

St. Thomas More Finance Council Annual Report to the Parish

December 2021

The STM Finance Council serves in an advisory role to Father Andy on Parish financial matters and the maintenance of our buildings and facilities. The Council has two main responsibilities:

- 1) Develop and monitor the annual budget, provide periodic reports to the Parish and individual programs and groups on financial matters, and ensure the Parish complies with the financial management and reporting requirements established by the Diocese.
- 2) Care and maintenance of our Church building, the Rectory, and the Catholic Student Center.

The members of the STM Finance Council are Father Andy, Bindy Curtis, Bob Brown, Ron Marnicio, Henry Marchi and Pat Murphy.

We will preface this annual report this year, as we did last year, by acknowledging that the COVID pandemic had a profound effect on all of us personally as well as on the STM Parish community last Fiscal Year. As we share the highlights of that year, know that the STM Finance Council made every effort to follow CDC guidelines with our virtual meetings and enhanced electronic communications. Our financial status also was again greatly impacted, so keep that in mind as you review our summary. Additionally, we know that the COVID pandemic is continuing, and we are doing our best to manage the Parish finances both through the establishment of a COVID-recognizing budget and in the Parish's day-to-day financial decisions.

We will start with the end-of-year financial results for the fiscal year ending June 30, 2021, provide some information on our income and expenses for that period, comment on what we are doing to improve our financial position going forward, and provide you some recommendations on what you can do to help. We also will briefly discuss a Diocesan Audit that took place last year.

Fiscal Year 2021 Results

Plainly stated, the Parish ran a considerable deficit during the last Fiscal Year (July 2020 – June 2021). Our actual annual Expenses exceeded our Income by \$28,268. While this overrun was only 6.2% of the overall budget, it is a significant amount of money in absolute terms. This shortfall was covered by a drawdown of our savings. A more detailed breakdown of our Income and Expenses is represented graphically in a set of pie charts that posted on the STM Website.

Income

Our Income was **BELOW BUDGET** by roughly **\$77,620** (\$43,000 more below budget than the year before). Almost every category of Income tracked by STM Finance Council was under budget. Most significantly, the General Offertory was down over \$22,000 (4.8%), Fund Raising was down \$19,500 (4.3%), and General Donations were down \$11,100 (2.4%). While the fundraising by the 200 Club and the STM Matching Gift Campaign remained strong, most other fundraisers (like the Christmas Fair) had to be cancelled. Our CSO and Faith Formation programs also were less active last year, and Income normally associated with those programs was reduced. Fortunately, however, STM continued to receive the \$65,000 subsidy from the Diocese to support our CSO program with the University. In general, lack of attendance at Masses and traditional Parish events had a cascading negative effect on our income.

Expenses

Note that roughly 60% of our Parish Expenses are for salaries, benefits, and payroll taxes for our staff. And while some Expenses were managed during the COVID pandemic to stay under budget due, this particular expense could not be reduced much. Unlike the prior year when the Parish applied for and received a Paycheck Protection Program (PPP) grant of \$34,000, that supplemental income to apply to salaries was not available to us this past fiscal year.

The STM Finance Council tracks approximately 100 separate types of expenses by line item. Many of these are to some degree “discretionary” spending, that is we choose to spend money for that service or material and how much. However, we have much less control over the spending on other categories of Expense such as utilities (oil, natural gas, electricity, water and sewer, telephone, and internet). While we have cut back to the extent practical on these types of expenses, just “keeping the doors open” and supporting the most basic Parish operations requires a baseline level of expense that we must accept and pay. The Parish staff has done a great job keeping this baseline level of expense as low as reasonable. STM also must support the Diocese through its share of Assessments and a sharing of Diocesan Centralized Expenses in an amount totaling approximately \$52,000 which were not discretionary.

Overall, frugal spending and austerity resulted in our annual Expenses being **\$49,353 UNDER BUDGET**. While this seems very good, it must be remembered that this lack of spending was associated with cancelled Parish events and program activities and further postponement of facility repairs that were not necessary to preserve the safety of the Parishioners and Staff. The under budget spending, however, was not enough to offset the Income shortfall so that a net deficit resulted for the fiscal year relative to the budget.

2020 Diocesan Audit

Our Parish participated in an audit conducted by the Diocesan Accounting Department in late 2020 and early 2021. These parish audits are conducted periodically by the Diocese to ensure compliance with Diocesan Accounting Practices and Procedures, and we have not been audited since 2009. The Auditor’s final report was received in January 2021. The Auditor thanked Father Andy and the Staff of the Parish for their assistance and cooperation through the audit process. He commended the Parish for its dedicated involvement and responsiveness throughout this review. The final report noted that while this is the first time that the Parish has been reviewed by the Diocese in many years, the Parish already had some sound internal control procedures in place prior to this review. It noted that the Parish was fortunate to have a solid team of employees and volunteers that help to implement and strengthen its internal controls and financial position. The review concluded that the Parish’s internal controls were reasonable in all areas except for a few specific areas which the Diocese made specific recommendations for improvement. The STM Finance Council reviewed these recommendations and implemented a number of changes to address the identified issues in a manner compatible with our Parish operations. We documented our responses to the Diocese in a point-by-point response and explanation. Overall, the STM Finance Council found the audit to be net positive in its impact and believe that it improved the financial operations of the Parish.

2022 Budget

Father Andy and the STM Finance Council prepared the budget for FY 2022 and submitted it to the Diocese in June 2021. The STM Finance Council tried to strike a balance between recognizing that some of the

COVID effects on the FY 2021 Parish Income and Expenses will likely persist and being optimistic that some Parish activities will be able to return and contribute to our community wellbeing and financial position. The balanced budget for FY 2022 was **\$440,834**. This FY 2022 budget is less than the budget that was set for FY 2021 (i.e., \$457,644) and pre-COVID budget for FY 2020 (i.e., \$476,575).

Maintenance

Facility maintenance activity during the past fiscal year again focused on Church and Catholic Student Center cleaning in accordance with COVID protocols and making repairs to our buildings and grounds to eliminate any unsafe physical conditions. One STM Parish Finance Council meeting was dedicated to assessing and prioritizing the maintenance needs of the Parish. Fifteen different short-term and long-term maintenance projects were discussed. Adjustments to the Church's new natural gas furnace, resealing many of the stained glass windows in the Church, repairs to the front steps and vestibule of the Church, patching and painting the wooden windowsills of our buildings, and replacement of the three buildings' fire extinguishers were all completed or are in progress. Maintenance on the Church's handicap ramp, Rectory kitchen and driveway, and ongoing issues with leaks in the Catholic Student Center roof and ice shedding from the Church roof are being planned as funds allow. The Parish continues to make the difficult decisions associated with maintaining the buildings and our Parish assets to an acceptable degree with limited available resources. The Staff continues to be dedicated and great stewards of our facilities given our financial challenges.

Going Forward in Fiscal Year 2022

Given the continuing uncertainties surrounding the COVID pandemic, the STM Finance Council-approved a budget of **\$440,834** for the current fiscal year. This is approximately \$60,000 higher than last year's Actual Income and roughly \$32,000 above last year's Actual Expenses. Please be assured the STM Finance Council will work diligently with Father Andy to monitor our income and expenses and adjust our financial operations accordingly during this year. It is worth noting that our Fundraising Activities were clearly impacted last year, and we expect it will continue to some degree this year. It is encouraging that the Christmas Fair took was held this year once again and that will contribute to our income. The STM Finance Council continues to explore other fundraising ideas that can be implemented in accordance with CDC and Diocesan COVID guidelines. The 200 Club is an important source of Income, and the 200 Club Committee is actively seeking more parishioners to subscribe. This year's STM Matching Gift Campaign just kicked-off and will run for a couple of months. We welcome other fundraising ideas from our parishioners. Attendance at Masses is on the rise, and this should help our offertory and general donations to recover.

How YOU Can Help

Given the General Offertory is the largest source of income for our operating funds (i.e., 66% of total Income), and given our still reduced attendance at Masses, we encourage you to continue your weekly or monthly contribution by putting it in the basket on the front entrance of the Church, mailing it to the Parish, or setting up a direct deposit with your bank. If you are able to increase your contribution by 5% or 10%, that also would help offset the costs of the goods and services we buy as a Parish. Other ways to help include:

- Renew your subscription to the 200 Club or start a new subscription. You can subscribe for 3, 6 or 12 months. Our 200 Club Committee Chair is Tom Dolan.
- As new fundraising activities are developed and introduced, please consider participating. If you have ideas or thoughts for fundraising activities please share them with Father Andy, any Staff member, or with our one of our STM Finance Council members.
- Support our CSO students in their fundraising activities. This support will enable a broader set of activities to be held and reduce the potential need for support from the Parish operating fund.
- Continue your generous support of our Food Pantry through volunteering and/or making donations to this wonderful way to give back to our community.
- Volunteers have been providing more and more of the person-power and services needed by the Parish in the past few years. If you see something that should be done or identify something we need, step up and pitch in.
- Consider a contribution to the 2022 Matching Gift Campaign.
- Our Sponsorship Program occasionally offers parishioners the opportunity to donate directly for a specific item(s) that are needed in our daily operations. For example, postage stamps, equipment, cleaning and sanitizing supplies and many other needs during the year. Liturgical items like candles, surplices or Mass accessories also are occasionally needed. Please keep an eye on the weekly bulletin or our Church website, www.stmdurham.org. Another option is to donate directly to our Parish Charitable Giving Program.

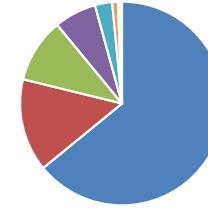
Thank You

Finally, we wish to acknowledge all our volunteers who work selflessly to help the Parish operate effectively and efficiently. The STM Finance Council wishes you good health and safety as we continue dealing with COVID-19. Many blessings to you all.

Breakdown of Church of St. Thomas More's FY 2022 BUDGET - INCOME AND EXPENSES

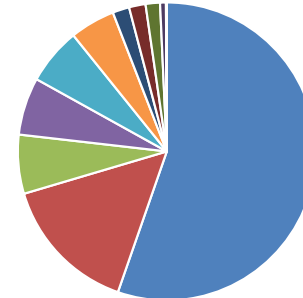
FY 2022 BUDGET - INCOME			
INCOME CATEGORY	AMOUNT	BREAKDOWN	% OF TOTAL
Offertory	\$ 282,500.00		64.1%
Catholic Student Center Subsidy from the Diocese	\$ 65,000.00		14.7%
Donations	\$ 45,000.00		10.2%
Matching Gift Campaign	\$ 26,000.00		
Liturgical	\$ 17,000.00		
Sponsorship Program	\$ -		
UNH Alumni	\$ 2,000.00		
Parish Fundraising - Gross	\$ 29,500.00		6.7%
General Parish	\$ 26,000.00		
Catholic Student Organization	\$ 2,000.00		
HSYM for Cardboard City	\$ 1,500.00		
Monthly Maintenance Contributions	\$ 12,000.00		2.7%
Religious Education Tuition and Sacramental Fees	\$ 4,000.00		0.9%
Diocesan Catholic School	\$ 1,200.00		0.3%
Bequests	\$ 1,000.00		0.2%
Interest Income	\$ 634.00		0.1%
Catholic Student Center Rental	\$ -		0.0%
TOTAL	\$ 440,834.00		100.0%

FY 2022 BUDGET - INCOME



FY 2022 BUDGET - EXPENSES			
EXPENSE CATEGORY	AMOUNT	BREAKDOWN	% OF TOTAL
Salaries, Benefits and Payroll Taxes	\$ 243,897.41		55.3%
Diocesan Assessments	\$ 66,527.00		15.1%
Shared Diocesan Expenses	\$ 21,894.00		
Diocesan Assessments	\$ 27,645.00		
Catholic School Assessment	\$ 14,988.00		
Diocesan Assessed Collections Make-Up	\$ 2,000.00		
Utilities	\$ 28,200.00		6.4%
Catholic Student Center	\$ 13,750.00		
Church	\$ 6,650.00		
Rectory	\$ 7,800.00		
Equipment and Supplies	\$ 27,525.00		6.2%
Liturgical	\$ 10,850.00		
Parish Office	\$ 8,000.00		
Rectory	\$ 7,750.00		
Catholic Student Organization	\$ 550.00		
Faith Formation	\$ 375.00		
Insurance - Property and Workers Compensation	\$ 27,129.59		6.2%
Contracted Services	\$ 21,580.00		4.9%
Building Repairs	\$ 8,000.00		1.8%
Parish Fundraising - Expenses	\$ 7,900.00		1.8%
Programs	\$ 6,875.00		1.6%
Christian Formation	\$ 5,800.00		
Catholic Student Organization	\$ 1,075.00		
Hospitality and Refreshments	\$ 2,800.00		0.6%
Fees	\$ 400.00		0.1%
TOTAL	\$ 440,834.00		100.0%

FY 2022 BUDGET - EXPENSES



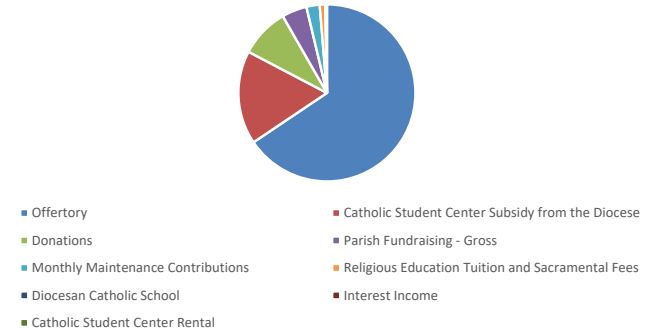
Breakdown of Church of St. Thomas More's FY 2021 ACTUALS - INCOME AND EXPENSES

FY 2021 ACTUALS - INCOME			
INCOME CATEGORY	AMOUNT	BREAKDOWN	% OF TOTAL
Offertory	\$ 249,222.19		65.6%
Catholic Student Center Subsidy from the Diocese	\$ 65,000.00		17.1%
Donations	\$ 34,258.67		9.0%
Matching Gift Campaign		\$ 25,150.00	
Liturgical		\$ 8,358.67	
Sponsorship Program		\$ -	
UNH Alumni		\$ 750.00	
Parish Fundraising - Gross	\$ 17,375.00		4.6%
General Parish		\$ 15,500.00	
Catholic Student Organization		\$ 50.00	
HSYM for Carboard City		\$ 1,825.00	
Monthly Maintenance Contributions	\$ 9,221.00		2.4%
Religious Education Tuition and Sacramental Fees	\$ 3,820.00		1.0%
Interest Income	\$ 496.29		0.1%
Diocesan Catholic School	\$ 630.00		0.2%
Bequests	\$ -		0.0%
Catholic Student Center Rental	\$ -		0.0%
TOTAL	\$ 380,023.15		100.0%

FY 2021 DEFICIT \$ 28,267.58

FY 2021 ACTUALS - EXPENSES			
EXPENSE CATEGORY	AMOUNT	BREAKDOWN	% OF TOTAL
Salaries, Benefits and Payroll Taxes	\$ 220,721.05		54.1%
Diocesan Assessments	\$ 68,297.23		16.7%
Shared Diocesan Expenses		\$ 22,877.00	
Diocesan Assessments		\$ 29,128.23	
Catholic School Assessment		\$ 15,792.00	
Diocesan Assessed Collections Make-Up		\$ 500.00	
Equipment and Supplies	\$ 25,359.42		6.2%
Liturgical		\$ 9,042.36	
Parish Office		\$ 8,107.63	
Rectory		\$ 7,957.27	
Catholic Student Organization		\$ 95.64	
Faith Formation		\$ 156.52	
Utilities	\$ 25,282.14		6.2%
Catholic Student Center		\$ 11,803.38	
Church		\$ 6,349.78	
Rectory		\$ 7,128.98	
Insurance - Property and Workers Compensation	\$ 24,663.26		6.0%
Contracted Services	\$ 19,376.27		4.7%
Building Repairs	\$ 14,351.49		3.5%
Programs	\$ 5,022.68		1.2%
Christian Formation		\$ 5,010.18	
Catholic Student Organization		\$ 12.50	
Parish Fundraising - Expenses	\$ 4,381.58		1.1%
Hospitality and Refreshments	\$ 655.83		0.2%
Fees	\$ 179.78		0.0%
TOTAL	\$ 408,290.73		100%

FY 2021 ACTUALS - INCOME



FY 2021 ACTUALS - EXPENSES

