

QUARTER 1 UPDATE

FROM THE PASTOR

Dear Parishioners,

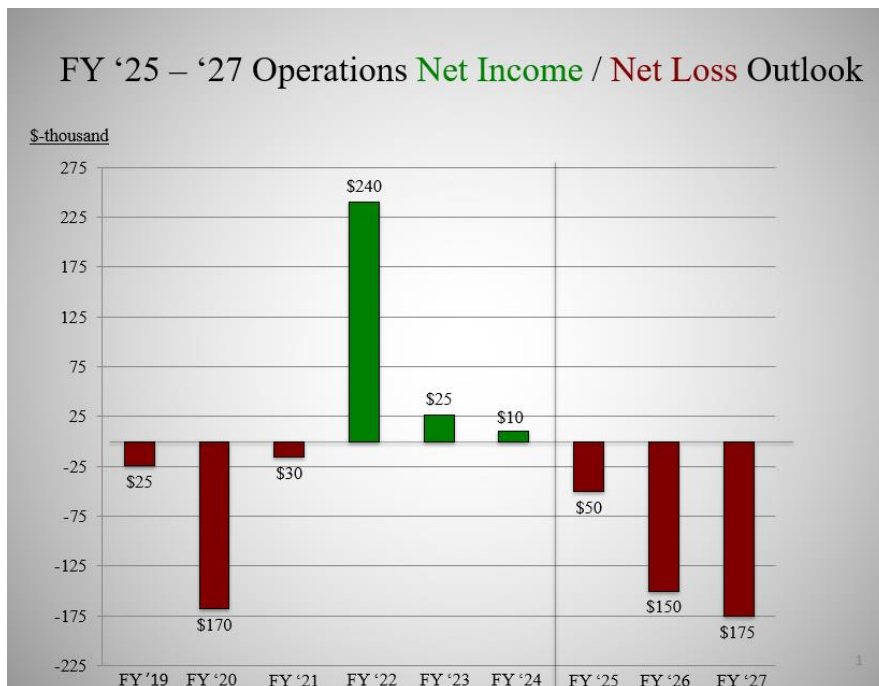
Approaching Thanksgiving, we are reminded, "Gratitude is a barometer of our souls." As with individuals, so also with a parish community. We receive more blessings than can be counted – "grace upon grace." We've been together through viruses, renovations, scandals, and serious inflation. Each reminds us to look for blessings in our births, baptisms, weddings, healings, preparing the dying for Heaven, and more. And we thank the Lord that ministries serving parishioners and others are vibrant and growing. These pages are a first quarter snapshot of our finances for the fiscal year. As you know, we operate a sizeable campus with selfless staff, buildings to be maintained, materials to pass on faith to children, and bills to be paid. Please take a careful look.

Thank you for your support, and most especially, that the Lord is praised, worshipped, and adored at St. Mary's.

Msgr. Kevin T. Royal  
Pastor

Early in June, a State of the Parish Operations Finance Newsletter was distributed in our weekly bulletin highlighting the following:

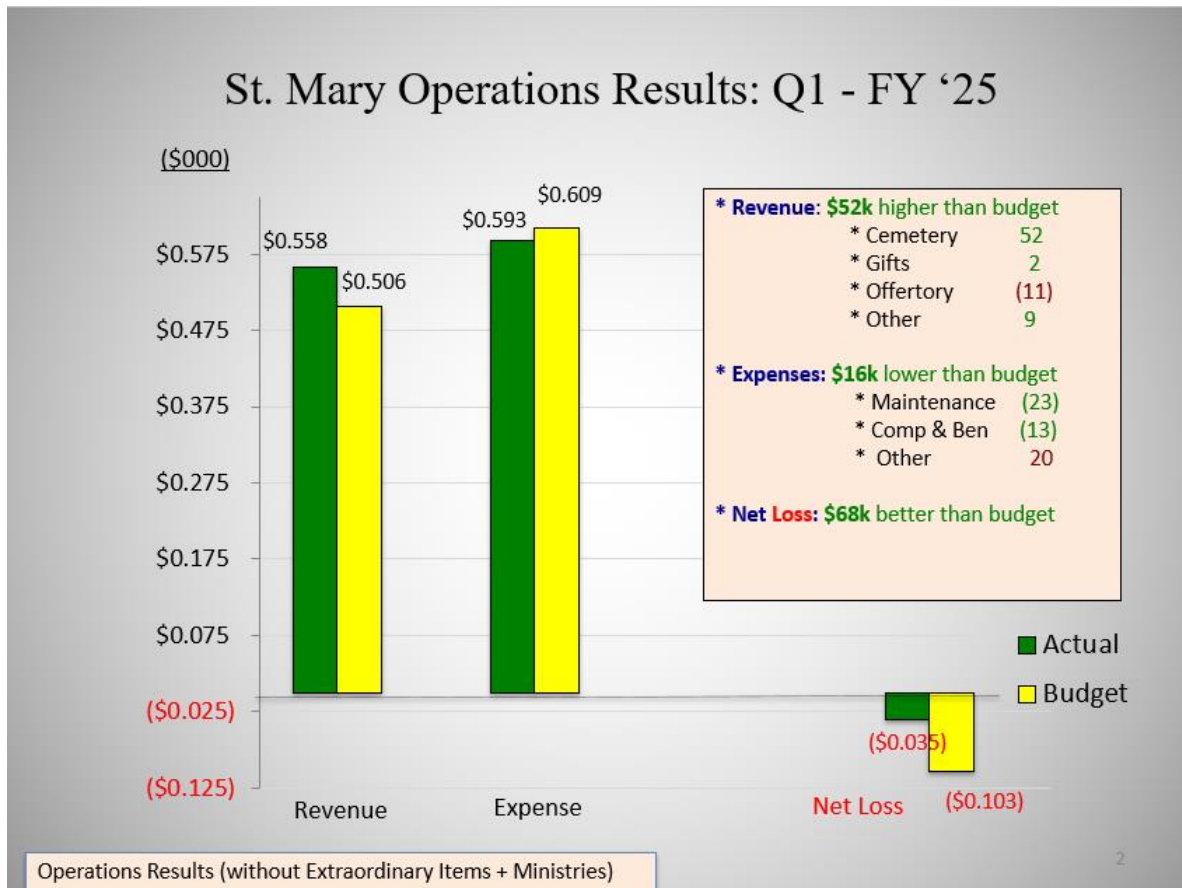
1. Parish had successfully recovered from financial challenges during the pandemic years (FY '19-'21)
2. Parish returned to financial stability during fiscal years '22 - '24
3. Parish facing significant projected losses and cash drain in future years ('25-'27) due to diminishing revenues from unpredictable one-time gifts and cemetery operations, while expenses were projected at inflationary rates.



## WHERE WE ARE

After the first quarter (Q1) of this fiscal year (July – September '24) the Parish experienced a net loss of \$35k\*, \$68k better than the budgeted loss of \$103k, due to a combination of revenues being \$52k (10%) higher than budget, and expenses being \$16k (3%) lower than budget as shown in the graphic.

\*k=thousand

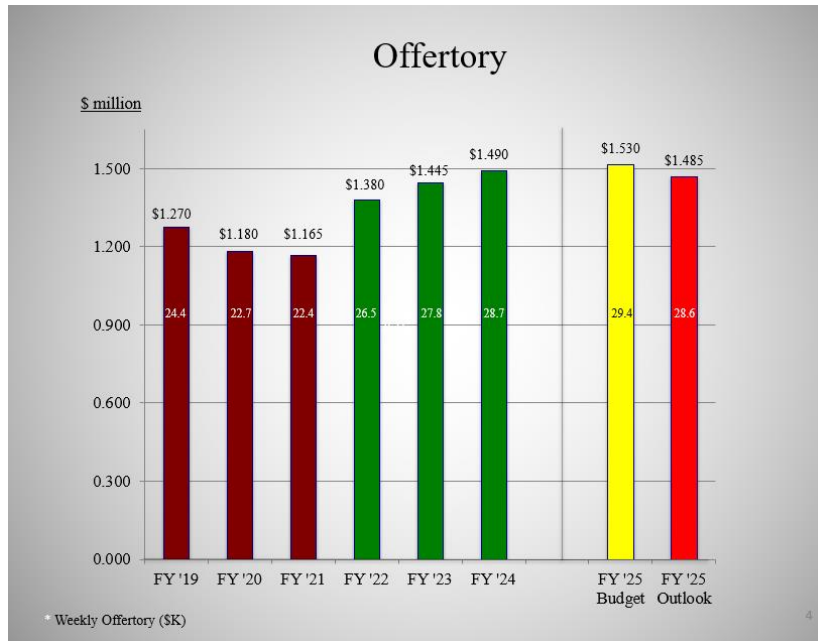


**Q1 Revenue:** Highly unpredictable cemetery revenues were the primary driver of the increased revenue, a trend which cannot be expected to continue over the remainder of the fiscal year. At the same time, **offertory revenues were very disappointing at 3% lower than budget and 1% lower than the same period last year.**

**Q1 Expense:** Operational expenses were \$16k below budget. During the period, the Parish took actions to reduce projected future expenses by \$35k and arranged for a new cost-sharing arrangement with St. Mary School to maintain the building, allowing for \$20k expense relief over the remainder of the fiscal year.

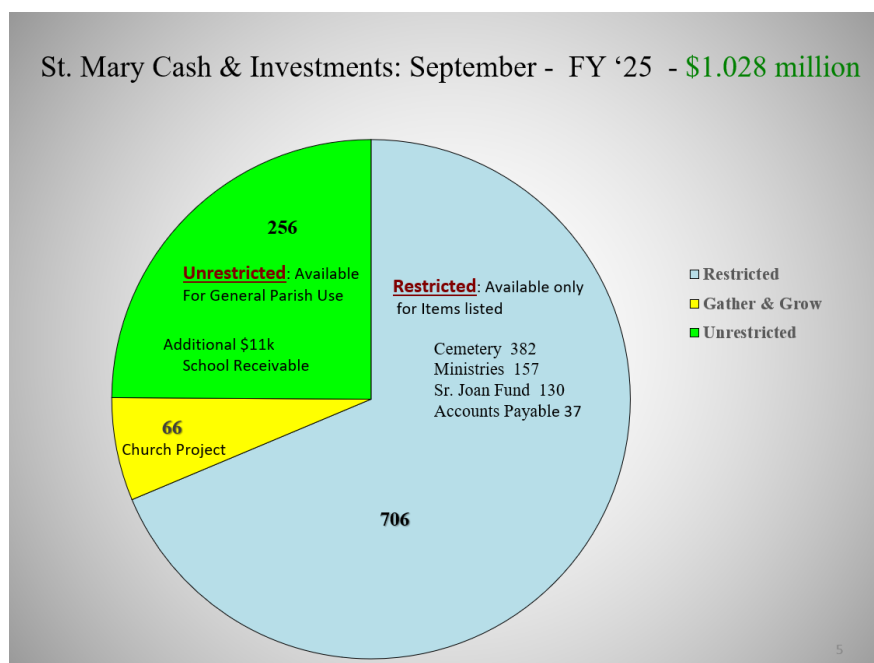
**OFFERTORY**

Offertory was \$11k (3%) lower than budgeted for the quarter, and 1% lower than last year for the same period. Assuming no change in the rate of giving, the Offertory will be \$45k below budget by the end of the fiscal year. **To meet budget, the weekly offertory will need to increase by 7%, an average of \$30.8k over the remainder of the fiscal year** compared to \$28.8k during the same period last year.



**CASH**

Unrestricted cash available for general Parish use is at \$256k, 1.3 months coverage of operating expenses. It was \$336k at the end of Q1 last year.



## FULL YEAR OUTLOOK

As we look ahead to the remainder of the fiscal year, we anticipate the operating loss for the full year will approach \$40k.

Despite the projected expense reductions and new cost sharing arrangement with St. Mary School, the Parish is experiencing higher costs for insurance and electricity than budgeted amounts. The Parish is also anticipating lower revenues from Religious Education due to lower enrollment and a 3% reduction in annual offertory, based on Q1 experience.

The \$40k loss outlook will also reduce our unrestricted cash, which is available for general maintenance use, to approximately \$200k, which is one month of operating expenses.

| FY '25: Full Year Tracking  |         |
|---|---------|
| ➤ FY '25 Budget Net Loss:   | (\$50k) |
| <ul style="list-style-type: none"> <li>• Projected Improvements to Budget           <ul style="list-style-type: none"> <li>○ Identified Expense Reductions to Date: 35</li> <li>○ St. Mary School Cost Sharing (60% vs. 52%): 20</li> <li>○ Cemetery Revenue 10% Over Budget 25</li> <li>○ Expenses 2.5% Below Budget 15</li> </ul> </li> <li>• Projected Degradation to Budget           <ul style="list-style-type: none"> <li>○ Cost Increases Since Budget Submission: 25</li> <li>○ Religious Education Revenue Lower Enrollment 15</li> <li>○ Offertory 3% Below Budget 45</li> </ul> </li> </ul> |         |
| ➤ Fiscal Year '25 Outlook   | (\$40k) |

## SUMMARY

### Full Year Break Even will be Difficult to Achieve

- Achieving budget, with expected offertory for the remainder of the year, is a significant challenge
- Cemetery revenues not sustainable at current rate
- Fewer expense reduction opportunities remain for rest of the fiscal year