

ANNUAL FINANCE COUNCIL REPORT TO PARISHIONERS

FOR THE YEAR ENDED JUNE 30, 2021

The Our Lady of the Lake Parish Finance Council is pleased to provide the Parish Annual Report for the period ended June 30, 2021. Attached as Exhibits I-VIII are a Net Income Statement, Statement of Financial Position, Statement of Cash Flows, Bicentennial Campaign Status and Graphics. Please refer to these exhibits as you review the following highlights of the past year and the budget for next year. This data has been approved by the Parish Finance Council, submitted to the Diocese of Charleston on August 15, 2021, and made available to the parishioners of Our Lady of the Lake in accordance with Diocesan guidelines.

Net Income

Unrestricted Revenue

Offertory, the Parish's primary source of revenue, accounted for 96% of total revenue (see Exhibits I and V). Offertory collections for the year have remained on par with the prior year, despite a longer period of impact from the Covid-19 pandemic in 6/30/21. Please refer to Exhibit VIII for a graphic comparing offertory by month for the year ended June 30, 2021 versus the year ended June 30, 2020.

Father Dennis Willey and Parish Finance Council have met frequently and closely monitored offertory and expenditures since the pandemic began. Father Dennis shares financial information weekly in his email to parishioners. Online giving has increased from 30% to 50% of total offertory since the pandemic began. Our projections for the year ending 6/30/22 are based on continuing in-person Mass, as currently advised by the Diocese, with precautions. We are very thankful for our parishioners whose generosity has kept our parish open and operating.

Other revenue includes Interest on Diocesan Savings, which has decreased over the past year. While our investments remain intact, the Diocese has lowered the interest rate on deposits from 2.25% to 1% until December 2021. We expect the interest on deposits to return to 2.25% in January 2022 and the budget reflects this increase.

Operating Expenditures

Parish expenditures in their entirety support the mission of our Parish, which is to maintain a Roman Catholic presence in Chapin, SC. Operating expenditures for 2021 stayed under budget by 5%, and when measured against the prior year stayed about the same. This was due to decreasing the liturgical schedule during the peak months of the pandemic. Administrative

expenses were therefore a larger piece of total expenses at 25% last year. We forecast an increase in Mission and Liturgical expenditures for the year ended 6/30/22 as our normal Mass schedule resumes. We have also added a weekly Mass in the Extraordinary Form offered at 1:00 pm on Sunday.

We have budgeted for an increase in Faith Formation expenditures as classes, retreats and staff training return to a normal schedule in September 2021.

Note that the interest paid on debt has decreased when compared to the prior year. This is due to the continued paydown of principal, and the Diocesan rate on loans being decreased from 4.5% to 3.25% through December 2021. We have budgeted for the rate to return to 4.5% in January 2022, therefore interest expense will be slightly higher next year. We have continued to make our scheduled monthly payment, taking advantage of the lower interest rate to further decrease principal. Please refer to Exhibits VI and VII for graphics depicting the breakdown of Parish expenditures in total, and a side by side comparison of revenue and expenditures for the past two years and the budget for next year.

Restricted Receipts

Restricted Receipts are ear-marked for specific spending and are not available for use in reducing operating expenditures. Cemetery Sales, Diocesan Collections (Second Collections), and Bicentennial Fund Receipts are accounted for separately. Building Fund Pledge Receipts and the Debt Reduction Collection are also accounted for separately and used solely for paydown of debt on our new sanctuary and land.

Extraordinary Item – PPP Loan

At the onset of the Covid-19 pandemic, the Diocese received assistance from the Federal Government under the Payroll Protection Plan. The loan received by Our Lady of the Lake, in the amount of \$45,971 and was used to meet payroll and utility costs. Of the total received, \$43,291 was used and the indebtedness forgiven, and Our Lady of the Lake returned the portion unused of \$2,626 plus interest. The forgiven amount is included in net operating income as non-assessable income.

Projection of Debt Reduction Funds Available to Pay Down Debt

The Built on Faith Capital Campaign has officially closed, with few pledges remaining outstanding. We have collected approximately \$67,000 in pledges over the past year, and we have collected approximately \$41,000 in the Debt Reduction collection. We have budgeted that we will collect \$10,000 in remaining outstanding pledges for the next fiscal year. We also

anticipate collecting approximately \$41,000 in our Debt Reduction collection over the next year (Exhibit I). Since pledge receipts from the Capital Campaign are nearing full utilization, we will rely on the Debt Reduction collection and operating cash to pay our monthly debt going forward.

Balance Sheet (Exhibit II) and Statement of Cash Flows (Exhibit III)

Total Parish Assets have increased in the past six months by approximately \$226,000 (Exhibit II). This reflects improvements made with funds received from the Diocesan Bicentennial Campaign. Liabilities have decreased by a total of \$119,983, of which \$77,400 is a decrease in the principal balance on the loans on our building and land.

Our Operating Cash account remains strong with the balance at 6/30/21 of \$295,258, which includes approximately \$76,000 in restricted funds. Please refer to Exhibit III for an accounting of the change in operating cash from 6/30/20 to 6/30/21. Our debt projections for 6/30/22 (Exhibit I) indicate that we may need to use approximately \$12,000 of operating cash to make debt payments.

Reconciliation of Loan Balances

Please refer to the lower portion of the Balance Sheet (Exhibit II) for an analysis of parish debt. Over the past year, the principal on Parish debt has been reduced by \$77,400 through monthly payments and a lump sum payment in December 2020 of \$19,000.

Diocesan Bicentennial Campaign

Our Lady of the Lake began its Diocesan Bicentennial Campaign in late January 2020. By the end of March 2020, and prior to introducing the Campaign to the Parish, 80 families had already pledged \$700,000. This surpassed our Parish Standard Target of \$680,000 (Exhibit IV). As part of the campaign, the Parish receives 50% of funds received up to the Parish Standard Target, 75% of all funds raised over and up to 125% of the Standard Target, and 100% of all funds raised over 125% of the Standard Target. The Parish has now surpassed this Standard Target by 130%, and therefore all future pledge collections will flow directly to Our Lady of the Lake. Funds from this Campaign are being used solely for the Case Elements identified in the MAP process held last year, and many projects are already complete or in process. Detail of projects planned and in process is available upon request at the Parish office.

Summary

The Parish's financial health remains stable despite the decline in offertory over the past 2 years due to the Covid-19 pandemic. Our budget projections for next year are optimistic and we forecast 3% offertory growth. The Covid-19 pandemic is a constant challenge, therefore we are monitoring closely and will adjust budgeting if necessary. Payment of our debt is always of concern, and as demonstrated in Exhibit I, we project that almost \$12,000 of our debt payments for next year will be paid from our operating cash. We again thank our parishioners for their generosity in contributing to our monthly Debt Reduction collection.

The Finance Council works in collaboration with the Parish Pastoral Council, the Stewardship Council, Building Committee, Pastor and Staff to appropriately address current financial needs and plan for future needs. Detail of the Income Statement and Balance Sheet are available upon request at the Parish Office, as are hard copies of this package.

EXHIBIT I

**Our Lady of the Lake Catholic Church
Net Income for Years Ended 6/30/20 and 6/30/21,
and Budget for the Year Ended 06/30/22**

	<u>Net Income 6/30/20</u>	<u>Net Income 6/30/21</u>	<u>Budgeted Net Income 6/30/22</u>
Unrestricted Revenue			
Assessable Revenue			
Offertory	\$ 731,499	\$ 732,721	\$ 757,972
Flowers, candles, misc.	11,899	6,183	12,800
Other Income	3,910	1,970	4,200
Faith Formation	11,021	12,033	11,700
Total Assessable Revenue	<u>\$ 758,329</u>	<u>\$ 752,907</u>	<u>\$ 786,672</u>
Non-assessable Revenue			
Interest on Diocesan Savings	\$ 7,767	\$ 4,345	\$ 7,069
Other Unrestricted Funding (Includes BAA Refund)	21,013	2,737	5,700
Total Non-assessable Revenue	<u>\$ 28,780</u>	<u>\$ 7,082</u>	<u>\$ 12,769</u>
Total Unrestricted Parish Revenue	<u>\$ 787,109</u>	<u>\$ 759,989</u>	<u>\$ 799,441</u>
Operating Expenditures			
Administration	\$ 165,767	\$ 172,483	\$ 176,874
Mission and Liturgical Support	197,583	173,395	216,856
Facilities/Campus Maintenance	118,728	141,946	141,353
Diocesan Assessment	78,999	72,521	75,291
Faith Formation	110,841	108,302	127,347
Total Operating Expenditures	<u>\$ 671,918</u>	<u>\$ 668,647</u>	<u>\$ 737,721</u>
Non-operating Expenditures			
Diocesan Mortgage Loan Interest Paid	\$ 42,730	\$ 26,949	\$ 29,234
Total Non-Operating Expenditures	<u>\$ 42,730</u>	<u>\$ 26,949</u>	<u>\$ 29,234</u>
Total Parish Expenditures	<u>\$ 714,648</u>	<u>\$ 695,596</u>	<u>\$ 766,955</u>
Total Parish Net Operating Income	<u>\$ 72,461</u>	<u>\$ 64,393</u>	<u>\$ 32,486</u>
Restricted Receipts (A)			
Cemetery Sales, Net	\$ 9,908	\$ 16,361	\$ 50,000
Diocesan Collections Received	27,105	20,062	17,900
Diocesan Collections Paid	(26,219)	(20,949)	(17,900)
Bicentennial Campaign Funds Received	-	115,115	80,000
Building Fund Pledge Receipts (B)	220,425	66,969	10,000
Debt Reduction Receipts (B)	35,310	41,005	41,100
Total Restricted Receipts	<u>\$ 266,529</u>	<u>\$ 238,563</u>	<u>\$ 181,100</u>
Extraordinary Item (C)	<u>\$ -</u>	<u>\$ 43,291</u>	<u>\$ -</u>
Total Parish Net Income	<u>\$ 338,990</u>	<u>\$ 346,247</u>	<u>\$ 213,586</u>

(A) Restricted Receipts are unavailable for use in meeting general parish expenditures.

(B) Projection of Debt Reduction Funds Available to Pay Down Debt for the Year Ended 6/30/22:

Debt Reduction and Building Fund Pledge Balance Available at 6/30/21	\$ 11,170
Add: Projected Building Fund Pledge Receipts for the year ended 6/30/22	10,000
Projected Debt Reduction Collection for the year ended 6/30/22	41,000
Less: Projected Loan Payments Due for Year Ended 6/30/22	(74,040)
Amount to be Paid from Operating Cash. See letter for further explanation.	<u>\$ (11,870)</u>

(C) This income is forgiveness of the PPP Loan by the Federal Government. See letter for further explanation.

Our Lady of the Lake Catholic Church
Statement of Financial Position for Years Ended 6/30/20 and 6/30/21

	6/30/20	6/30/21
Assets		
Operating Cash and Checking Accounts:	\$ 229,931	\$ 295,258
Cemetery/Columbarium Account	77,532	84,694
Total Cash	\$ 307,463	\$ 379,952
Investments and Saving Accounts	433,094	437,438
Land, Buildings and Equipment	6,981,638	7,131,069
Total Assets	\$ 7,722,195	\$ 7,948,459
Liabilities		
Accounts Payable	\$ 20,914	\$ 13,203
Loans, Building and Land (A)	959,405	882,005
PPP Loan	45,279	-
Other	10,473	20,880
Total Liabilities	\$ 1,036,071	\$ 916,088
Equity	\$ 6,686,124	\$ 7,032,371
Total Liabilities and Equity	\$ 7,722,195	\$ 7,948,459

(A) Reconciliation of Loan Balances:

Beginning Balance on Building and Land Loans at 7/1/20	\$ 959,405
Paydown of Principal through Monthly Payments made from 7/1/20 through 6/30/21	(58,400)
Lump Sum Paydown of Principal at 12/31/20	(19,000)
Ending Balance on Bulding and Land Loans at 6/30/21	\$ 882,005

Our Lady of the Lake Catholic Church
Statement of Cash Flow for Years Ended 6/30/20 and 6/30/21

	<u>06/30/20</u>	<u>06/30/21</u>
<i>Cash flows from operating activities:</i>		
Net Operating Income	\$ 338,990	\$ 346,247
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in Accounts Payable and other liabilities	(2,626)	2,696
PPP loan payments received	45,279	(45,279)
Net cash from operating activities	<u>\$ 381,643</u>	<u>\$ 303,664</u>
<i>Cash flows from investing activities:</i>		
Purchases of property and equipment	(43,793)	(149,431)
Increase in Diocesan Savings	(52,844)	(4,344)
Net cash from investing activities	<u>\$ (96,637)</u>	<u>\$ (153,775)</u>
<i>Cash flows from financing activities:</i>		
Principal payments on debt	(237,416)	(77,400)
Net cash from financing activities	<u>\$ (237,416)</u>	<u>\$ (77,400)</u>
Net Cash Flow	<u>\$ 47,590</u>	<u>\$ 72,489</u>
Cash Reconciliation:		
Beginning Cash Balance	\$ 259,873	\$ 307,463
Net Cash Flow	47,590	72,489
Ending Cash Balance	<u>\$ 307,463</u>	<u>\$ 379,952</u>
Less: Cemetery Funds (Restricted Use)	(77,532)	(84,694)
<i>Cash Available for Operations</i>	<u>\$ 229,931</u>	<u>\$ 295,258</u>

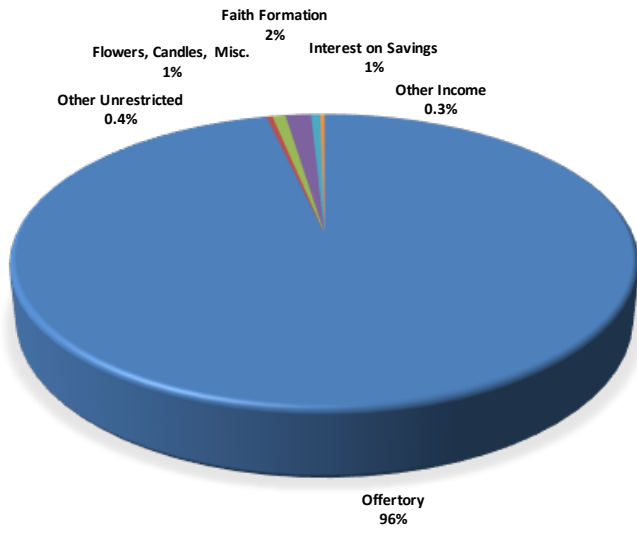
EXHIBIT IV

***Our Lady of the Lake Catholic Church
Bicentennial Campaign Status
6/30/21***

Bicentennial Campaign Goal	\$680,000	
Total Pledges Received through 6/30/21	\$882,665	130%
Cash Received from Foundation in Quarterly Disbursements	\$115,115	
Funds Used for Designated Projects	\$83,864	

**PARISH REVENUE AS A PERCENT OF TOTAL REVENUE
YEAR ENDED 6/30/21**

EXHIBIT V



**PARISH EXPENDITURES AS A PERCENT OF TOTAL EXPENDITURES
YEAR ENDED 6/30/21**

EXHIBIT VI

