

Annual Financial Statement

October, 2018

Dear Family of St. Mary of the Annunciation:

St. Mary of the Annunciation takes very seriously our duty to inform you regarding parish finances. Thus, as we do every year around this time, today we are sharing our annual financial statement for the fiscal year ended June 30, 2018 so that you may see how we use the funds you so generously give. You will also find several other important measurements of parish life on the pages that follow. As you review the fiscal status of St. Mary, I wish to share a few observations:

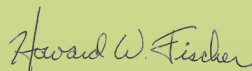
- The *To Teach Who Christ Is* capital campaign continues to make good progress, thanks to the tremendous commitment and generosity of many parishioners. We are nearing fulfillment of the Archdiocesan component of the campaign, which will provide funding for education and formation programs. And at current pledge payment rates (when combined with the Archdiocese's 3-to-1 match), we will be able to retire our construction debt in 2019! Eliminating this debt is critical to the future of the parish. The burden of the debt greatly hinders St. Mary's ability to support new and existing ministry programs and our infrastructure needs. We will continue placing a TTWCI update in the Bulletin each month to share details of the campaign's progress.
- Our day-to-day finances reflect a significant improvement over last year. For fiscal 2017-18, operations show a loss of \$4451, much less than last year's loss of \$111,213. While this is certainly welcome news, the fact remains that our expenses still exceeded our income. We need to remedy this. FY2018 income was helped by the excellent results of Country Fest and an increase in December donations due to the anticipated impact of the new tax law. Our finances were also helped by a reduction in payroll expenses (due to several unplanned vacancies during the year) and the deferral of some maintenance. We also chose not to fill several vacancies on the maintenance staff for the time being due to our financial picture.
- The great majority (84%) of St. Mary's income is provided by Sunday and holy day collections. Our Sunday collections were up only 1.7% over last year. While this halted a multi-year decline, our collections still remain below 2014-15 levels. In response to the decline in revenue, non-payroll expenses were reduced by 7% during this period through budget cuts and deferred maintenance.
- We continue to be blessed by the generous response of the parish to the Annual Catholic Appeal. All gifts received beyond our parish goal are returned to St. Mary. This year's "rebate" was over \$146,000, which helped us cover our operating deficit without dipping into our savings. The remaining rebate helps with extraordinary needs and reserves for emergency repairs and items that are outside the scope of our normal budget.

- In FY2018 St. Mary provided \$146,755 in operating support for Frasatti Catholic Academy through direct financial payments along with maintenance of the school building, grounds and mechanical infrastructure. We increased our support to the school this year despite our parish income challenges. Along with financial support from the participating parishes (St. Mary, Transfiguration and Santa Maria del Popolo), the school also received more than \$557,000 from the Archdiocesan Office of Catholic Schools (OCS). The financial and educational operations of Frasatti are administered by OCS and are reported on their separate financial statement.
- With the great portion of our income coming via Sunday collections, we need stronger giving patterns to sustain and grow our ministries and to support our operations. We recognize no discernible income from 28% of our households. Another 25% of our families average \$2.46 per week. Of those who give some amount, 42% (428 households) contribute less than \$8 per week. At the other end of the giving spectrum, 4% (61 households) provide 32% of our income. Only 27% of our households give on a weekly/monthly basis, fewer than last year.
- We need to improve on these giving patterns in order to provide a robust foundation for St. Mary's programs, ministries and charitable efforts. Please prayerfully determine how you can increase your financial support for the parish. If you aren't currently giving, we ask that you please start. If you only give now and then, please increase your amount and/or frequency. Even small steps such as an additional \$10 or \$20 per week would greatly help our fiscal well-being. If severe health problems or other substantial hardships preclude an increase in your donations at this time, please increase your prayers for our parish.
- Please give serious consideration to signing up for online giving through our parish website. Use of this service makes regular Sunday giving more convenient for you and provides the parish with a more consistent flow of contributions.

The mission of Christ to transform people and the entire world is not possible without sufficient resources, and that most definitely includes financial resources as well as the time and talent of numerous people. We are profoundly grateful to the many members of our parish family whose generous sharing of their resources enables St. Mary's to be a "greenhouse for disciples" who serve the Lord and engage in the work of the Gospel.

Thank you again for your generosity and sacrifices. May we continue to grow as good and faithful stewards of all that the Lord has given us as individuals and as a community. Through our efforts and sacrifices, may we spread the Good News and grow the Kingdom of God! Let us recall the words spoken to Mary at the Annunciation: "For nothing will be impossible for God." (Lk 1:37)

Yours in Christ,



Deacon Howard W. Fischer
Director of Parish Operations

ST. MARY OF THE ANNUNCIATION
2018 ANNUAL FINANCIAL STATEMENT
for Fiscal Year July 1, 2017 to June 30, 2018

ORDINARY OPERATING

	<u>2018</u>	<u>2017</u>	<u>Diff.</u>
REVENUE			
Sunday, Holy Day & Other Collections	1,182,482	1,162,879	19,603
Christmas	72,665	60,149	12,516
Easter	39,910	36,348	3,562
Religious Education Program Tuition & Fees	84,906	86,887	(1,981)
Fund Raising	45,590	11,620	33,970
Misc. (Donations, Interest, Stipends, etc.)	124,618 ¹	93,493	31,125
TOTAL	1,550,170	1,451,375	98,795
EXPENSES			
Salaries & Benefits	600,718	638,057	(37,340)
Books & Supplies	28,748	33,527	(4,779)
Administrative & Equipment	51,428	62,944	(11,517)
Utilities	79,331	69,837	9,494
Maintenance & Building Repairs	91,825	103,266	(11,441)
Altar & Liturgical Supplies	32,569	33,448	(879)
Building Loan Interest	238,452 ²	238,452	0
Archdiocesan Assessments	189,408	192,882	(3,474)
Property & Casualty Insurance	45,724	44,564	1,160
Miscellaneous	49,663 ³	49,092	571
Support for School Operations	146,755 ⁴	96,519	50,236
TOTAL	1,554,621	1,562,588	(7,967)

Net Ordinary Income/(Loss)	(4,451)	(111,213)	106,762
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EXTRAORDINARY

	<u>2018</u>	<u>2017</u>	<u>Diff.</u>
REVENUE			
Sharing Collection for Most Blessed Trinity	33,345	24,298	9,047
Archdiocese Req'd Collections	62,620	72,971	(10,351)
Bequests	2,853	758	2,095
Annual Appeal Rebate	146,184	124,545	21,639
TOTAL	245,002	222,572	22,430
EXPENSE			
Sharing Collection for Most Blessed Trinity	33,345	24,298	9,047
Archdiocese Req'd Collections	62,620	72,971	(10,351)
Other	988	11,660	(10,672)
TOTAL	96,954	108,929	(11,975)

Net Extraordinary Income/(Loss)	148,048	113,643	34,405
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CAPITAL ACTIVITY

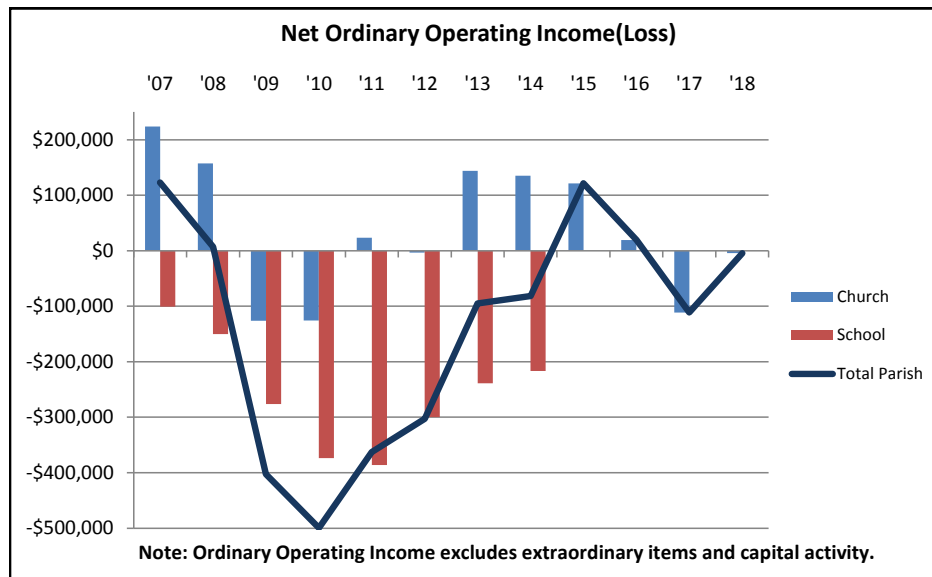
	<u>2018</u>	<u>2017</u>	<u>Diff.</u>
REVENUE			
Capital Project Fund Donations	26,865	26,173	692
"To Teach Who Christ Is" Pledge Payments	277,514	626,007	(348,493)
EXPENSE			
Capital Improvements	2,077 ⁵	28,465	(26,388)

Net Capital Activity	302,302	623,715	(321,413)
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TOTAL PARISH INCOME/(LOSS)	445,900	626,145	(180,245)
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Notes from the Financial Statement:

- Miscellaneous income includes donations not received through offertory collections and gifts received specifically for adult faith formation, Youth Ministry, teen mission trips, etc. Income from mass stipends, vigil candles, pamphlet sales, bank interest, etc., is also recorded in this entry.
- Payments to the Archdiocese for the Church Building Loan were halted in March 2012 when the designated capital funds were exhausted, although we must still accrue the interest due on our financial statement. As of the end of FY2018, \$1.875 million in interest and principal is past due. Debt repayment has been included in the *To Teach Who Christ Is* capital campaign.
- Miscellaneous expense includes the teen mission trip, Youth Ministry activities, hospitality, ministry formation, etc.
- As one of our vital ministries, the parish provides direct financial support for Frassati Catholic Academy along with providing maintenance of the school building and mechanicals. In addition to support provided by the three participating parishes, our school also received \$557,000 in funding from the Archdiocese. The educational and financial operations of Frassati are administered by the Archdiocesan Office of Catholic Schools and are reported on the financial statement for Frassati.
- FY2018 Capital Expense represents the costs to the parish (after insurance) for repairs to the school and little church following the flooding of July, 2017. Some final expenses for these repairs will be reported in FY2019. FY2017 Capital Expense was for repaving of hazardous sections of the school parking lot.

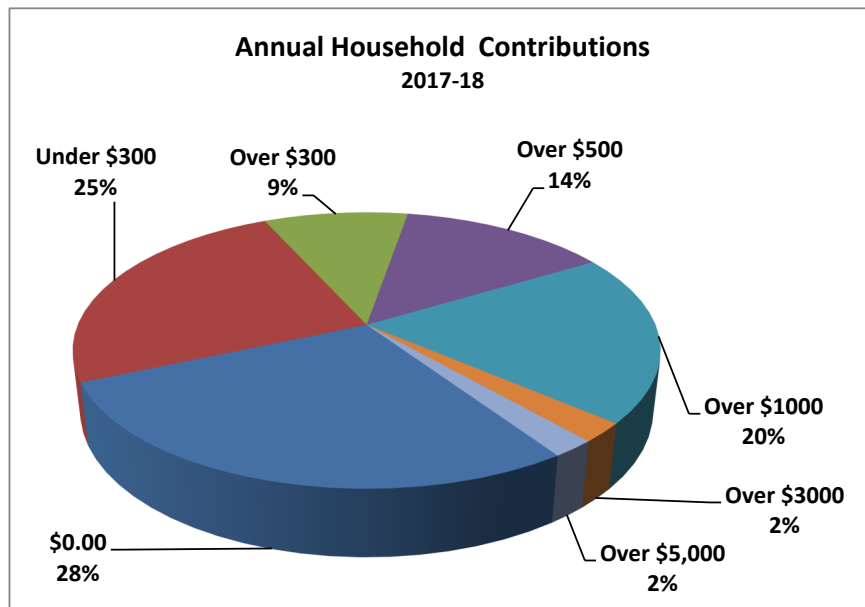


ASSETS AND LIABILITIES

	2018	2017	Diff
ASSETS			
Operating & Payroll Accounts	1,967,618	1,594,405	373,213
Abundant Hope	1,268,309 ¹	1,265,053	3,256
Restricted Funds	206,482 ²	178,454	28,028
Auxiliary Organization Accounts	2,325	2,205	120
Savings with Archdiocese (Restricted & Unrestricted)	468,066 ²	455,636	12,430
"To Teach Who Christ Is"	913,676	628,742	284,934
Total:	4,826,475	4,124,495	701,980
LIABILITIES			
Church Building Loan Principal	4,769,046 ³	4,769,046	0
Other Current Liabilities	112,624 ⁴	101,496	11,128
Total:	4,881,670	4,870,542	11,128

Notes on Assets and Liabilities

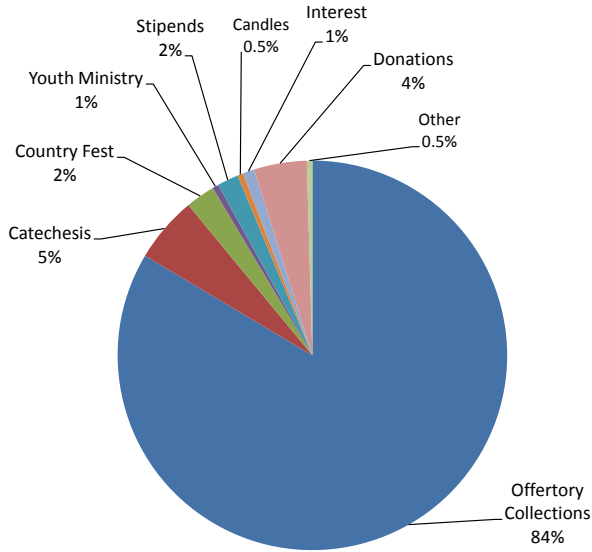
- The Abundant Hope \$10m capital campaign raised \$1.99m from 2008-2014. \$820,000 was used per plan to service existing debt. The balance plus interest remains in a separate, dedicated bank account pending our ability to implement the campaign vision of constructing an Intergenerational Faith Formation and Ministry Center.
- Restricted funds are donated with a designated use and may only be used for that purpose. Unrestricted funds may be used for general operations.
- Payments to the Archdiocese for the Church Building Construction Loan were halted in March 2012 when the designated capital funds were exhausted. As of the end of FY2018, \$1.875 million in interest and principal is past due. Debt repayment has been included in the *To Teach Who Christ Is* capital campaign.
- Certain unpaid obligations that carry over into the next fiscal year (including prepaid REP fees for 2018-19) are listed as liabilities.



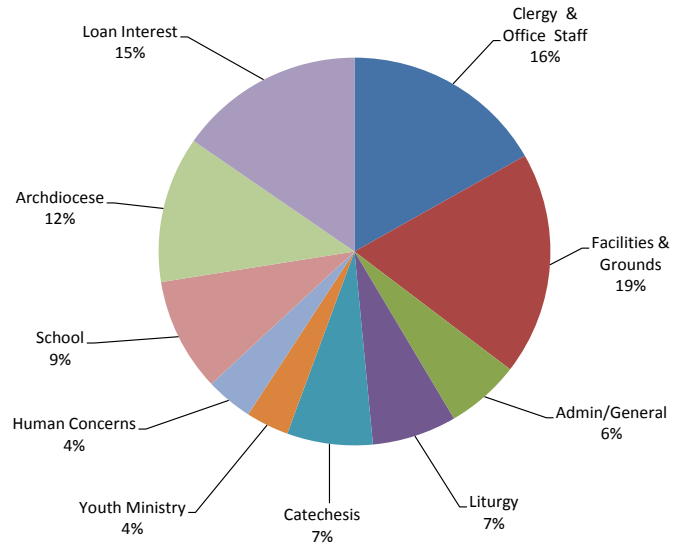
<u>Annual Contributions</u>	<u># of Families</u>		<u>% of Families</u>		<u>% of Revenue</u>		<u>Avg. Weekly Contribution</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
\$0.00	397	415	28%	29%	0%	0%	\$0.00	\$0.00
Under \$300	353	380	25%	27%	4%	4%	\$2.46	\$2.32
Over \$300	135	149	9%	10%	5%	6%	\$7.78	\$7.87
Over \$500	195	216	14%	15%	14%	15%	\$14.00	\$14.04
Over \$1000	283	273	20%	19%	44%	44%	\$31.47	\$32.44
Over \$3,000	32	31	2%	2%	11%	12%	\$71.46	\$75.00
Over \$5,000	29	25	2%	2%	21%	18%	\$147.01	\$148.38

St. Mary of the Annunciation at a Glance	<u>2017-18</u>	<u>2016-17</u>
Registered Households	1497	1532
New Households Registered	99	102
Average Weekly Mass Attendance (people)	1387	1347
Contributing Households (Weekly Avg.)	403	421
Total Households Contributing During Year	1027	1074
Online Giving Users (Sunday contributions)	169	155
Median Weekly Contribution of Those Giving	\$10.27	\$9.90
PreK-5 Enrollment - Mundelein Campus	116	149
PreK-5 Enrollment - Wauconda Campus	103	95
Middle School Enrollment	89	90
R.E.P. Enrollment	488	532
Vacation Bible School Enrollment	135	124
Baptisms	64	68
Confirmations	89	94
Marriages	11	14
Deaths	39	44

**St. Mary of the Annunciation
Ordinary Operating Income by Source
2017-18**



**St. Mary of the Annunciation
Ordinary Operating Expenses by Function
2017-18**

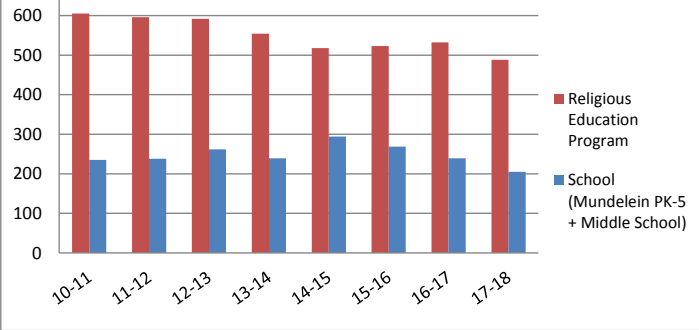


To Teach Who Christ Is

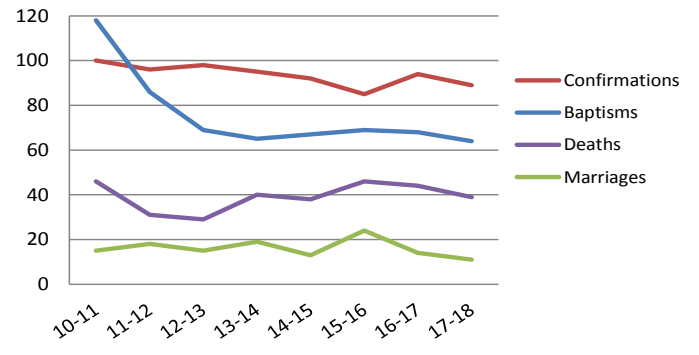
Pledges		Amount	
Campaign Goal		\$2,350,000	
Amount Pledged		\$2,698,541	115% of goal
Number of Pledges		525	
Payments Received in FY2018		\$462,424	
Payments Received in prior years		\$1,043,612	
Total:		\$1,506,036	
Balance Remaining:		\$1,192,505	

Campaign Allocations ¹	Target	To-Date	% of Target
Archdiocesan Education Funding	\$642,000	\$602,414	94%
St. Mary Construction Debt ²	\$1,200,000	\$903,622	75%
St. Mary Capital Projects ³	\$508,000	\$0	0%
Total:	\$2,350,000	\$1,506,036	

Enrollment



Sacraments



Notes on TTWCI

1. Campaign payments are divided 60% to St. Mary and 40% to the Archdiocese until the Archdiocesan Education and Formation target is reached. After that point, 100% of the funds come to St. Mary.
2. The Archdiocese will match our debt payment on a 3-to-1 basis. \$1.2 million from St. Mary plus \$3.6 million from the Archdiocese will eliminate our \$4.8 million construction debt.
3. St. Mary Capital Projects to be funded by the campaign once the Archdiocesan and Debt Retirement targets have been met are: the repaving of our parking lots; and remodeling the basement of the 1889 Church for use by PADS and parish groups.

**St. Mary of the Annunciation
Finance Council
2017-18**

Lawrence Molloy – chair, Denise Fuller – co-chair,
Carl Calabrese, Roger Fisher, Karl Kompere,
Patrick Tracy, Joseph Tylka, Thomas Zengeler
John Malone—ex-officio, Recording Secretary

Household Trends

