

June 22, 2018

Dear Parishioners:

Before my departure, and prior to the arrival of your new pastor, Fr. Adam Wilczak, I would like to share some additional information with you regarding the financial state of the parish.

We are not in good shape financially. While we are able to stay current with most of our operating costs (salaries, employee benefits, utilities, insurance, maintenance, etc.), we are not able to meet our \$24,900 monthly loan payments for the CFC. The original loan balance was \$2,100,000; the current loan balance is \$2,161,000. The overall budget for construction of the CFC was roughly \$4,800,000. Of this budgeted amount, \$2,900,000 was collected through campaign pledges and fundraising. The costs remaining were financed by the \$2,100,000 loan made in 2015. For those who have made or are still making pledge payments, thank you for your generosity!

The parish has only been able to make interest payments on the CFC loan beginning in late 2016. Due to our financial situation, we have never made any payment toward the loan principle. From the \$702,000 in net proceeds from our sale of the old church properties and rectory, we will pay off the new church loan¹ and the St. James Academy loan². The remainder of the sale proceeds will be deposited in the parish savings account.

Last week an accounting review was completed by the Archdiocese to help us determine the exact disposition of all CFC capital campaign pledge payment proceeds. We believe funds may have been diverted to parish operating losses (operating and other expenses exceeding weekly offertory and other regular, non-campaign pledge income), cost overruns or construction change orders, or to purchase additional fixtures or furnishings for the church and/or the CFC, rather than applying the pledge payments to the CFC loan. In short, the parish now owes \$2,161,000 in CFC debt that is no longer secured by capital campaign pledges. While the internal control deficiencies in the parish that contributed to the current financial situation have now been corrected, a capital campaign will be necessary at some point in the future to raise additional funds to pay off the outstanding debt. Fr. Wilczak will confer with the finance council regarding these matters as well as to determine whether a new rectory will need to be purchased or built in Gardner.

Completely separate from the CFC capital campaign and loan issues discussed above, Archdiocesan staff has been able to determine that for approximately 9 years a total of \$221,500 of parish funds are unaccounted for. This total is the amount that the parish will claim as a loss with our insurance company. If we are successful in recovering these funds from the insurance company, the funds will be deposited into the parish savings account.

I do not relish sharing this unsettling information with you. However, I feel that in order for Fr. Wilczak to be able to lead the parish effectively and to thrive in building up Divine Mercy to achieve even greater things for God and His Church, it is helpful that I clarify these issues to the extent that I am able at this time. I know you will provide a warm welcome to Fr. Wilczak and will give him your full support and prayers as your new pastor.

As I prepare to leave Divine Mercy Parish, please know that you have truly been a blessing to me and will remain in my prayers. Thank you and may God bless and keep you all.

Sincerely yours in Christ,
Fr. Riley

¹ New church loan originated January 2004 in the amount of \$1,200,000. Current payoff is \$59,500.

² St. James Academy operating loan originated June 2010 in the amount of \$128,000. Current payoff is \$90,000.