less on dollars and cents; it has also allowed us to function with even greater efficiency. Capital expenditures in fy 09 reflect the restoration of our bells, and the fy 2010 expenditures include the price of engineering drawings in order to determine if a sprinkler system is financially feasible.

The fy 2008 and fy 2009 figures for our investment in St Mary's School are skewed due to accounting practices. Our investment in the Catholic education of our youth averages about $60,000 per year. That money includes providing financial aid for families in need, funds for capital improvements to the school, and a contribution to teacher's salaries in order to help attract and retain top teaching talent.

Conclusion: The financial health of St Mary's continues to be strong, due to the generosity of our core parishioners and the budget management of our staff. But there are warning signs of impending trouble. With 4 buildings to maintain, with ever increasing demands on staff, our dollars are being stretched thin. We cannot continue on a path where our Weekly Offertory is declining, or flat, while expenses (especially those beyond our control such as health insurance and property insurance) increase. It is essential that we grow our Weekly Offertory by a minimum 3-4% to meet our needs; if we wish to grow the parish, we will need to increase our Weekly Offertory at an even greater pace.

St. Mary's Finance Council

Father Barnes	Ellen Hutchinson	Tom Murphy
Carol Augulewicz	Ellen Moloney	Ron Zabilski
George Binns	Paul Mulligan	