

St. Paul Parish
ANNUAL FINANCIAL REPORT



October 2022

My dear friends in Christ,

I am stepping briefly out of my convalescence to write to all of you. Words cannot begin to express my profound gratitude for your many thoughts, prayers, and expressions of support since my accident - you have truly sustained me through this most challenging period in my life! I am also beyond grateful for all the ways that you continue to sustain our parish. Your support - from the darkest days of the pandemic, through our gradual transition to a new normal, to the current challenges brought on by my absence - has enabled St. Paul Parish to not simply survive, but to thrive.

As you know, Fr. Bryan Hehir has taken on responsibility for the administrative functions of our parish, in addition to his many other responsibilities within the Archdiocese. We have been truly blessed by his wisdom and steady hand, and our superb collaborative staff has more than risen to the challenges posed by my extended absence. We have wonderful guest priests celebrating Masses and sacraments with us, and our fully-engaged and revitalized Religious Education and Youth Ministry programs recently launched for the new academic year. We continue to offer a robust slate of Faith Enrichment opportunities for adults, and our many Service and Outreach initiatives continue to bring the comfort and compassion of Christ to those in need, both near and far.

In September of 2021, we began receiving payments from Star Academy for the lease of the St. Paul School building, and this income was a large component of the year's net income. We must take care, however, not to become complacent by relying on the lease income, instead of our Weekly Offertory and Annual Appeal, to fund operations. Our goal is to designate the lease income to address important deferred maintenance and complete much-needed upgrades to our parish facilities. Your continued generous support of the Weekly Offertory and Annual Appeal will allow us to meet that goal, which will position St. Paul Parish to thrive for generations to come.

As you know, the refurbishment of the St. Paul Church Bell Tower began this past summer, a large and necessary project outside the scope of normal maintenance and repair. We asked for your support for this critical work and you have given generously - nearly 25% of the project's budget has been received so far, and we are looking forward to once again hearing the peal of our beautiful bell. Your continued support of this project, as well as the Annual Appeal, is so important.

As I begin my second six-year term as your pastor (under circumstances I never could have imagined!), I am grateful to God for the privilege of serving in a community of such committed disciples of Jesus Christ. I so look forward to returning to my ministry and to you, and I am filled with hope and enthusiasm for our future together. Your living faith inspires me every day.

Sincerely yours in Christ,

Handwritten signature of James J. Laughlin

Reverend James J. Laughlin, Pastor

October 2022

Reverend James Laughlin, Pastor
St. Paul Parish
502 Washington Street
Wellesley, MA 02482

Financial Report for the Fiscal Year Ended June 30, 2022

Dear Father Laughlin,

We present the following unaudited financial statements as of June 30, 2022, along with highlights and explanatory comments:

STATEMENTS OF CHANGES IN NET ASSETS *(actual results for the fiscal years ended June 30, 2021 and 2022, and budgets for the fiscal years ending June 30, 2022 and 2023)*

- **For the fiscal year ended June 30, 2022**, the Parish reported an Operating Surplus of \$55,949. During fiscal 2022, the Parish began receiving income from the St. Paul School building lease. This \$107,890 of Lease Income, net is a component of Non-operating Revenue and Expenses, and contributes to the Total Change in Net Assets of \$149,811.
- **Operating Revenue** decreased from \$1,049,171 in fiscal 2021 to \$944,253 in fiscal 2022, primarily due to an \$111,909 decrease in unsolicited Gifts and Donations. This decrease is the result of receiving fewer estate gifts. The Parish received a Catholic Appeal Rebate that was \$9,015 lower than fiscal 2021's rebate. These decreases were partially offset by increases in Weekly Offertory of \$5,854 and in Annual Appeal Revenue of \$13,713.
- **Operating Expenses** increased by \$42,337, from \$845,967 in fiscal 2021 to \$888,304 in fiscal 2022. The largest changes were in the Salary and Benefits and Property Maintenance areas, which increased by a combined amount of \$46,403. Salary and Benefits Expense grew by \$27,800, due to staffing changes, and to utilizing musicians at pre-pandemic levels. Property Maintenance spending increased by \$18,603 in fiscal year 2022 due to higher costs of snow removal, the cost of repairing the church's front steps and walkway, and the costs of tree removal along the property line. There were small changes in the spending for other Operating Expense line items.
- **Net Assets Released from Restrictions** reflects the use of donor restricted funds for their intended purpose, and is shown as an increase in Net Assets without Donor Restrictions and as a corresponding decrease in Net Assets with Donor Restrictions.
- **Capital Expenditures** of \$35,053 included \$16,440 spent on structural engineering for the Bell Tower. The remaining \$18,613 included the cost of asbestos mitigation, a new hot water heater, and other heating repairs to the school building.
- The **FY2023 Budget** projects a Total Change in Net Assets of \$104,593. Fiscal 2023 Budgeted Operating Revenue is nearly equal to that of Fiscal 2022. The largest increase in Budgeted Operating Expenses is Salary and Benefits Expense. Non-operating Revenue and Expenses includes a full year of lease income, as well as the costs of the Bell Tower renovation and an upgrade of the church's sound system.

STATEMENTS OF FINANCIAL POSITION *(as of June 30, 2021 and 2022)*

- **Cash & Cash Equivalents** grew by \$154,568, which is consistent with the Parish's \$149,811 Total Change in Net Assets.
- **Long-term Security Deposit** of \$54,884 in the Assets grouping represents the security deposit paid by Star Academy, plus related interest, in accordance with the terms of the St. Paul School lease.
- **Deposits** of \$54,611 in the Liability grouping corresponds to the Long-term Security Deposit in the asset grouping. This amount, less any charges for damages, must be repaid to Star Academy upon termination of the lease in 19 years.

As required by the Archdiocese of Boston, the unaudited financial statements of the Parish have been prepared on a basis of accounting that is not in accordance with generally accepted accounting principles; the property, plant and equipment of the Parish are not reported in the Parish's Statements of Financial Position, and all improvements and repairs are expensed when incurred. This has been done over the years to more accurately reflect the annual cash costs to maintain and upkeep the property and facilities in the Parish.

Respectfully submitted by the Finance Council of St. Paul Parish

James Drury, Chair John Cullinane David Foley Harold Foley Susan Looney

ST. PAUL PARISH
Statements of Changes in Net Assets
for the years ended June 30

	<u>2021 Actual</u>	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2023 Budget</u>
Net Assets without Donor Restrictions:				
Operating Revenue				
Weekly Offertory	\$ 425,943	\$ 470,000	\$ 431,797	\$ 470,000
Annual Appeal	288,883	275,000	302,596	275,000
Sacramental Offerings	20,865	12,400	18,976	12,400
Gifts and Donations	226,255	42,000	114,346	42,000
Religious Education	27,964	26,000	25,184	25,000
Catholic Appeal Rebate	56,020	34,110	47,005	34,140
Interest Income	1,994	1,100	2,384	1,100
Miscellaneous Revenue	1,247	5,250	1,965	5,250
Total Operating Revenue	1,049,171	865,860	944,253	864,890
Operating Expenses				
Salary and Benefits Expense	537,608	608,264	565,408	655,728
Administrative Expense	42,258	41,220	42,334	51,420
Music and Liturgical Expense	11,059	21,450	14,036	19,500
Religious Education Expense	8,724	10,545	9,361	11,290
Rectory and Household Expense	16,560	14,000	12,026	14,000
Property Maintenance Expense	153,499	160,810	172,102	160,432
Parish & School Tithes	73,070	74,662	74,661	74,142
Miscellaneous Expense	4,210	2,500	2,661	2,500
Net assets released from restrictions	(1,021)	-	(4,285)	-
Total Operating Expenses	845,967	933,451	888,304	989,012
Operating Surplus/(Deficit) before Non-operating Revenue and Expenses	203,204	(67,591)	55,949	(124,122)
Non-operating Revenue and Expenses				
Lease Income, net	-	106,979	107,890	279,825
Capital Expenditures	(23,975)	(25,000)	(35,053)	(512,000)
Gain on Extinguishment of Loan	120,900	-	-	-
Net Surplus/(Deficit) in Assets without Donor Restrictions	300,129	14,388	128,786	(356,297)
Net Assets with Donor Restrictions:				
Restricted Gifts for Capital Use	-	-	25,310	460,890
Net assets released from restrictions	(1,021)	-	(4,285)	-
Net Surplus/(Deficit) in Assets with Donor Restrictions	(1,021)	-	21,025	460,890
Total Change in Net Assets	\$ 299,108	\$ 14,388	\$ 149,811	\$ 104,593

Certain prior year amounts have been reclassified to conform to current year presentation.

ST. PAUL PARISH
Statements of Financial Position
as of June 30

	<u>Jun 30, 2021</u>	<u>Jun 30, 2022</u>
ASSETS		
Cash & Cash Equivalents	\$ 714,307	\$ 868,875
Accounts Receivable	1,243	9,226
Long-term Security Deposit	54,611	54,884
TOTAL ASSETS	<u><u>\$770,161</u></u>	<u><u>\$932,985</u></u>
 LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable & Other Current Liabilities	\$39,841	\$52,854
Deposits	54,611	54,611
Total Liabilities	<u>94,452</u>	<u>107,465</u>
Net Assets		
Net Assets without Donor Restrictions	645,392	774,178
Net Assets with Donor Restrictions	30,317	51,342
Total Net Assets	<u>675,709</u>	<u>825,520</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$770,161</u></u>	<u><u>\$932,985</u></u>