

**ST. CHARLES BORROMEIO CATHOLIC CHURCH**  
**Finance Committee Report for 2019-2020**

The Finance Committee of St. Charles Borromeo Parish has the primary responsibility for assisting the pastor of St. Charles Parish, Fr. Tom Kovatch, in fiscal matters. The committee prepares an annual budget for presentation to the Parish Council and throughout the year reviews the financial condition of the parish. Committee members Kevin Todd, Bill Sherman, Andy Shiller, Monica Hutchins, and chair Scott Shishman wish to acknowledge the generous and encouraging support of our parish family for all the missions of St. Charles and with humble gratitude are pleased to provide this written overview of the operating results for the period of July 1, 2019 through June 30, 2020.

*Fiscal Year 2019-20*

The parish had an operating surplus (net income) of \$17,162, compared to a surplus of \$214,053 for the prior year, and ended the year in sound fiscal condition. Please remember that we accomplished these numbers during the Covid-19 pandemic which clearly had a negative effect on operations.

Our fiscal year revenues totaled \$3,781,295. Our revenue came from three basic sources: stewardship and other church revenue, interest income, and school related tuition/revenue. Our stewardship income, including Sunday and Holy Day collections amounted to \$852,529, about \$20,000 below the budgeted amount. We earned and recognized \$637,798 in income from our endowment and other investment accounts that went into operating funds. Our total school revenues came in at \$2,290,965, roughly \$185,000 below budget. School revenue came from tuition, fees, day care, and school related fundraisers.

Salary and benefits for both our parish and school employees represents the largest part of our parish expenses at \$2,224,346. The upkeep of parish buildings and utility bills accounted for \$297,797 while administration of our parish and school combined cost \$800,561, including fundraising expenses. In summation, our expenses totaled \$3,764,133.

Included in the total expenses is \$441,429 that was used for capital improvements. Included in the capital improvements were the following: \$299,000 for a new school roof, \$76,440 in architect fees for a longer term church improvement, \$28,595 in immediate church improvements, \$8,010 for a new lawn mower, \$7,894 for youth room hard waterproof floor, \$6,365 for a school HVAC, and roughly \$15,000 for smaller miscellaneous expenses.

We at St. Charles are blessed to be debt free and we have a total of \$1,376,559 million in capital reserve accounts in addition to over \$367,000 in savings. However, in addition to operating concerns related to Covid-19, there are many renovations and improvements planned for the next few years that will more than exhaust the capital improvement funds and could potentially require capital campaign(s) to cover the difference.

Due to the Covid-19 pandemic, St. Charles applied for and received \$399,700 from the Payroll Protection Program (PPP). We are in the process of getting full forgiveness of the PPP loan and will likely recognize this revenue during FY 20-21. St. Charles used these funds to support payroll during the pandemic.

While not technically part of our balance sheet, St. Charles is the beneficiary of endowments totaling \$6,893,957 at fiscal year-end. These balances helped produce the significant interest income that we recognized during this fiscal year. This endowment is designed to produce operating revenues for the long term and the principal balance should not be considered for current uses.

#### *The 2020-2021 Operating Budget*

The parish adopted an operating budget of \$3,275,249 for the 2020-21 fiscal year, which is roughly \$225,000 less than last year's budget. Much of the decrease is due to fewer teacher and staff at the school to match a projected smaller enrollment. Due to Covid-19, both the church and school project smaller revenues. Therefore, the church and school have had to make fiscally prudent decisions that balance quality services with projected smaller revenues.

The data below summarizes 2019-20 balance sheet and income statement information: