

MESSAGE FROM THE TRUSTEES AND THE FINANCE COMMITTEE

Saint Leo the Great Parish is presently comprised of approximately 2,397 families. The Faithful are called to support the many missions and services of the Church, including their particular Parish, by their donations as their means allow. Many Catholics engage in what is traditionally known as *tithing*, donating a percentage of one's earnings up to 10 percent. Every Christian should diligently pray and seek guidance in the matter of participating in tithing (cf. Letter of Saint James 1:5). Above all, tithes and offerings should be given with pure motives and an attitude of worship of God and service to the Body of Christ. "Each should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver". (II Corinthians 9:7)

As this financial report indicates, it costs approximately \$1,500,000 per year to operate our Parish. All Parishioners are required to meet this financial obligation. Many Do. Many Don't. Therefore, we are asking all the members of our Parish family to examine their contributions and, if possible, to increase their weekly contribution so that our Parish can continue to provide quality religious education, and those programs which nurture the spiritual life as well as to continue to shore up our facilities.

The principal source of the funds used to maintain our Parish are the contributions of our Parishioners. It is critical that you be aware of the cost to run the Parish, as well as how your contributions are used. The financial condition of the Parish is reported annually with the hope of providing transparency regarding the stewardship of your contributions.

Attached is the Financial Review of Saint Leo the Great Parish for the period of July 1, 2015 to June 30, 2016.

On behalf of our Pastor, Reverend John T. Folchetti, the Religious and Lay Staff of the Parish, we thank you for your generosity and ask for your continued support.

Mr. Michael J. Lee
Trustee

Dr. Joelle Zabolka
Trustee

Mr. Joseph Manzi
Director of Finance

Mr. Larry Durso
Advisor

Mr. Raymond J. Harter Jr.
Finance Committee

Mr. Kevin Casey
Finance Committee

John F. Sharkey
Finance Committee

Mr. John Smith
Finance Committee

Mrs. Michelle Linzalone
Finance Committee

Mr. Tom Gioia
Finance Committee

Mr. Timothy P. Andree
Finance Committee

Mr. Ismael Nibot
Finance Committee

FINANCIAL REVIEW OF PARISH OPERATIONS July 1, 2015 to June 30, 2016

The following table summarizes the Revenue and Expenses of our Parish (excluding the School) for the period of July 1, 2015 through June 30, 2016 (our fiscal year). For the year, the Parish experienced a net profit of \$166,733, before the impact of this year's capital expenditures of \$156,811 reducing this year's net cash flow to \$9,922. Capital expenditures are discussed later in this report.

| | |
|--------------------------|-------------|
| Total Revenue | \$1,656,027 |
| Total Expenses | \$1,489,294 |
| Net Profit (Loss) | \$166,733 |

Total Revenue for the year of \$1,656,027, is summarized below. The largest component of our revenues is the weekly, Holy Days, Christmas, and Easter collections. These collections represent donations received from envelope, Parish Pay and children collections. The Carnival is also a major contributor to Parish revenues. Thank you for your generous support.

Our total revenue this year was \$88,254 greater than the previous fiscal year. This is due primarily to a \$67,000 increase in parishioner donations and in AAC rentals. These positives were impacted by lower Carnival and Diocesan collection receipts. While parishioner donations have increased, we still face the disturbing reality that more than half of registered families give either nothing or less than \$5 per week. As a result, the cost of operating our Parish is borne to a large extent by a relatively small percentage of our parishioners. There is more detail on donations under the caption Overview of Family Contributions, below.

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| Revenue | |
| Weekly, Holy Days, Christmas and Easter Collections | 1,258,094 |
| Diocesan Collections (A) | 46,474 |
| Carnival | 116,000 |
| Weddings, Funerals, Rentals (B) | 99,509 |
| One Time Gifts | 66,667 |
| Other Misc. Revenue (C) | 69,283 |
| TOTAL REVENUE | 1,656,027 |

- (A) We collected only \$46,474 from the monthly Diocesan collection; this amount is well short of the \$165,000 that we are assessed by and paid to the Diocese. The shortfall of \$118,526 had to be paid out of Parish operating funds.
- (B) Includes approximately \$45,000 in AAC rentals to outside sports teams, a \$20,000 increase over last year.
- (C) Includes \$26,740 rebate from Bishops Annual Appeal (this year we have not met our goal and will not receive any rebate in the 2016/17 fiscal year).

Total expenses for the year were \$1,489,294; this is slightly higher than last year's expenses of \$1,488,602; expenses are summarized below. Salaries and Benefits for our Clergy, Religious and Parish support staff were our largest expense, comprising approximately 54% of total expense. During the current year we provided \$168,210 in financial support to our School and Religious Education Program. This represents 11% of total expenses and is approximately \$33,000 more than what was provided to these programs in the prior year. As mentioned above, our Diocesan Assessment of \$165,000 (11% of our expenses) is only partially funded by our monthly Diocesan collection. This shortfall of \$118,526 is paid out of operating funds, thus diverting funds from other areas, including much needed maintenance and repair expenses. Other expense captions were in line with prior year spending with the exception of building and grounds which was about \$60,000 less than prior year. During this year we introduced an extensive equipment maintenance program where twice a year we have a vendor come in and perform preventative maintenance on all heating and AC equipment. This program also identifies equipment which is approaching end of life and we anticipate that we will have to change out about 5-7 units per year at a cost of \$12,000 to \$15,000 per unit. There are 33 units that will have to be replaced over the next 5 years. This will be a challenge to accomplish given the current expense structure. We are undertaking a program to identify expense reduction activities, and use these expense savings to fund these necessary equipment purchases.

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|---|-------------|
| EXPENSES(excludes School) | |
| Salaries & Benefits | \$808,732 |
| SLG School & Religious Education Support | 168,210 |
| Diocesan Assessment | 165,000 |
| Buildings & Grounds | 138,258 |
| Household & Misc. Expense | 68,871 |
| Utilities | 79,177 |
| Insurance, Leases & Debt Service | 61,046 |
| TOTAL EXPENSES | \$1,489,294 |

CAPITAL

During the past year we spent over \$326,000 on much needed repairs to the Parish infrastructure and school buildings. We are fortunate that donations from parishioners, PTA, Athletic Association fund raisers and our annual Carnival were sufficient to supplement this effort. We had to make major improvements to our school on needed security upgrades and enhancements to the physical building. Due to increased enrollment we had to make enhancements to numerous classrooms and to upgrade the network infrastructure and the purchase of new AC/Heating units. We expanded our Parish sprinkler system as well as added a new hot water heater in the Parish Center and started construction on our new Communication center (located in the AAC). This Communication center will be used for Faith formation presentations and programs as well as movie nights and will be expanded to enable senior citizens to have access to the internet and to learn the basics of computers. In the Church we added new entrance carpeting and enhanced two of the Church access entrances (some of the cost was offset by the paver donation project). We also refurbished the Church entrance and were able to offset the majority of the expense through the paver donation project.

As previously mentioned, we had to use approximately \$157,000 of this year's earnings along with a prior year donation of \$170,000 to accomplish this year's capital projects. Further in this document is an overview of future capital projects that need to be accomplished.

2015 & 2016 Capital Spending

| | |
|-----------------------------------|------------------|
| School Projects | |
| Security & classroom enhancements | \$162,078 |
| Equipment & system enhancements | 56,578 |
| Parish Projects | |
| Equipment & Media Center | 86,773 |
| Church Enhancements | 20,728 |
| TOTAL CAPITAL | \$326,157 |

OVERVIEW OF FAMILY CONTRIBUTIONS

As previously mentioned the Parish Family of Saint Leo the Great consists of 2,397 registered families. In 2017, we will undertake our second thorough review and analysis of weekly envelope use and Parish Pay participation; in 2015 we removed over 600 families that chose not to be kept on the Parish census. We will look into the non-contributors and determine if they wish to remain members of Saint Leo the Great. This review will help us avoid envelope and postage expense of supplying these families with contribution envelopes that are not being used. The results of July 1, 2015 through June 30, 2016 fiscal year brings to light some very startling and disturbing statistics. The table below reflects donations by family, stratified by average weekly contribution. Here are some facts of that review:

- 634 families (26%) do not support the Parish with any recorded contributions.
- 860 families (36%) give less than \$5 per week; their net contribution was \$ 85,648 or an average of \$1.91 per family per week.
- 308 Families (13 %) contribute 63% of the Parish's total revenue (over \$725,570).

TOTAL CONTRIBUTIONS 2015 (7/1/15-6/30/16)

| | Families | Amount donated | Weekly Average | % Families |
|----------------------|--------------|------------------|----------------|---------------|
| no Donation | 634 | | | 26.4% |
| up to \$1 per week | 335 | 8,930 | 0.51 | 14.0% |
| up to \$5 per week | 525 | 76,718 | 2.81 | 21.9% |
| \$5-10 per week | 286 | 111,084 | 7.47 | 11.9% |
| \$10 - \$20 per week | 309 | 223,850 | 13.93 | 12.9% |
| \$20-50 per week | 234 | 367,510 | 30.20 | 9.8% |
| \$50-100 per week | 62 | 214,892 | 66.65 | 2.6% |
| Over \$100 | 12 | 143,168 | 229.44 | 0.5% |
| TOTAL | 2,397 | 1,146,152 | 12.50 | 100.0% |

(INCLUDES Christmas/Easter and specials)

Do you believe that a \$5 or \$10 weekly donation is too much to ask for a family? Twenty five years ago, \$10 per week was considered a generous donation, is it today?

What can you do to support your Parish? For starters, if every one of the 860 families that currently support their Parish with an average of \$1.91 per week donation would make every effort to donate \$5 per week, we would increase our annual donations by \$137,952. This additional money would help us to start a reserve fund to deal with impending capital and infrastructure repairs that are required in the next 3 to 5 years. It costs approximately \$16 per contributing family per week to operate our Parish. If you are giving less than that, please consider increasing your weekly contribution.

CAPITAL PROJECTS OVER THE LAST SEVEN YEARS

During the past 7 years we have spent almost \$1.4 million dollars on necessary infrastructure repairs, improvements and upgrades that were required to correct existing problems and/or to modernize our Parish buildings and grounds where appropriate. Below is a summary of those projects. Many of these projects were funded by our Capital Campaign. In other instances, funds were provided by the PTA and Athletics fund-raising activities (Christmas Bazaar, Gala, etc.) and our Carnival and private contributions.

| | | | |
|-----------------------------------|--------|--|---------|
| Cafeteria walk in freezer & Equip | 22,000 | Roof School & Church | 345,000 |
| New Windows Parish Center | 22,000 | School Classroom Renovation (past 4 yrs) | 220,200 |
| Parking Lot Behind Parish Center | 25,000 | Parish Houses (siding/windows/roof) | 62,000 |

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| Improvements Pastor's House | 24,000 |
| Cafeteria Ceiling, Floor, Windows | 50,000 |
| Playground Equip & flag Poles | 28,000 |
| New Truck (used) | 5,000 |
| Monmouth Sprinkler(ball field) | 9,875 |
| Air Dynamic system (heater) | 24,900 |
| FDR Contractors (siding 3 houses) | 28,650 |
| Wishbow Construction (new windows) | 10,255 |
| ADL (2 new classrooms school) | 15,665 |
| Johnson Equipment Cafeteria | 6,213 |
| Front Ent/drain, concrete drainage system (by AAC) | 7,200 |
| Entrance Way Hurley's Lane | 5,920 |
| Side of Church Sink Hole | 9,500 |
| New Phone system | 7,075 |
| Clean Field for Solar | 1,800 |
| Roof for Parking Garage | 10,600 |
| Front School with Faith Formation Office | 65,259 |
| Security (windows and cameras) | 70,915 |
| Cafeteria Windows & Kitchen Equipment | 31,739 |

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| Sprinkler System Parish grounds | 28,000 |
| Heater Parish Center/AC units | 32,000 |
| Prayer Garden & Signage | 15,000 |
| Parish Center Roof Flashing | 9,000 |
| Two Condensing Pumps | 13,000 |
| Gate for entrance to parking Lot & Camera | 1,950 |
| Entrance School (drainage problem) | 2,100 |
| New Heat Exchanger | 2,500 |
| Entrance Way Church Hurley's Lane | 8,250 |
| Field lay fabric and stone | 15,000 |
| New curb & blacktop Front Parish Center | 25,950 |
| Front Entrance/drain, concrete and Belgium block/grass (church lot) | 9,263 |
| Gym Floor Replacement | 16,920 |
| Fire Alarm system | 8,800 |
| Ball Field repairs | 7,500 |
| New School Wild Preserve | 17,065 |
| Church carpet & interior doors | 12,728 |
| Media Center | 62,385 |
| Parish Center Equipment Replacement | 24,470 |

PROJECTS TO BE ACCOMPLISHED

Below is a summary of all current and future projects which need to be accomplished. For this year we are involved in the following four projects.

We have been working with the Diocese to begin the installation of Solar panels that will have a 15 year fixed cost for Electric and which we estimate will save up to 40% of our current electric expense. This system will have no cost to the Parish. The Diocese indicates that installation will commence in April 2017.

We are exploring the installation of a Well that should provide relief from the large water bill. We are exploring adding a filtration system so that the water can be used in all the buildings.

We applied for a grant from the Federal Government Department of Home Land Security and have received confirmation that we have been awarded a grant for \$75,000. We will use this money to install perimeter cameras on all buildings. Saint Leo the Great was one of the first Catholic institutions to receive such a grant.

During August 2016 we repaved the entire parking lot, which was in need of repair as holes and divots were becoming a safety issue.

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| Parking Lots Completed | Complete Repaving | Parking Lot was over 25 years old with many holes and cracks | \$250,000 |
| School (have 50K in fund) | Endowment Fund | Handle tuition issues for current School families | 1,950K |
| Security Cameras (Received \$75K grant) | Church, Parking Lots, Field & Private houses | Safety & Security | 75,000 |
| School/AAC heating & AC units | 33 units that need to be replaced. Have a phased approach to replace older units | 5 year project | 550,000 |
| Parish Center | New Roof | Roof is slate & almost 40 years old | 75,000 |
| Parish Center | Elevator | Elevator to access basement and second floor, expand building scope | TBD |
| AAC (phase 2) | Construct additional 500 square Foot structure | Parish meeting space for faith formation programs, meeting space for Knights of Columbus and educational space for adults programs | 250,000 |
| Convent | Kitchen | Modernize | 15,000 |

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|----------------------------|--|--|--------|
| Parish & School | Dig Well | Reduce Water bill | 15,000 |
| School | Renovate Front of School- Stucco coming away from building (Hurley's Lane) | Eliminate water leaks | 60,000 |
| Parish | Install solar lights in parking lots and ball field | Security | 35,000 |
| Parish Center | Parish Center Soffits | Wood damaged and animals getting into crawl space | 17,000 |

Parish Administration

As a Parish an area of concern was the communication methods we were using to communicate to our existing parishioners and our ability to attract new members. After numerous discussions and research we have decided to modernize our web site and introduce a new and more effective communication system. We will utilize the services of Joan Kret (an accomplished media expert) to redesign the web site and to come up with an effective outreach strategy via social media that will provide comprehensive information to all who visit this site. This entails making use of online picture, video and speech technologies. This will give us the ability to register parishioners online for all Church and Faith Formation programs, activities, upcoming events and to develop an effective communication system to alert parishioners to emergency conditions i.e. church closings. We will launch the first phase of this effort at the end of October 2016.

In April 2016 we launched the "Faith to Move Mountains" Diocesan capital campaign. We were asked by the Diocese to raise \$1,315,000 over a 5 year period. To date we have received pledges of \$1,227,889 (93% of goal) from 153 families. While we are grateful for those families who have stepped up and have made the sacrifice, we are dismayed that only 153 families (6% of our population) out of 2,400 families have felt the calling to assist in this Diocesan effort. This campaign will end at the end of October with an "in pew" effort and we hope that we can meet our goal and possibly exceed it. As a Parish, we will receive 30% of everything collected up to our goal and 70% for every dollar over our goal. We hope that the final weeks of this Program will generate additional pledges and help us reach our goal as well as exceed it so that the financial reward back to the Parish will help us address the numerous capital items as outlined earlier in this report.

Almost two years ago we started exploring using solar technology as a way to reduce energy expense and to be responsible energy users. We partnered with the Diocese and after 4 different vendors (all chosen by the Diocese) we have now entered the phase of actual planning the system and obtaining the necessary approvals to construct a 300 megawatt ground mount system that will address over 80% of our energy consumption. The system will be installed by the vendor and the Parish will have a fixed rate of 9 cents per KW for the next 15 years; we will own the system in year 16. The current rate per KW is 12 cents per KW. It is estimated that we could realize yearly savings of \$20,000 to \$25,000 in electric expense.

During this past year the Diocese put in place a program "Faith in our Future" which was to evaluate the effectiveness of Parish programs as well as to bring Parishes together to ascertain if there could be synergies with certain programs and if better communication within cohort Parishes would strengthen marginal programs through the sharing of ideas. After an exhaustive 9 month program Saint Leo the Great is going to reorganize along the following lines:

- + COMMUNAL LIFE
- + SACRAMENTAL LIFE
- + STEWARDSHIP & LEADERSHIP
- + EVANGELIZATION, CATECHESIS AND CATHOLIC SCHOOLS

The primary goals for "Faith in Our Future" are: to strengthen and enliven the Parishes of the Diocese, to improve our stewardship of personnel, finances and facilities, and to explore new models of leadership in our institutions. More about this program will be presented over the next few months.