

SACRED HEART CHURCH
ANNUAL FINANCIAL PRESENTATION
FEBRUARY 8-9, 2020

I want to preface my talk today by saying that I won't be getting into a lot of figures as I usually do. If you miss that, today's bulletin insert will provide you plenty of numbers.

When my wife and I moved to Southbury in 1977 Sacred Heart was a far different church than the one we know today. The worship area was today's social hall and the old social hall was a wing to the South Britain Road side of the sanctuary. The church was staffed by two priests, four deacons (later to become five), a religious education coordinator, a parish secretary and a custodian. The Knights of Columbus and the Columbiettes were the only active groups in the parish. There was no Parish Council, Finance Council, or committees or ministries. It was a quiet little parish that provided masses, sacraments, and religious education for the youth in the public school classrooms. During those next seven years, Southbury grew considerably along with the number of parishioners at Sacred Heart.

Then, in 1984, Frs. Mark Flynn and John Cooney took over as co-pastors and the radical transformation to today's parish began. Major changes like music at what was the 7:00 Mass were instituted and a number of committees and ministries were created. In 1987, planning began for a new church building which culminated in 1990 in the worship space and atrium you see today. The church was converted to the social hall and the former social hall was turned into the kitchen and some meeting and office space. The parish offices were housed in the pastor's residence where Southbury Ambulance is now located just past the State Police barracks. And, due in large part to the opening of the IBM facility in town, Southbury and Sacred Heart continued to grow through the 1980s and 90s.

In 2003, Fr. Flynn was replaced by Fr. Joe who took over a parish recognized, officially, as the most active parish in the Archdiocese and, physically, bursting at the seams, with standing-room-only attendance at many of the masses. Another building project was undertaken which included the bump-outs being added to the worship area, the relocation of the kitchen, and the addition of the Jerusalem room off the social hall and the far wing with the Shalom Room and Fr. Joe's, Sister Pat's, and Mary Korsu's offices. The sale of the pastor's residence to Southbury Ambulance for an excellent price and the purchase of the current pastor's residence on Old Waterbury Road were part of this effort. Meanwhile, ministries and activities continued to be created and grow.

So here we are today with this beautiful facility with a warm, welcoming atmosphere, teeming with literally dozens of groups utilizing it, every day of the week.

By now I'm sure you're asking yourselves why the finance guy is giving you a history lesson. It's because the wonderful string of accomplishments that led us to where we are today only happened because of the sacrifice and generosity of the parishioners like yourselves who have occupied those pews over all these years. Facilities and activities have a cost and these costs have been met in most years with a cushion to spare; but at other times, at a loss. Unfortunately, we're in one of those losing times now.

The low-wage clergy of two priests and four or five deacons who oversaw the quiet little parish of forty-three years ago now consists of one priest and two associate pastors: Sister Pat, overseeing pastoral care and Amy Conlon overseeing faith formation and evangelization. Supporting the facilities and activities therein, now requires the efforts of ten full- and part-time trained and skilled clergy and lay people. More than half our expenses consist of salaries and benefits. It takes manpower to maintain the dynamics of an active parish like ours.

And maintaining the facilities comes at a cost, too. Much of the heating and cooling system is now 30 years old. We just had to replace the unit for the social hall at a cost of \$36,000 and the unit for the worship area is showing signs of demise. That will be a \$55,000 hit this year.

I want to assure you that the parish staff and ministries have done an exemplary job of holding the line on expenses. Overall 2019 expenses were actually lower than in 2018. We are still watching expenses closely but the problem is really with revenues.

Offertory, which was 82% of total revenues last year, was down for the second straight year. Our projections for 2020, based on the current trend, shows a decrease of \$50,000 from just two years ago. Because of declining revenues, we have had to use up \$181,000 of our savings in the last two years. We need to correct this.

On the flip side, there were two extremely positive happenings this past year. One was the exemplary generosity that you showed in the Archbishop's Forward With Faith capital campaign. Our \$1,030,000 goal was actually exceeded and thus will result in over \$600,000, being returned to the parish over the next five years but only as contributions and pledges are paid in.

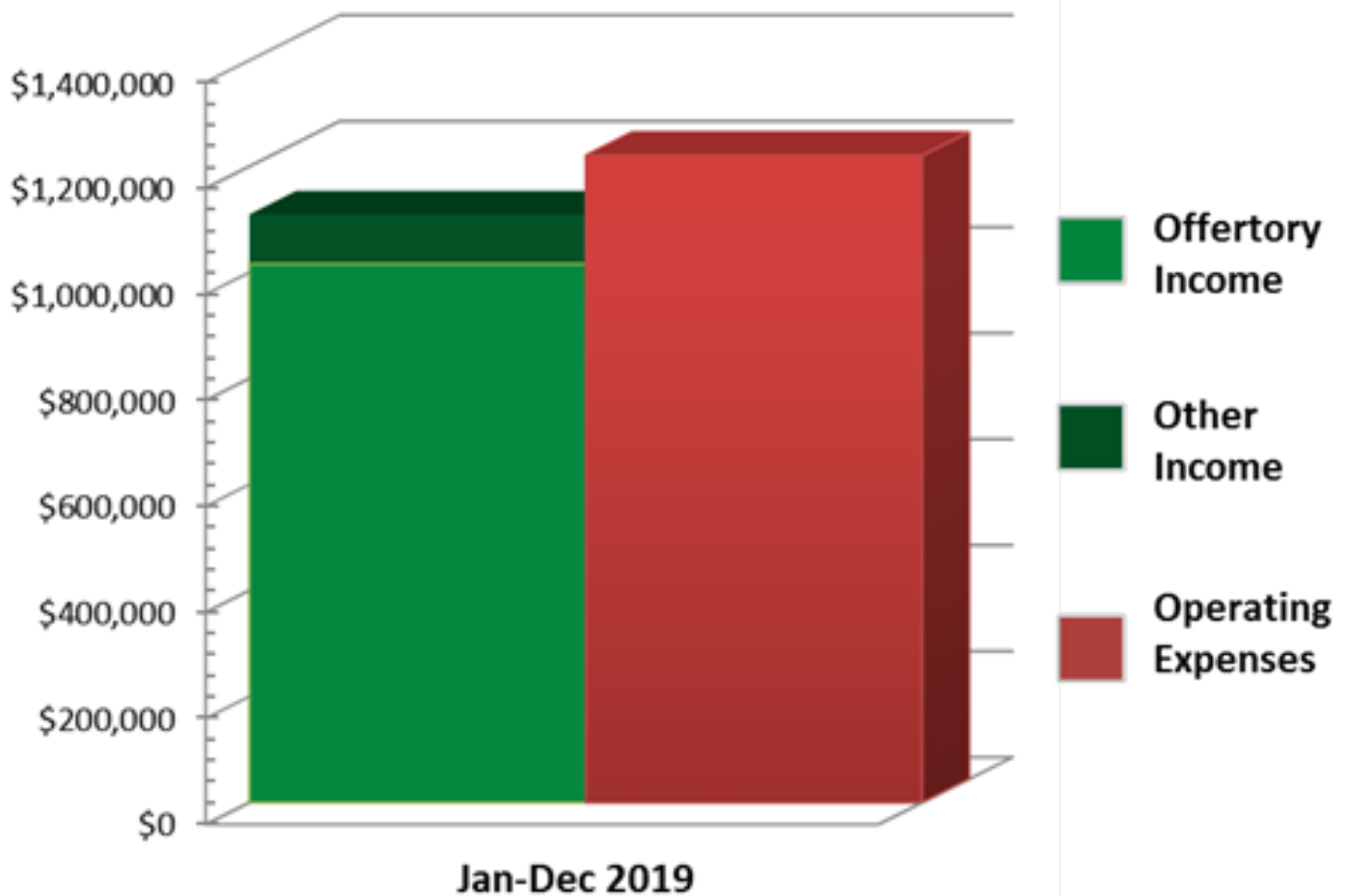
But, these funds are restricted for use in the three purposes we announced with the campaign: first, to replace the Annual Collection which had brought in \$85,000 or more in previous years strictly for Building and Grounds needs; second, the new storage shed which is in the planning process; and, third, the Rebuilt program which Fr. Joe will discuss. These funds will enable us to do things we couldn't do otherwise but they cannot be used for general purposes like salaries, utilities, or programs.

The other good news is the record year experienced by the Mustard Seed Fund, which enjoyed a 24% return for the year. Since its inception fifteen years ago, it has distributed a little under \$1.5 million for, by our choice, charity, youth service awards, and youth programs.

But despite these two positives, our negative cash flow and declining bank balances are a major concern for us on your Finance Council. Because of this, we have, for the first time ever, decided to tap into the Mustard Seed Fund to assist operations. The market returned \$460,000 for us last year and we gave out \$142,000 of it. Out of the remainder, we will take approximately \$315,000 to pay off our mortgage and our energy loan. This will still leave us with a larger balance in the Mustard Seed Fund than a year earlier and save us that much in cash outlay over the next three years. This will help our situation greatly. But not totally and not permanently. We still need your help.

We are asking you to thoughtfully and prayerfully consider what you give to help support this active, dynamic parish of yours. If you can do more, we do need your help. In order to maintain the high quality of facilities and high level of activity and involvement here, we need to turn our revenue decline around. If you cannot help more, we thank you sincerely for what you are doing. We are confident that this will be just a temporary problem because of the long history you have of generosity when a true need is seen. So please give this sincere thought and accept our thanks for all you have done for so long to make Sacred Heart such a wonderful and unique parish. God bless you all.

Parish Finances



*Offertory income: Budgeted - \$1,048,100
Received - \$1,015,915*

Thank you for your ongoing support!

**SACRED HEART PARISH
2019 FINANCIAL STATEMENTS**

STATEMENT OF FINANCIAL POSITION

	<u>12/31/2019</u>	<u>12/31/2018</u>
ASSETS:		
Cash	\$ 268,760	\$ 392,259
Investments	2,178,326	1,872,011
Property and Equipment	2,797,319	2,954,393
TOTAL ASSETS	5,244,405	5,218,663
LIABILITIES:		
Mortgage Payable	282,122	383,069
Other Liabilities	195,116	233,672
TOTAL LIABILITIES	477,238	616,741
NET ASSETS:		
Undesignated	101,871	183,464
Invested in Fixed Assets	2,458,947	2,534,482
Designated for Mustard Seed Fund	2,024,074	1,719,422
Restricted for Ministries	182,275	164,554
TOTAL NET ASSETS	4,767,167	4,601,922
TOTAL LIABILITIES AND NET ASSETS	\$ 5,244,405	\$ 5,218,663

STATEMENTS OF ACTIVITIES

	<u>2019</u>	<u>2018</u>
CHANGES IN UNDESIGNATED NET ASSETS		
INCOME:		
Offertory Collections	\$ 1,015,915	\$ 1,037,161
Gifts and Bequests	46,909	50,765
Other Income Sources	46,917	33,130
Transfer from assets designated for mustard seed	21,087	19,020
TOTAL INCOME	1,130,828	1,140,076
EXPENSES:		
Personnel	622,116	603,836
Facilities	191,616	209,285
Faith Formation Programs, net of fees collected	34,980	36,299
Mortgage	118,652	118,652
Archdiocese Assessments	121,035	132,615
Liturgy and Programs	36,117	32,216
Charity	12,668	1,339
Other Operating Expenses	75,237	70,393
TOTAL EXPENSES	1,212,421	1,204,635
DECREASE IN UNDESIGNATED NET ASSETS	\$ (81,593)	\$ (64,559)
CHANGES IN NET ASSETS INVESTED IN FIXED ASSETS		
Facilities improvements	36,500	116,129
Depreciation of assets	(193,574)	(207,277)
Building Improvement Loan	25,000	(81,250)
Mortgage Principal payments	100,947	95,795
Bldg & Grounds Fund (collections/spending, net)	(44,408)	10,500
DECREASE IN NET ASSETS INVESTED IN FIXED ASSETS	\$ (75,535)	\$ (70,750)
CHANGES IN NET ASSETS DESIGNATED FOR MUSTARD SEED		
Donations to Mustard Seed Fund	2,540	183,392
Investment Gains	457,499	(90,419)
Charitable Grants and Scholarships	(134,300)	(340,750)
Transfer to undesignated net assets	(21,087)	(19,020)
INCREASE IN NET ASSETS DESIGNATED FOR MUSTARD SEED	\$ 304,652	\$ (266,797)
CHANGES IN OTHER RESTRICTED NET ASSETS		
Donations to support homeless outreach, net of distributions	6,921	(14,115)
Investment gain on music ministry bequest, net of spending	10,800	(19,184)
INCREASE IN OTHER RESTRICTED NET ASSETS	\$ 17,721	\$ (33,299)