

*Church of St. Wenceslaus
215 Main Street East
New Prague, MN 56071*

December 2007

Dear Parishioner,

As a valued member of our faith community, enclosed please find the financial report for the Church of St. Wenceslaus presented to you by our Property & Finance Board and the parish administrator.

Please note the marked improvement in the parish's financial picture from fiscal year 2005-06 to fiscal year 2006-07. Collectively, we were able to balance the parish's 2006-07 operational budget for the first time in four years. This is a significant accomplishment and a direct result of your generosity. I believe the energy generated from the Listening Sessions and the Congress of Parish Leadership contributed significantly to this success as well.

While the parish did enjoy an operational surplus in 2006-07, there are still long-term financial issues to solve. For the parish to annually rely on second collections or a bequest or a matching gift challenge to cover day-to-day operations, is impractical and not a long-term solution. Recognizing that crisis-mode financial management fails over time is important. Building back cash reserves is the right thing to do and ensures a healthier future. These issues are challenging and take great courage to address.

The past eighteen months indicate to me a profound willingness of this community to respond collectively and generously when communicated to in an open and respectful manner. Guided by the collective wisdom that came from the Listening Sessions and the Congress of Parish Leadership, many changes have occurred. These changes help meet the needs of all parishioners and serve the common good. Though diverse, we are one community of faith with many needs. When we choose to act collectively, great things are accomplished.

Do not hesitate to contact any member of the Property or Finance Board or Peter Guzulaitis with your questions regarding this report. They continue to monitor our financial statements very closely to ensure we are maintaining fiscal responsibility. Thank you for supporting our parish's mission.

Sincerely yours in Christ,

Rev. Kevin Clinton

THE CHURCH of ST. WENCESLAUS

Financial Report

Included in this report are summaries of the financial statements for The Church of St. Wenceslaus for fiscal years 2005-06, 2006-07 and the budget for fiscal year 2007-08.

PARISH REVENUE:

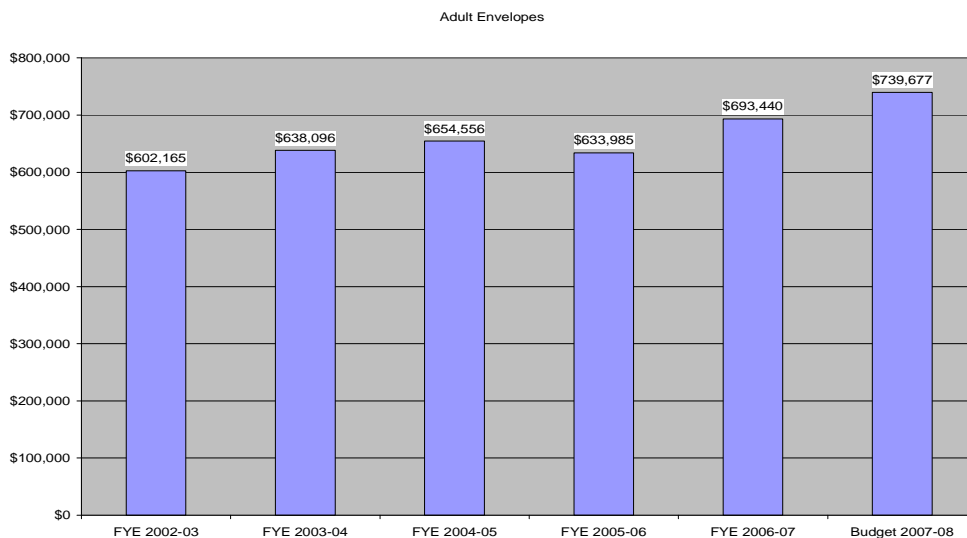
This report shows three main sources of parish income or revenue. First are *Adult Envelope Collections* and other parish-wide revenue, which, for example, includes the parish festival. The total of these revenues constitutes the *Common Parish Resources*. The common resources are spent in all areas of parish ministries. The common parish resources make up the difference in revenue generated by fees in various areas and cover the overhead for maintenance, utilities and administration.

The second source of revenue is *Fees* for the various programs offered at St. Wenceslaus parish. Primarily, this consists of a family's out-of-pocket expense or "tuition" at St. Wenceslaus School and fees associated with the Faith Formation/Youth Ministry programs. St. Wenceslaus School raises significant revenue from fundraising efforts and receives support from the New Prague School District for special programs, counseling, and textbooks.

The third main source of revenue comes from the Church of St. Wenceslaus' *Endowment Fund*. The endowment fund has approximately \$1.3 million in principal. The principal remains untouched and is invested with the Catholic Community Foundation. The annual profit generated by the endowment fund, if any, is available for use. The ministries of the School, Faith Formation/Youth Ministry and Adult Faith Formation and Pastoral Care have designated proceeds from the endowment that are disbursed every year. The remaining profit is undesignated and the Endowment Board annually makes decisions as to how these funds will be spent.

Trend in Adult Envelope Collection:

A revenue source that the Property and Finance Board watches closely is the rate at which adult envelopes - the Sunday plate collections- is received. Sunday collections grew at a 9.67% increase from FY 2005-06 to FY 2006-07. An anticipated 6.6% increase in weekly collections for FY 2007-08 is budgeted. The chart below shows the history of adult envelope collections since FYE 2002-03



Note: In FY 2006-07, second collections including a matching gift challenge were used to balance the parish's budget. These initiatives resulted in the Church of St. Wenceslaus ending FY 2006-07 in the black for the first time in five years. Second collections to balance the parish's operational budget were a one-time and necessary action. This is not a practice the parish plans to repeat in 2007-08.

PARISH EXPENSES:

This report breaks parish expenses into two separate areas. The first is *Non-Ministry Expenses* for administration, maintenance and utilities. The second area of expense is *Ministry Expenses*. Ministry expenses include program and staff costs associated with all parish ministries.

Trends in Administration, Maintenance and Utilities:

Administration expenses have increased due to more staff, an increase in insurance costs and costs associated with upgrading the parish's computer network. In addition to the pastor's salary and benefits, this area includes the cost for five full-time and six part-time staff positions. (Maintenance staff is factored here.)

The parish's facilities and grounds continue to be in good repair. Due to profits generated by the endowment fund, several projects were completed in FY 2006-07. These projects included new concrete work around the west entrance of the church, new flooring in the school, a hardwood floor in the choir area of the church and new stalls in the school's bathrooms. This area of the budget also includes the on-going upkeep of the parish's heating plant, cleaning supplies and grounds upkeep.

Utility costs are a variable. The actual costs for heating and electricity in FY 2006-07 were less than FY 2005-06. This experience is not anticipated or planned for in FY 2007-08.

Trends in Ministry Expenses:

Parish ministry expense areas include: Liturgy, Music, Faith Formation/Youth Ministry, St. Wenceslaus School, Pastoral Care and Adult Faith Formation.

This year, or during FY 2007-08, Confirmation preparation shifted and now begins in the 9th grade. Additionally, a pre-school program opened in September '07. With these changes, there will be increased costs and revenue from each of these new programs.

Professional Audit:

For the first time in the history of the Church of St. Wenceslaus an audit was completed. The accounting firm of Baune Dosen Company completed a professional audit in December 2006 of FY 2005-06. The audit complies with the Archdiocese's requirement that all parishes undergo a professional audit at least once every five years as a standard best-practice procedure.

This audit reviewed and tested procedures and internal controls of the parish and assessed the accuracy of the church's financial statements. The auditors gave the parish a positive report and concluded that the parish's financial statements are materially free from error. The report includes suggestions for better internal controls, specifically for improvements of procedures regarding the handling of funds. Steps are being taken to follow-up with those recommendations.

Due to the complexity and length of the audit report, it is not reprinted here. The Property and Finance Board welcomes all interested parishioners to view the report in its entirety at the parish office. Note: Full comprehension may require an accounting background.

PARISH REVENUE:

<u>Envelope Income:</u>	Actual 2005-06	Actual 2006-07	Budget 2007-08
Adult Envelopes	\$633,985	\$693,440	\$739,677
Children's Envelopes	\$3,402	\$1,610	\$1,670
Christmas Envelopes	\$35,544	\$32,276	\$33,890
Easter Envelopes	\$23,478	\$24,795	\$26,035
Holy Day Collections	\$5,178	\$4,975	\$5,223
Cash Plate Collections	\$25,770	\$27,652	\$27,682
Operational Deficit - Second Collection		\$76,591	
New Winter Fundraiser			\$25,000
Total Envelope Income	\$727,357	\$861,339	\$859,177
<u>Other Parish Revenue Sources:</u>			
Mass Offerings, Baptisms, Weddings & Funerals	\$6,008	\$7,402	\$5,250
Investment Income	\$4,575	\$4,936	\$3,800
Bequests & Memorials	\$14,592	\$46,756	\$3,000
Annual Catholic Appeal Rebate	\$7,516	\$6,087	\$7,600
Operational Use of Endowment Income	\$37,810		\$12,069
Audit – Paid by profits from Endowment Fund		\$9,610	
Rental Income	\$9,925	\$10,815	\$9,850
Net Parish Festival	\$54,903	\$53,942	\$55,000
Total Common Parish Resources	\$862,686	\$1,000,887	\$955,746
<u>Parish Ministry Revenues:</u>			
Faith Formation/Youth Ministry	\$27,864	\$30,463	\$40,274
Adult Faith Formation & Pastoral Care	\$5,286	\$6,356	\$5,860
Votive Candle/Ornament Fundraiser	\$1,221	\$2,811	\$2,400
St. Wenceslaus School			
Tuition - Little Spirits Preschool			\$21,150
Family Out-of-Pocket Expense/Tuition	\$663,207	\$725,054	\$756,775
Non Parishioner Assessment	\$42,000	\$33,600	\$25,300
Employee Benefit – Tuition Discount	\$3,580	\$8,175	\$8,575
Outside Financial Aid Sources	\$5,243	\$10,300	\$7,000
St. Wenceslaus School Financial Aid	\$5,000	\$19,677	\$15,000
Total Tuition Income	\$719,030	\$796,806	\$833,800
<u>Other School Revenue Sources:</u>			
School's Misc. Income - Use of Savings	\$5,600	\$73	\$29,039
Net School Fundraising Efforts	\$147,191	\$164,297	\$143,800
Subsidy from Archdiocese for School	\$10,480	\$10,166	\$9,000
Aid from New Prague School District	\$63,268	\$63,999	\$63,501
Total Parish Ministry Revenue	\$979,940	\$1,074,971	\$1,127,674
<u>Endowment Fund Disbursements to Ministries & Maintenance:</u>			
Maintenance	\$7,950	\$24,456	\$6,139
Faith Formation/Youth Ministry	\$6,546	\$5,514	\$53,000
Adult Faith Formation & Pastoral Care	\$2,629	\$0	\$4,279
St. Wenceslaus School	\$19,736	\$22,075	\$16,135
Endowment Fund Disbursements	\$36,861	\$52,045	\$79,553
Total Parish Revenue From All Sources	\$1,879,487	\$2,127,904	\$2,162,973

PARISHES EXPENSES:

Administration:	Actual 2005-06	Actual 2006-07	Budget 2007-08
Salaries & Benefits: Maintenance, Administration & Clergy	\$234,008	\$298,904	\$321,061
General Administration: Supplies, Insurance, Equipment	\$68,702	\$107,524	\$102,110
Archdiocesan Assessment	\$38,279	\$70,268	\$50,000
Audit Expense (From Endowment)		\$9,610	\$0
Total Administration	\$340,989	\$486,306	\$473,171
Maintenance:			
Total Contracted Services	\$17,329	\$22,101	\$18,810
Total Repair and Maintenance	\$9,256	\$8,699	\$10,335
Total Supplies	\$11,895	\$12,118	\$12,215
Church Repairs Including Endowment Profit	\$9,789	\$27,557	\$8,359
Total School Repairs	\$3,334	\$830	\$4,142
Grounds Maintenance	\$2,669	\$3,030	\$4,435
Total Maintenance	\$54,272	\$74,335	\$58,296
Utilities:			
Electric/Gas	\$72,092	\$69,849	\$79,000
Water/Sewer	\$4,726	\$4,617	\$5,500
Garbage	\$5,849	\$6,131	\$6,800
Telephone	\$12,617	\$11,185	\$16,700
Total Utilities	\$95,287	\$91,782	\$108,000
Total Administration, Maintenance and Utilities	\$490,548	\$652,423	\$639,467
Parish Ministry Expenses:			
School (2007-08 includes Preschool Costs)			
School Staff: Salaries and Benefits	\$1,080,742	\$1,074,733	\$1,101,175
Tuition Assistance	\$7,685	\$15,475	\$23,575
Program Expenses	\$55,983	\$55,491	\$53,338
School Other	\$19,736	\$22,075	\$0
Uses of Aid Funds from New Prague Public Schools	\$63,268	\$63,999	\$63,501
Non-School Ministry Expenses			
Ministry Staff Salaries and Benefits for: Faith Formation/ Youth Ministry, Pastoral Care & Music	\$182,268	\$184,600	\$211,672
Liturgy	\$7,964	\$9,493	\$9,550
Sacramental Preparation	\$3,822	\$4,617	\$7,600
Faith Formation/Youth Ministry Expenses	\$22,110	\$19,490	\$24,450
Adult Faith Formation and Pastoral Care	\$9,463	\$7,963	\$11,529
Music	\$7,117	\$6,142	\$8,000
Total Ministry Expenses	\$1,460,158	\$1,464,078	\$1,514,390
Total Expenses	\$1,950,706	\$2,116,501	\$2,153,857
Year End Surplus or Deficit	-\$71,219	\$11,403	\$9,116

Functional Expense Allocation:

Based on a percentage of usage, an allocation of the costs associated with administration, maintenance and utilities is made to each area of parish ministry. This allocation helps identify what the true costs are of a program or service offered by a particular ministry. It in turn helps parish leadership determine the level of parish subsidy to each area of ministry. Note: There are certain administrative costs that are not allocated to any ministry and therefore stand-alone.

Functional Expense	Actual 2005-06	Act 2006-07	2007-08 Budget
Administrative Expenses	\$113,268	\$203,828	\$158,106
Liturgy	\$100,490	\$109,248	\$115,375
School	\$1,391,812	\$1,410,115	\$1,442,895
Faith Formation/Youth Ministry	\$172,881	\$192,897	\$234,090
Pastoral Care/Adult FF	\$82,968	\$96,396	\$100,589
Music	\$89,288	\$104,018	\$102,802
Total Expenses by Area of Ministry	\$1,950,706	\$2,116,501	\$2,153,857

Frequently Asked (financial) Questions:

How much does the parish owe on the new building?

At the beginning of FY 2006-07 or July 1, 2006 the parish owed \$2,879,105. On June 30, 2007 the parish owed \$2,271,221. The parish's debt on the building was reduced by \$607,884.

How much is the subsidy to the school? What percentage of the common parish resources does that amount represent?

The parish's subsidy to the school in FY 2005-06 was 46%. In 2006-07, the subsidy was budgeted at 41%. When the parish ended FY 2006-07 in the black - because of second collections and a matching gift challenge - the actual subsidy was reduced to 35.34% or less than what was budgeted. The current level of parish subsidy to the school for the '07-'08 school year is estimated at 36% or \$341,000 of the common parish resources.

How much does it cost to educate a child at St. Wenceslaus School?

In 2006-07 there were 348 children enrolled at the school. According to the functional expense chart, the parish spent \$1,410,115 in this area of ministry that equates to \$4,052 per child.

How much does it cost for a child to participate in Faith Formation/Youth Ministry activities?

In 2006-07 there were 565 children registered in grades preschool-12th grade in Faith Formation/Youth Ministry activities. According to the functional expense chart, the parish spent \$192,892 in this area of ministry that equates to \$341 per child.

2007-08 Property & Finance Board:

Kytyn Schoenbauer, Chair
 Shannon Brusseau
 Peg Anzelc
 Ben Bartusek
 Fritz Nerud
 Stephen Yetzer
 Paul Sirek