

ASSUMPTION OF THE BLESSED VIRGIN MARY PARISH

O'FALLON, MISSOURI

ANNUAL PARISH FINANCIAL REPORT

In this report, we look back on the financial results of the parish for the most recent fiscal year, which began on July 1, 2021, and ended on June 30, 2022.

A gradual return to normalcy

This past fiscal year marked the beginning of a return to normalcy in our parish. The archbishop's dispensation from Sunday Mass attendance was lifted on July 1, 2021. Mask-wearing and social distancing were no longer required. Several of our social activities, including our Fall Festival, came back after a one-year hiatus. These factors turned our trends around and helped our income get closer to pre-COVID times. On the other hand, inflation has started to emerge. The slow declining trend in our school enrollment has also continued, as the number of incoming kindergarteners has been lower than the number of graduating 8th graders.

SUMMARY 2021-22 FINANCIAL STATEMENT

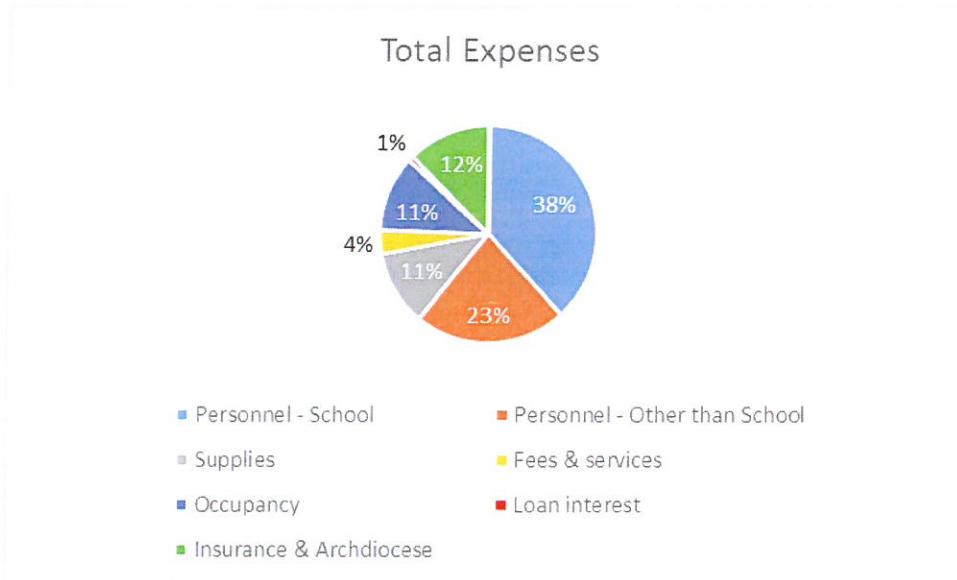
	Actual 2021-22						Actual 2020-21
	Parish & Other	School (K-8)	PSR	LifeTeen	Pre-K	Consolidated	Consolidated
Capital campaign revenue	\$ 41,365					\$ 41,365	\$ 47,660
Tuition and fees	69,542	\$ 1,471,341	\$ 42,212		\$ 306,359	1,889,454	1,823,879
Sunday revenue and other	2,304,303	694,115	451	\$ 8,532	2,338	3,009,739	2,382,482
Total income	2,415,210	2,165,456	42,663	8,532	308,697	4,940,558	4,254,021
Personnel	594,307	1,698,073	74,668	68,986	262,509	2,698,543	2,571,455
Supplies	221,059	206,280	4,921	49,114	15,997	497,371	315,539
Fees & services	47,154	111,987	125		32	159,298	92,968
Occupancy	249,419	211,555	2,160		36,050	499,184	480,989
Loan interest	32,384					32,384	45,012
Insurance & Archdiocese	357,078	161,141	4,196	1,500	27,213	551,128	603,351
Total expenses	1,501,401	2,389,036	86,070	119,600	341,801	4,437,908	4,109,314
Net ordinary income (loss)	913,809	(223,580)	(43,407)	(111,068)	(33,104)	502,650	144,707
Investment fund earnings	(122,490)					(122,490)	207,099
Endowed gifts	21,389					21,389	
Capital campaign revenue	3,672					3,672	
Govt. loan forgiveness	-					-	591,600
Capital expenditures	(31,160)	(145,444)			(5,868)	(182,472)	(137,296)
Non-cash expenses							
Bad debt	-	(9,034)			(125)	(9,159)	(22,977)
Net income (loss)	785,220	(378,058)	(43,407)	(111,068)	(39,097)	213,590	783,133
Loan principal payments						276,593	130,526
Surplus (deficit)						\$ (63,003)	\$ 652,607

Offertory collections and tuition income were both higher than last year

Our total income for 2021-22 was \$4,941,000, which is \$687,000 more than in the previous year (2020-21). This is an impressive recovery, but still below our pre-pandemic results in 2018-19. Our offertory collections were up \$181,000 over 2020-21, an increase of 10.5%, as people felt more comfortable returning to the pews on Sundays. Our K-8 school enrollment dropped by 18 students in 2021-22, but tuition rates increased, so total K-8 school tuition increased by \$76,000 from the prior year. Total Pre-K tuition, on the other hand, decreased slightly by \$13,000.

Total expenses increased because of inflation

Total expenses for 2021-22 were \$4,438,000, as compared to \$4,109,000 in the year prior to that. Personnel expenses (salaries, wages and benefits) make up over half of our total expenses, and they increased by \$127,000, or 3%, mostly from pay raises. Unfortunately, our expenses for supplies increased by \$181,000 because of inflation. Fee expenses increased by \$77,000 because of software license renewals and having two “6th grade camps” in 2021-22. Because of the pandemic, the 6th graders did not have a camp in the 2020-21 school year. Instead, those students (as 7th graders) and the 6th graders both had their camps in 2021-22.



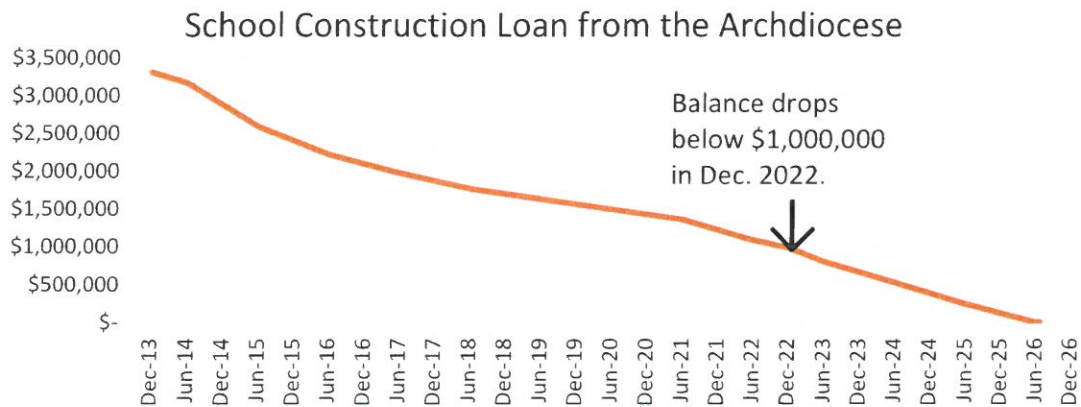
We had positive net operating income, and a grant enabled us to acquire new technology for our school

After taking all of the above into account, our net operating income for 2021-22 ended up at \$503,000, as compared to \$145,000 in the previous year. Unfortunately, some of that net operating income was offset by investment losses, capital expenditures and loan payments. The returns on our investments (mostly endowment accounts) were a loss of \$122,000 because of a weaker stock market. In addition, our capital expenditures were \$182,000, about \$45,000 more than in the previous year. School-related capital expenditures were up \$76,000, since we were able to use a pandemic relief grant to invest in new equipment, such as smart boards and tablets. The expense for bad debts (write-offs of overdue tuition and student fees) was \$9,000, about \$14,000 better than in the previous year. The principal payments on our loan in 2021-22 were \$277,000, including an extra \$75,000 that we paid with a grant from the Archdiocese.

Our operating reserves are sufficient, and our loan payments are on track

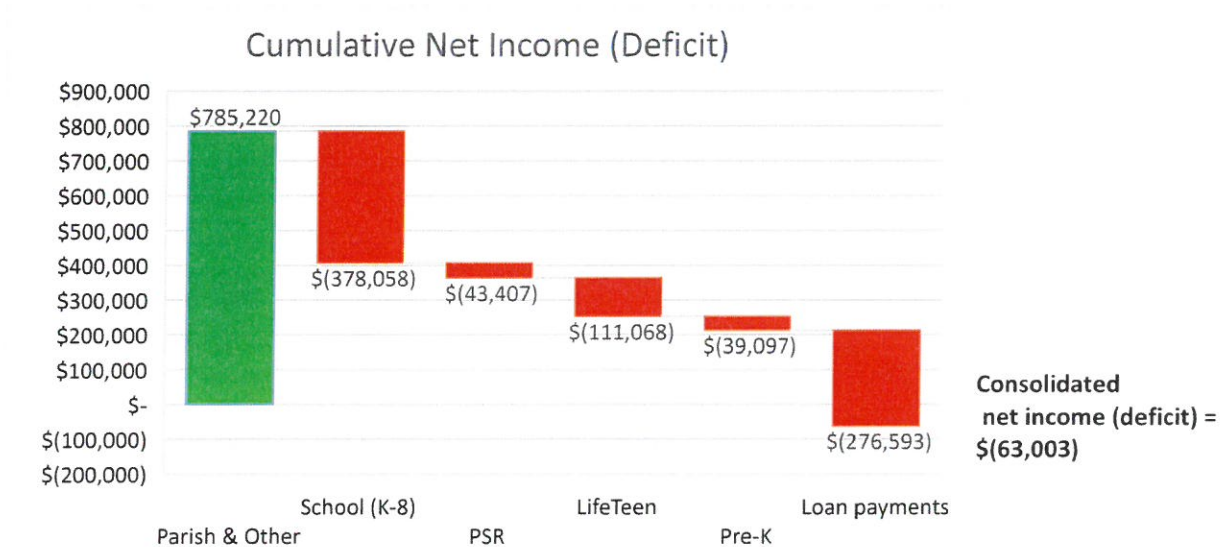
The bottom line for 2021-22 was a deficit of \$63,000, compared to a surplus of \$653,000 in 2020-21. That positive result a year ago was mostly caused by the forgiveness of our federal Payroll Protection Program loan (\$592,000). At the end of the fiscal year, June 30, 2022, we had operating reserves of \$640,000 in the bank, and we owed \$1,088,000 to the Archdiocese for our school construction loan.

Our loan payments are \$21,000 per month, and we are on track to make the last payment in August 2026.



Our parish income supports the school and other activities that are important to the mission of our parish

The chart below shows how the net income of the parish operations (in the first column) helped to cover the expenses of our school, parish school of religion (PSR), LifeTeen and preschool programs. In other words, the tuition and fees collected by these programs are not, by themselves, sufficient to cover their expenses. Because these activities are important to the mission of our parish, however, we support them with parish funds.



Government grants helped reduce our school's net loss, in spite of lower enrollment

The largest activity that contributes to the mission of our parish is the elementary school (K-8), which had a net loss of \$378,000 for 2021-22. A year earlier, the school's net loss was \$459,000. As mentioned earlier, tuition income was higher in 2021-22, as were personnel expenses. Our expenses for supplies and services increased as well, driven by inflation. On the other hand, we received \$304,000 of federal pandemic relief grants, which we used for technology and various disinfectant supplies.

Our PSR and LifeTeen programs are critical to raising the next generation of Assumption parishioners. In 2021-22, our support of those programs amounted to \$43,000 and \$111,000, mostly to cover payroll and the first year of the EDGE program for middle school students. LifeTeen's revenues were affected by the change in timing of the Big Board fundraiser, which was pushed back to September 2022. That meant that no Big Board contributions came in between July 2021 and June 2022. So far this year, though, LifeTeen has raised about \$29,000 in Big Board contributions.

Our outlook for 2022-23 is positive, but inflationary pressures are a concern

We have reason to be optimistic about the 2022-23 fiscal year, but we have some challenges ahead. Our Mass attendance is growing. Our offertory collections have also been increasing, but still lag behind pre-pandemic levels. Enrollment in our school is healthy, but needs to increase, which is a focus of our parish pastoral plan. Inflation is affecting all of our costs, including payroll, utilities, service providers and supplies. We are using caution as we prepare our budget. We are controlling our expenses by obtaining bids from other suppliers, shopping for slightly used furniture and equipment, and postponing larger purchases.

Even so, we can only do so much to limit the impact of cost increases. Our medium- and long-term future will depend on receiving higher income for the parish. That will require higher Sunday collections from our parishioners, higher enrollment in our school and, unfortunately, higher tuition rates.

Thank you

Our financial results for the past year were made possible by the steady support of you, our parishioners, and the grace of God. Your prayers and your contributions have strengthened us as we have managed our finances. We count on your continued generous financial support as we move forward into 2023. If you have questions about our parish's finances, please contact me or our business manager, Mark Vogt.

Yours in Christ,

A handwritten signature in black ink, reading "Fr. Nick Hath". The signature is written in a cursive, flowing style.