



What Do The Numbers Mean?

An overview of financial administration within Parish life

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OBJECTIVE

Review, discuss and understand the key areas of responsibility in the financial administration of a Parish including:

1. Why is financial health important?
2. Who is responsible for the financial duties in a Parish?
3. What do the numbers mean? What tools can we use?
4. When is financial information reported?
5. How to monitor the financial health of our Parishes?
6. Where do we get help?



1. WHY FINANCIAL HEALTH?

- Both Civil and Canon Law require a level of financial oversight to ensure stewardship of the temporal goods of a Parish.
- Canon Law entrusts this stewardship to the Pastor who represents the Parish and the Bishop. The Bishop has ultimate responsibility for all parishes in the Eparchy
- Civil law, applied primarily by the Canada Revenue Agency, requires all charitable organizations maintain specific reporting standards to protect their status as a charity or society and all donors
- Parishioners expect the highest level of stewardship of the monies they donate and raise to meet the needs and growth of their Parish
- Parish financial viability requires financial health, otherwise a parish may not be able to continue to serve its parishioners

Financial Health is a matter of Service not Power



2. WHO IS RESPONSIBLE?





Role of the Eparchy & Parishes

Parishes (rural), Parishes (urban small), Parishes (urban large), Eparchial Organizations

Eparchy

- Execute the pastoral works of the Bishop
- Support Parishes through combined religious education, youth, & liturgical ministries etc.
- Support Parishes in administration of payroll, insurance, safer environments etc.
- Support Parishes with major projects and/or initiatives

Parishes

- Build, nurture and grow our faith- based church community
- Support our Bishop in his pastoral works
- Financially support Parish Life
- Financially support Eparchy through the designated contributions
- Support events and activities around the Eparchy

We are ONE Family



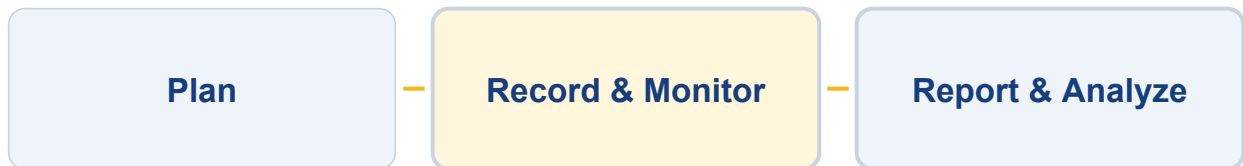
3. WHAT DO THE NUMBERS MEAN?

In this section, we will:

1. Discuss the importance of planning, monitoring and reporting your Parish's finances
2. Present samples of three main financial tools:
 - Income Statement (what you earn)
 - Budget (what you have planned)
 - Balance Sheet (what you own)
3. Review sample statements, and discover "What the Numbers Mean"



Basic Financial Process



Financial Health is less about finances and more about communication



Income Statement (Profit and Loss)

Refer to Example 1 on the following page

Summarizes:

How much you EARN (Revenue)

LESS how much you SPEND (Expenses)

EQUALS PROFIT or LOSS

Some revenue and expenses are the same each year (Sunday Collections, Pastoral Stipend, utilities, repairs and maintenance)

Some revenue and expenses are unique (Fundraising campaign, major evangelization or renovation project)

Identifying and actioning trends leads to better monitoring of financial health and decision making



Example 1 - Statement of Profit and Loss

PARISH NAME / Statement of Profit and Loss - SAMPLE	2017	2016	Notes
Revenue			
Sunday Collections	\$65,000	\$60,000	
Donations	\$6,000	\$2,000	some may be restricted
Eparchial Collections	\$12,000	\$11,500	4 collections per year; paid out
Fundraising	\$10,000	\$5,000	some funds may be restricted
Grants	\$0	\$8,000	consider applying for capital projects
Parish Events	\$2,500	\$2,000	
Interest/Investment Income	\$500	\$500	
"other revenue"	\$100		
Total Revenue	\$96,100	\$89,000	
Expenses			
Pastor Renumeration	\$60,000	\$57,000	Eparchial invoicing
Parish Activities	\$4,000	\$5,000	important for Parish health
Cathedraticum	\$6,500	\$6,000	10% of Sunday donations
Eparchial Collections	\$12,000	\$11,500	paid out of receipts of 4 collections
Subtotal	\$82,500	\$79,500	
Church Maintenance	\$2,100	\$2,000	
Hall Maintenance	\$4,800	\$4,500	
Utilities	\$5,200	\$4,900	
Parish Residence Expenses	\$0		where such facility exists
Building Improvements	\$0	\$25,000	capital project expensed in the year
Subtotal	\$12,100	\$36,400	
Office Expenses	\$1,000	\$1,250	
"other expenses"	\$0	\$200	
Subtotal	\$1,000	\$1,450	
Total Expenses	\$95,600	\$117,350	
Net Profit (Loss)	\$500	-\$28,350	Deficit in 2016 related to one time building improvement

Donation Receipts



Budget

Refer to Example 2 on the following page

A budget is the plan for the parish by which the pastor and council can manage the financial health of parish activities

Budgets are typically approved by the pastor, pastoral council and parishioners (financial mandate)

To build a budget:

use your prior year results and update based on future projections (i.e. cost of living increases)

Include specific initiatives (additional fundraising, major project)

NOW WHAT?

Quarterly, use your budget to compare your plan to actual results for the period. Any difference is called a variance.

Variances must be addressed on a timely basis, and in some cases actioned through spending or budget adjustments



Example 2 - Budget

PARISH NAME / Budget - SAMPLE	Actual to June 30	Budget to June 30	Variance	Annual Budget	Notes
Revenue					
Sunday Collections	\$55,000	\$53,000	\$2,000	\$100,000	
Donations	\$6,000	\$2,000	\$4,000	\$5,000	consider restricted donations
Eparchial Collections			\$0		not budgeted (1)
Fundraising	\$10,000	\$15,000	-\$5,000	\$15,000	consider restricted fundraising
Grants	\$7,500	\$10,000	-\$2,500	\$10,000	
Parish Events	\$2,000	\$2,000	\$0	\$3,000	
Interest/Investment Income	\$500	\$500	\$0	\$1,000	
Total Revenue	\$81,000	\$82,500	-\$1,500	\$134,000	
Expenses					
Pastor Remuneration	\$30,000	\$30,000	\$0	\$60,000	based on specific districts
Parish Activities	\$4,000	\$4,000	\$0	\$5,000	
Cathedraticum	\$5,500	\$5,300	\$200	\$10,000	10% of Sunday Collections
Eparchial Collections					not budgeted (1)
Church Maintenance	\$2,100	\$2,000	\$100	\$3,000	
Hall Maintenance	\$4,800	\$4,500	\$300	\$5,000	
Insurance	\$2,400	\$2,500	-\$100	\$2,500	
Utilities	\$4,500	\$5,000	-\$500	\$6,000	
Building Improvements	\$0	\$25,000	-\$25,000	\$25,000	
Office Expenses	\$1,500	\$1,250	\$250	\$2,000	
Total Expenses	\$54,800	\$79,550	-\$24,750	\$118,500	
Net Income	\$26,200	\$2,950	\$23,250	\$15,500	



Balance Sheet(or Statement of Net Worth)

Refer to Example 3 on the following page

Provides a NET WORTH of your Parish:

What you OWN (Assets)

LESS What you OWE (Liabilities)

EQUALS your EQUITY (Net Worth)

What you OWN includes cash, investments, buildings, land, art work, equipment; many not for profit organizations (i.e. parishes) only report their cash and investments as all “fixed asset” purchases are expensed in the year bought (but these assets should be tracked)

What you OWE includes any loans or outstanding bills

Liquid assets (cash and investments), in the amount of one years expenses is recommended as a “rainy day fund”



Example 3 - Balance Sheet

PARISH NAME / Balance Sheet - SAMPLE	2017	2016	Notes
Assets			
Cash	\$25,000	\$30,000	
Investments	\$60,000	\$65,000	taking out \$5000 from investments to pay loan
"other assets"	\$0		
Total Assets	\$85,000	\$95,000	reduced assets to repay loan
Liabilities			
Accounts Payable	\$5,000	-	
Loans Payable	\$60,000	\$70,000	
Subtotal	\$65,000	\$70,000	
Equity	\$20,000	\$25,000	available to parish
Total Liabilities & Equity	\$85,000	\$95,000	



Understanding Financial Health

Profit and Loss & Balance Sheet

Financial statements report the historical operations of your Parish. Ask yourself these questions:

1. How much does it cost to operate your Parish?
2. How much is raised from donations, fundraisers and other means? Is it enough?
3. Are you meeting your financial obligations to support the Eparchy and other religious organizations?
4. Are you maintaining a consistent Equity balance?

From these reports you can also assess future financial health:

Are you meeting your financial obligations annually? Y/N

Are your revenues stable from year to year (trend)? Y/N

Are major capital projects planned/needed? Y/N

Do you carry a reserve? Is it enough? Y/N

What is your plan for the future?



4. WHEN IS FINANCIAL INFORMATION REPORTED?

- At minimum an Income Statement and Balance Sheet must be prepared annually.
- Financial statements should be reviewed by at least two people acting, who are not on council, to ensure they represent the financial operations and presented at an annual general meeting.
- For Parishes registered as a Charitable Organization or Not For Profit with CRA, they must submit financials statements and Charity Return (T3010) within 6 Months of their year end
- Copies of the financial statements and the Charity Return are to be forwarded to the Eparchial Office, annually



5. HOW TO MONITOR FINANCIAL HEALTH

PROCEDURALLY

- Ensure that your parish has bylaws, policies and/or procedures in place
- Ensure competent people are placed in charge of record keeping and reporting
- Ensure that two people sign all cheques (the pastor and one council member) except for gaming accounts or if the pastor is away; ensure two people conduct the count of donations

FINANCIALLY

- Ensure you clearly understand the annual financial statements (take part in the annual audit review)
- Ensure the income statement is presented at least quarterly at a Pastoral Council meeting and any deviation from the budget explained
- Look at the trends from year to year and make decisions



6. WHERE TO GET HELP

- Access expertise within your parish
- Contact the Chancery office; we will walk through the recommended Eparchial protocols for good financial management and stewardship
- Access external courses, where available



OVERVIEW

- Financial Health of a Parish is important to parish growth and viability
- The Pastor, has ultimate stewardship of the financial activities of your Parish (establishing processes and monitoring financials)
- Every Parish is obligated to submit all annual financial statements and reporting to their parishioners, the Bishop and CRA or other government bodies.
- Every Parish must meet their financial obligations including timely payment of the cathedraticum and forwarding monies from other collections
- Every Parish must be active in addressing possible issues with their cash flow, budget and financial health;
- When needed, ask for assistance