

March 23, 2014

Re: **Update on Current Financial Issues**



Dear Parishioners,

I recently met with the parish Finance Committee to review the financial results of the first six months of our fiscal year (July through December). Over these last 6+ years, I've remarked how generous our people are to our parish as we seek to carry Christ from our parish out into the world in which we live, play and work. Even with a very stagnant and worrisome economy, people have been able to give of their financial resources to a significant degree...and for all of this, I am extremely grateful.

This latest meeting, however, confirmed some sobering realities. First, over the last six months, while our weekly offertory has remained steady, we have experienced a significant decrease in other income/revenue streams (such as unrestricted donations, special gifts, bequests and memorials, and the like). Moreover, during the same period we have seen an overall increase in day-to-day expenses of about 12% over the last few years. Sure, while we've curtailed discretionary expenses over recent years to a bare minimum, at some point, necessary expenses must be incurred and it appears that such is the time in which we are currently living.

Before making any recommendations to me, the committee discussed, among other issues, the following:

- Our parish is traditionally facility rich (our grounds and buildings really do impress and inspire, they are warm, colorful and inviting, well-maintained and groomed). Our property is truly a great blessing for our parish and the community of Clinton Heights in which we serve. Many groups—both within and outside our parish—love to come here and gather for various functions. At the same time, while we invest our time, talent and treasure so well in our facilities, it does diminish the amount of treasure we can invest in our programs and/or our parish savings. At present, our parish savings account maintains a steady balance of about \$50,000. While this may be a sizeable amount for an individual's savings account, it really is quite minimal when we view it as our institution's only financial reserve. According to our comptroller, the industry standard advises us to have enough in our savings account at any given time to satisfy six months of expenses. In other words, it is recommended that our savings maintain about \$250,000 at any given time in order to secure our financial footing, thus allowing us the ability, among other things, to make minor to moderate capital improvements without holding a special capital improvement campaign.
- To a certain degree, many parishes—both big and small—rely greatly on the generosity of parishioners in the form of bequests upon their deaths. Recently, in one of my former parishes in northern Washington County, two different parishioners died over the course of a year, leaving a total of \$350,000 in two separate bequests. As you can imagine, the parish—with a regular offertory income of only \$100,000 annually—was blessed to be able to establish an investment portfolio that now provides quarterly dividends to assist with regular, day-to-day operations, all while maintaining a solid parish savings for a long-term future. Here in our own parish, our annual revenues are about five times that, usually approaching \$450,000-\$500,000, and yet the bequests since the summer of 2007 have only amounted to \$23,558 in total. So, while we currently do not receive many bequests, my hope is that such a trend will change in the near future and our financial security will grow from the generosity of former parishioners who have since gone to the Lord.
- The Finance Committee—reflecting what I believe to be the mindset of a majority of our parishioners—has regularly tried to concern itself with charitable works, stabilizing our facilities, fostering growth in our sense of community and provide service for those in need (spiritually, formationally and practically). We have not been overly interested in reinforcing our savings and instead, have always looked to invest in our programs whenever we could for the betterment of our parish and the People of God. At the same time, we know

that we must steward well the finances of our parish in order to secure the good of our parish, both now and well into the future. That having been said, while I am aware of some parishes that regularly grow astronomical savings accounts of well over one million dollars, that is the opposite extreme, and it is a view I definitely do not share. In the end, our parish must begin to grow an appropriate savings portfolio, one that balances all of our various needs and interests while at the same time continue to provide for the charitable needs of other organizations and persons.

As a result of all of the above information, the Finance Committee has made the following recommendations:

1. The cost of electricity is now more than twice last winter's rate (we spent \$3,000 in January and an additional \$4,000 in February). Presently, the church is heated to 69° when occupied, and classrooms, chapel and parish hall are also heated to the same 69° when occupied (when unoccupied, all of these fall to 62°). Beginning this week, we will be dropping all thermostats by minimal amounts: the church will be heated to 62° when occupied (once worshippers gather, we anticipate body heat to bring the temperature higher...as is the case presently) and drop to 58° when unoccupied; the classrooms, chapel and parish center will be heated to 65° when occupied, and drop to 58° when unoccupied. In the end, while we are using less electricity than last year, the rates for electric supply have gone up at a staggering rate.
2. At present, the pastor's budget to show appreciation to various persons and ministries in the parish is set at \$5,000 annually. Each year, especially at Christmas and at Easter, I am able to demonstrate my appreciation to our parish staff and our many volunteer receptionists (in the form of bonuses and gifts) and to our altar servers and music ministries (in the form of gifts). Unfortunately, due to our tightened financial resources, I regret that I will not be able to continue this practice. At the same time, let me again take the opportunity to thank all of you who assist in the faithful works of our parish: you are truly a blessing for so many...and I am so grateful for your presence and care.
3. We will continue to give charitable gifts to outside groups at the same level as we have budgeted. This is a very high priority for any Christian community, and our parish is known for such generous stewardship. I am humbled by the ways in which we help to serve those in need, and I agree this needs to remain a high priority.
4. Acknowledging that every family is most assuredly feeling the financial crises of the last few years hitting us in various ways and diminishing our discretionary spending, **we must continually remind our parishioners that our parish is first a charitable and faith-filled institution which extends the mission and ministry of Jesus Christ.** From that, we are also, at the same time, a physical plant and a corporation which experiences costs which it must bear, just like any other property with buildings, machinery, staff and significant works. **Therefore, we must continually invite all those who call us "home" to share in the financial stewardship of our parish to the very best of their ability.**

If you have any thoughts, concerns or questions you would like to share with the Finance Committee, please do not hesitate to talk with any of its members:

John Zimmermann (Chair)
Mary Martinez (Trustee)
Dave Hans (Trustee)
Bernie Rizzo (Comptroller)
Pat Rizzo (Recording Secretary)

Joe Buttiglieri
Phyllis Decker
Augie Gosh
Marleen Mahar
Andy May

Thank you for taking the time to read this update and consider the important financial issues that we are working hard to address.

Yours in Christ,

