

Saint Francis of Assisi Parish Ann Arbor

Annual Report for Fiscal Year Ending June 30, 2021

| Statement of Activities | | | | |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------|
| Income Category | 2019/2020 actual | 2020/2021 budget | 2020/2021 actual | % of total |
| Offertory donations | \$ 2,183,876 | \$ 2,160,000 | \$ 2,098,815 | 36.3% |
| Other church income | \$ 266,176 | \$ 198,000 | \$ 123,810 | 2.1% |
| PPP Loan Forgiveness | \$ - | \$ - | \$ 670,300 | 11.6% |
| Faith Formation tuition & income | \$ 58,597 | \$ 79,000 | \$ 67,194 | 1.2% |
| School tuition | \$ 2,030,813 | \$ 2,026,000 | \$ 2,056,339 | 35.6% |
| ETF grant | \$ 102,000 | \$ 110,000 | \$ 226,000 | 3.9% |
| School clubs and other school income | \$ 163,498 | \$ 216,750 | \$ 306,849 | 5.3% |
| Child Care income | \$ 358,264 | \$ 410,500 | \$ 227,248 | 3.9% |
| Total income | \$ 5,163,224 | \$ 5,200,250 | \$ 5,776,555 | 100.0% |
| | | | | |
| Expense Category | 2019/2020 actual | 2020/2021 budget | 2020/2021 actual | % of total |
| Church administration and ministry | \$ 1,272,400 | \$ 1,363,350 | \$ 1,295,905 | 25.6% |
| Plant operation and maintenance | \$ 615,753 | \$ 698,000 | \$ 628,439 | 12.4% |
| Capital expense | \$ 56,475 | \$ 85,000 | \$ 37,759 | 0.7% |
| PMC Construction Expense | \$ 13,284 | \$ - | \$ 159,855 | 3.2% |
| Faith Formation Expense | \$ 306,012 | \$ 274,750 | \$ 250,225 | 4.9% |
| School administration | \$ 584,533 | \$ 632,500 | \$ 636,778 | 12.6% |
| School instructional | \$ 1,704,861 | \$ 1,812,150 | \$ 1,841,523 | 36.3% |
| School clubs and other school expense | \$ 43,563 | \$ - | \$ - | 0.0% |
| Child Care | \$ 267,331 | \$ 311,000 | \$ 216,229 | 4.3% |
| Total expense | \$ 4,864,212 | \$ 5,176,750 | \$ 5,066,711 | 100.0% |
| | | | | |
| Surplus | \$ 299,013 | \$ 23,500 | \$ 709,843 | |

There were several factors that made the parish surplus appear large and the table below provides some context to put everything in perspective. Last year, the parish was granted a PPP Loan that provided more than a half million dollars of salary and benefits to staff members that were limited in their ability to work or perform ministry during to the pandemic. After the loan was forgiven this year, the final amount was paid out to the school and church staff as a bonus to recognize all that everyone did to keep Saint Francis up and running during this challenging time. So the income from the loan forgiveness and the expense of the bonus were both extraordinary factors last year. Additionally, to make an accounting adjustment as to when certain income was recognized, several items were “doubled up” this past year. Specifically, two years’ worth of Educational Trust Fund grants, school family registrations, and child care registrations were posted last year. This one-time change allows us to post these income items in the spring rather than the summer and caused us to have twice as much income in these areas during the past fiscal year. Finally, the parish had sufficient surplus in its operational budget to absorb some expenses for the Parish Ministry Center last year so we did that instead of drawing on Witness to Hope pledges in savings. When we deduct the extraordinary income and expense from the actual surplus, we arrive at a more nominal bottom line result.

| | | |
|---|-------------|-------------------|
| Total Surplus driven by special events | Type | \$ 709,843 |
| PPP Loan Forgiveness | income | \$ (670,300) |
| 2xETF grants | income | \$ (116,000) |
| 2xES registration | income | \$ (85,850) |
| 2xCC registration | income | \$ (8,320) |
| PMC expenses absorbed | expense | \$ 159,855 |
| Staff bonus paid | expense | \$ 102,450 |
| | | |
| Parish Surplus adjusted for special events | | \$ 91,678 |

The Statement of Financial Position summarizes what is owned and owed by the parish. The biggest areas of growth in parish assets were from the market performance on the Educational Trust Fund and from payment of Witness to Hope pledges (thank you!). The biggest reduction in parish liability was when the PPP was forgiven.

| | Balance as of: | 7/1/2020 | 6/30/2021 | Annual change |
|---|-----------------------|------------------|---------------------|----------------------|
| Local checking and savings accounts | \$ | 159,846 | \$ 211,804 | \$ 51,958 |
| Diocesan savings | \$ | 1,733,813 | \$ 1,730,229 | \$ (3,584) |
| School Development Fund | \$ | 149,364 | \$ 136,427 | \$ (12,937) |
| Hopes and Dreams Tuition Assistance Fund | \$ | 496,082 | \$ 456,580 | \$ (39,502) |
| Other endowed scholarships | \$ | 95,247 | \$ 94,805 | \$ (442) |
| School clubs | \$ | 195,807 | \$ 203,568 | \$ 7,761 |
| Witness to Hope Fund | \$ | 2,909,480 | \$ 3,842,070 | \$ 932,590 |
| Saint Vincent de Paul Fund | \$ | 49,050 | \$ 61,840 | \$ 12,789 |
| Educational Trust Fund | \$ | 2,548,849 | \$ 2,923,379 | \$ 374,530 |
| Total Assets (Local and Diocesan Savings) | \$ | 8,337,537 | \$ 9,660,701 | \$ 1,323,164 |
| | | | | |
| | Balance as of: | 7/1/2020 | 6/30/2021 | Annual change |
| Accounts Payable and other short term liabilities | \$ | 221,774 | \$ 267,119 | \$ 45,345 |
| PPP Loan | \$ | 670,300 | \$ - | \$ (670,300) |
| Deferred revenue and other liabilities | \$ | 94,642 | \$ 35,803 | \$ (58,839) |
| Total Liabilities | \$ | 986,716 | \$ 302,922 | \$ (683,794) |
| | | | | |
| Net Assets | \$ | 7,350,822 | \$ 9,357,779 | \$ 2,006,958 |
| | | | | |
| Total Liabilities plus Net Assets | \$ | 8,337,537 | \$ 9,660,701 | \$ 1,323,164 |

The table below summarizes the income and expense for next year's budget. Staff salaries were given a generous increase this year and the parish will absorb increases in health insurance costs while school and child care tuition were not changed from last year. Robust enrollment at all levels from Pre-K through 8th grade will be a significant driver in the educational expense budget. The most noteworthy difference in the budget for this fiscal year is the treatment of the Parish Ministry Center construction project. Witness to Hope pledges that have been accruing more than 2% annual interest over the last few years will now be brought back to the parish as income to support the project (along with the sale of the house the parish owned on East Stadium Boulevard). This will technically put the parish budget at a significant deficit which will be filled with parish savings from the budget surpluses. After accounting for the impact of the savings, the more modest operating budget surplus is sufficient to meet the ministry needs of the parish, build the long-awaited ministry center, and support some much needed capital repairs.

| Income category | budgeted amount | percent of total |
|--|------------------------|-------------------------|
| Offertory donations | \$ 2,125,000 | 20% |
| Other church income | \$ 263,500 | 2% |
| Faith formation tuition | \$ 85,000 | 1% |
| School tuition | \$ 2,300,000 | 21% |
| ETF grant | \$ 125,000 | 1% |
| Other school income | \$ 250,000 | 2% |
| Child Care tuition | \$ 562,000 | 5% |
| PMC income from WTH | \$ 4,800,000 | 45% |
| Income from E. Stadium house sale | \$ 275,000 | 3% |
| | | |
| Budgeted income | \$ 10,785,500 | 100% |
| | | |
| Expense category | budgeted amount | percent of total |
| Church administration | \$ 1,152,250 | 10% |
| Plant operation and maintenance | \$ 688,500 | 6% |
| Capital expense | \$ 275,000 | 2% |
| Faith Formation Expense | \$ 259,750 | 2% |
| School administration | \$ 764,000 | 7% |
| School instruction | \$ 1,938,500 | 17% |
| Child Care Expense | \$ 477,500 | 4% |
| PMC construction expense | \$ 5,835,000 | 51% |
| Other parish expense | \$ 130,000 | 1% |
| | | |
| Budgeted expense | \$ 11,520,500 | 100% |
| | | |
| Budgeted deficit | \$ (735,000) | |
| | | |
| Funds from previous surpluses | \$ 565,000 | |
| Other savings designated for building | \$ 235,000 | |
| | | |
| Total savings allocated for PMC | \$ 800,000 | |
| | | |
| Parish operating surplus | \$ 65,000 | |

I am grateful for the generosity of the parish, the excellent support from Father James and the parish staff in helping me to maintain good financial controls here, and for the dedication of our Finance Council in continuing to hold the parish's financial management to the highest standards. Please send any questions, comments, or concerns to my email below.

Respectfully submitted,

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