

Saint Francis of Assisi Parish Ann Arbor

Annual Report for Fiscal Year Ending June 30, 2023

Statement of Activities

The Statement of Activities (SOA) shows the income, expense and surplus (or deficit) for the Parish. When the complete SOA is reviewed, it reflects:

Income:	\$13,992,584
<u>Expense:</u>	<u>\$12,497,500</u>
Surplus:	\$ 1,495,083

In the past year, the Parish was required to make some accounting changes causing us to recognize the income and expense of “non-operating” groups in its SOA totals. The previous method that was in place for many years was to list a separate schedule of dedicated accounts which was then summarized on the Statement of Financial Position (SFP). This change required making “non-cash” adjustments to income and expense to record non-operating activity on the SOA, rather than the SFP. So, in addition to the impact of these changes, also included in the total income and expense shown above are the activities of the Parent Teacher Group (PTG), the Educational Trust Fund (ETF), Saint Vincent de Paul, and the ongoing Assisi Center construction project.

Additionally, included in the Parish total above are “non-recurring” activities such as fundraising activity for the fine arts department and Hopes & Dreams scholarship donations. The Parish also qualified for a \$1.507 million Employee Retention Credit (**ERC**). And, as part of pandemic relief, our school was eligible for Emergency Assistance to Non-public Schools (**EANS**) from the federal government and our child care program was eligible for Child Care Stabilization Grants (**CCSG**) from the state government.

We decided to set aside the **ERC** in a separate, long-term savings account with the Diocese until a suitable project could be identified that would make the best use of these funds. The **EANS** funding was used for various school supplies, information technology equipment, textbooks, and licenses. In the new fiscal year, the Michigan Department of Education approved using \$240 thousand to replace playground equipment on the east side of the school. The **CCSG** was used to fund quite a few improvements such as the fencing around the preschool playground (which had its own major additions), continued renovation of the facilities in the lower church, improved security features such as surveillance cameras and intercom system, as well as upgrades to classroom information technology.

When these “non-operating” and “non-recurring” transactions are adjusted out of the Parish totals, we have a small operating deficit for all the operating entities of the Parish:

	Church (w/Faith Formation)	School (w/o EANS)	Child Care (w/o CCSG)	Parish Total (Operating)
Income	\$ 2,416,824	\$ 2,899,638	\$ 703,631	\$ 6,020,093
Expense	\$ 2,317,760	\$ 3,037,503	\$ 674,866	\$ 6,030,129
Surplus/(Deficit)	\$ 99,064	\$ (137,865)	\$ 28,765	\$ (10,036)

Key take-aways from the statement of activities include:

- Offertory income was \$254,184 below budget,
- A \$148,970 gift from an estate,
- Pre-K through grade 8 enrollment and tuition was at budget with afterschool care above budget,
- Several operational expenses were higher than budgeted: our costs for supplies, utilities, and repair services were exposed to some of the same market increases we all are experiencing in our personal lives.

Kasco’s construction of the Assisi Center is nearly complete with the total cost of the project standing at \$7.58 million. After several permitting delays at the beginning of the project, the Parish successfully cleared several hurdles along the two-year construction process. Unfortunately, the back end of the project is showing no immunity to its own challenges: the late delivery of the elevator and partition door system have added six months of delay. As of this report, we are working to gain city approval to make another expansion to our storm water detention system, pave the front parking lot, and obtain at least a temporary Certificate of Occupancy to accommodate our busy Fall schedule. Everyone’s prayers, patience and support have been greatly appreciated. **We are almost there!**

Statement of Financial Position

Balance as of:	7/1/2022	6/30/2023	Annual Change
Local operating accounts	\$ 227,403	\$ 241,070	\$ 13,667
Local building project account	\$ 398,286	\$ 1,067,090	\$ 668,804
Diocesan savings	\$ 816,347	\$ 563,918	\$ (252,428)
Hopes and Dreams Fund	\$ 576,354	\$ 613,701	\$ 37,347
Other endowed scholarships, dedicated funds, school grants	\$ 297,006	\$ 409,466	\$ 112,460
School clubs	\$ 219,410	\$ 206,194	\$ (13,216)
WTH, Building Funds at Diocese, Construction Recivable	\$ 4,394,027	\$ 418,572	\$ (3,975,455)
SVdP Fund	\$ 68,021	\$ 49,667	\$ (18,354)
ETF	\$ 2,875,856	\$ 2,822,754	\$ (53,102)
Employee Retention Credit	\$ -	\$ 1,507,391	\$ 1,507,391
Other parish assets	\$ 19,035	\$ 8,995	\$ (10,040)
Total Parish Assets	\$ 9,891,744	\$ 7,908,818	\$ (1,982,927)
Balance as of:	7/1/2022	6/30/2023	Annual Change
Accounts payable and other short term liabilities	\$ 402,369	\$ 202,223	\$ (200,146)
Building AP and retainage	\$ 105,681	\$ 763,006	\$ 657,325
Deferred revenue and other liabilities	\$ 88,782	\$ 14,526	\$ (74,256)
Total Parish Liabilities	\$ 596,832	\$ 979,755	\$ 382,923
Unrestricted net assets	\$ 1,632,169	\$ 24,032	\$ (1,608,138)
Restricted net assets	\$ 7,662,743	\$ 6,905,031	\$ (757,712)
Total Net Assets	\$ 9,294,912	\$ 6,929,062	\$ (2,365,850)
Total Liabilities + Net Assets	\$ 9,891,744	\$ 7,908,818	\$ (1,982,927)

The Statement of Financial Position (SFP) above summarizes how the assets owned by the Parish and the liabilities owed changed during the fiscal year. A little over \$252 thousand of long-term savings was used to offset the combined impact of the reduction in income and increase in expense this year. The decrease in ETF assets was less severe than in the previous year as the investment market continues to improve. The SFP also shows assets and liabilities dedicated to the Assisi Center construction project broken out separately from the rest of the Parish: there is a local checking account dedicated to the payment of construction costs which is replenished from two Parish savings accounts held at the Diocese. By the end of the fiscal year, a little over \$1.48 million is available to cover approximately \$1.00 million in additional expenses at the beginning of the new fiscal year to finish the project.

Witness to Hope pledges continued to be paid off last year, however, the Catholic Foundation reported that approximately \$350 thousand in pledges would not be paid by the respective donors. Thank you to those that completed their pledges and thank you to those that were inspired to make an additional—or first time—donation to the Assisi Center project. Any additional donations will be used to outfit the kitchen and other furnishings that were not part of the original project budget. It is not too late to be involved!

Please send any questions or comments to rkehn@stfrancis2.org.

Respectfully submitted,



Robert Kehn, CMA
Parish Business Manager