



What Do The Numbers Mean?

An overview of financial administration within Parish life

Presented by: Iryna Laschuk, Chancellor / Director of Finance



OBJECTIVE

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

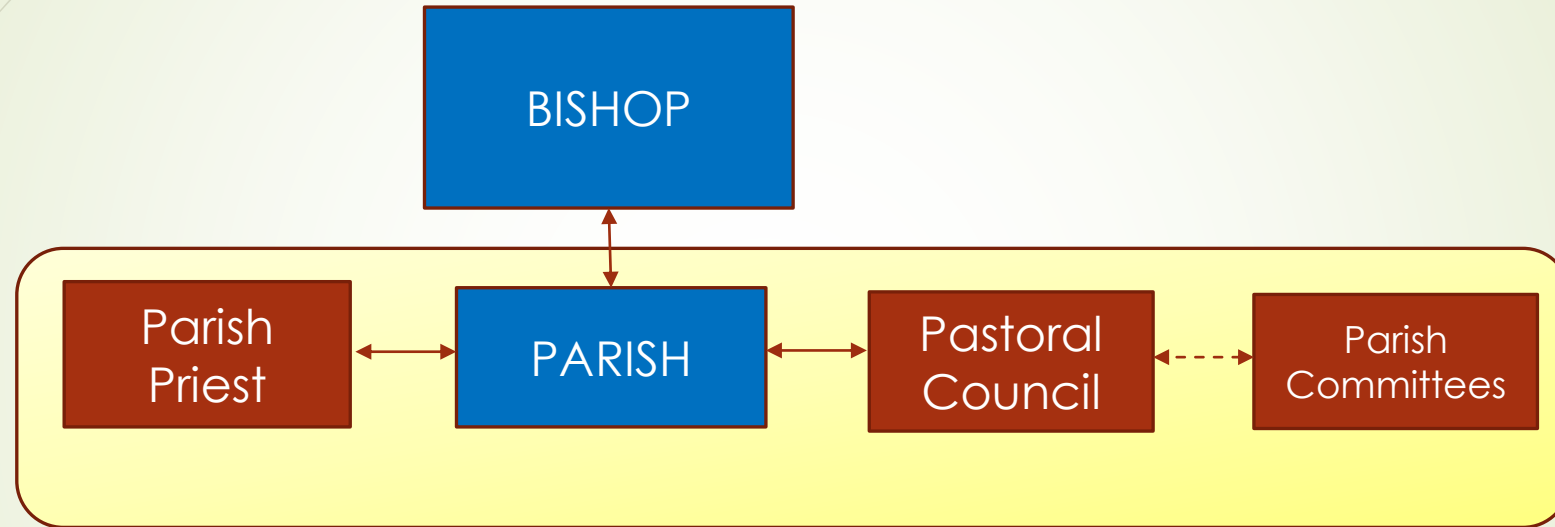
1. **Why** is financial health important?
2. **Who** is responsible for the financial duties in a parish?
3. **What** do the numbers mean? What tools can we use?
4. **When** is financial information reported?
5. **How** to monitor the financial health of our parishes?
6. **Where** to get help?

1. WHY FINANCIAL HEALTH?

- Parishioners expect the highest level of stewardship of their donations for the needs and growth of their Parish
- 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 of the parish 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
- Parish financial viability is important to ensure that parishioners of the area will be served in the years to come.

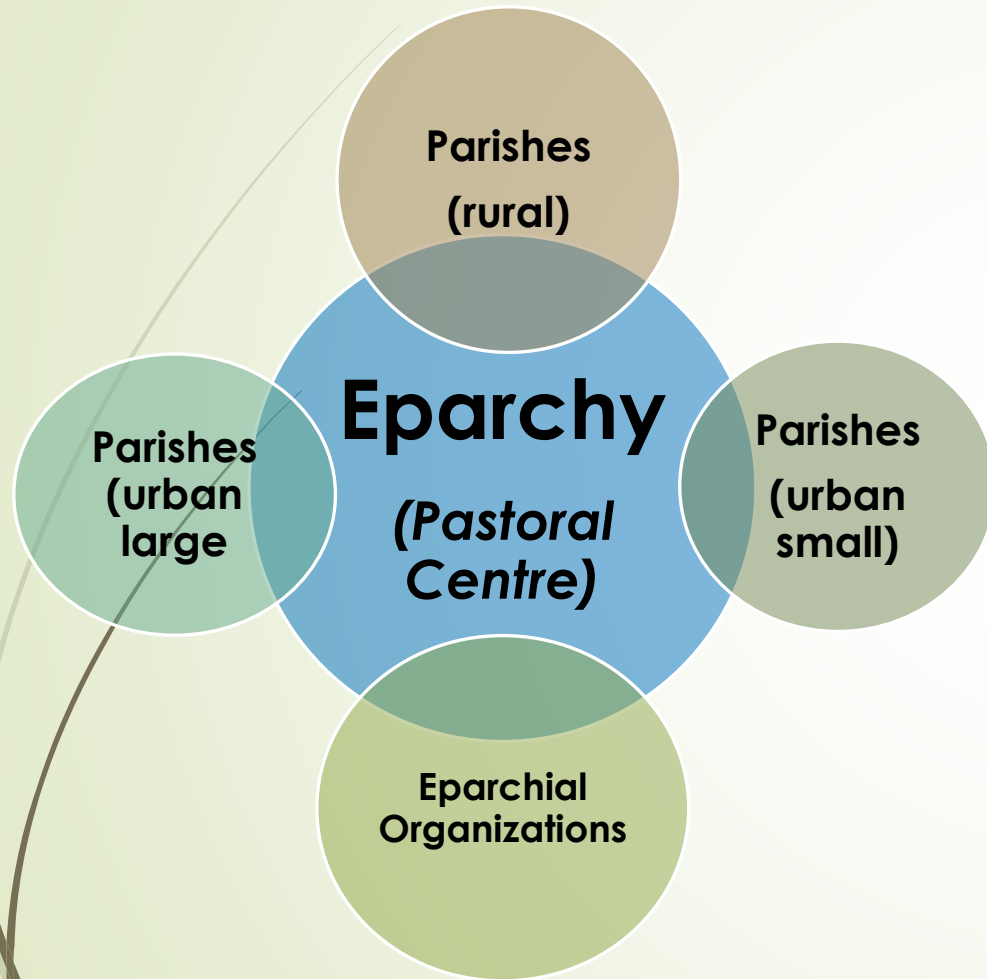
Financial Health is a matter of Service not Power

2. WHO IS RESPONSIBLE for the PARISH?



- The **bishop** has responsibility for all the parishes in the eparchy
- The **parish priest**, appointed by the bishop, is responsible for the pastoral care of the parish
- The **parish**, through its parishioners, establishes appropriate councils to deal with pastoral and financial matters

Role of the Eparchy & Parish



Eparchy:

- Carries out the pastoral works of the **bishop**
- Supports **parishes** through combined religious education, youth, & liturgical ministries etc.
- Supports, **parishes** in administration of payroll, insurance, safer environments, property management etc.
- Supports **parishes** with major projects and/or initiatives through loans or grants
- Financially support **parish life**

Parish(es)

- Builds, nurtures and grows our **faith community**
- Supports our **bishop** in his pastoral works
- Financially supports the needs of the church through the 4 eparchial collections including vocations.
- Participates in events, workshops 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**:
 - Budget (what you have planned)
 - Income Statement (what you earn)
 - 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



Budget

Refer to Example 2
(next page)

- A budget is the plan by which the pastor and council manages the financial health of their parish
- Budgets are typically prepared by the finance committee/pastoral council, approved by the pastor & pastoral council and then brought to the parishioners for approval (financial mandate)
- To build a budget have a discussion:
 1. use your prior year(s) results (revenues and expenses) and create your budget based on your future projections (i.e. cost of living increases, new initiatives)
 2. Add any special initiatives such as new fundraising, major projects, major repair or replacement
 3. Is the budget balanced? Is there a surplus? Is there a deficit? Explain the impact each scenario has on the parish - particularly if there is a deficit.



Budget (cont.)

- ▶ Once the budget is prepared and approved by the parishioners, this becomes the mandate for the pastoral council to manage the finances of the parish.
- ▶ From time to time, unexpected expenses may arise, and the council has the authority to act in good-faith on behalf of the parish. In some cases, major expenses, over a specific threshold (say \$5000), that were not budgeted, may need to be brought back to the parishioners for approval. Check your bylaws for these thresholds.
- ▶ At council meetings (at least quarterly), present the actual financials and compare to the budget to see if the parish is on track. Any difference is called a variance.
- ▶ Variances must be reviewed and addressed on a timely basis, and in some cases actioned through spending or budget adjustments

PARISH NAME				EXAMPLE 2	
Budget - SAMPLE					
For six months January 1 to June 30, 2017					
	Actual to June 30	Budget to June 30	Variance	Annual Budget	
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 Renumeration	\$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	

Income Statement (Profit and Loss)

Refer to Example 1
(next 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)
- Monitoring, analyzing and actioning **trends** over several years leads to better decision making for the parish

PARISH NAME
Statement of Profit and Loss - SAMPLE
For the Year Ended December 31, 2017

EXAMPLE 1

	2017	2016
Revenue		
Sunday Collections	\$65,000	\$60,000
Donations	\$6,000	\$2,000
Eparchial Collections	\$12,000	\$11,500
Fundraising	\$10,000	\$5,000
Grants	\$0	\$8,000
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
Parish Activities	\$4,000	\$5,000
Cathedraticum	\$6,500	\$6,000
Eparchial Collections	\$12,000	\$11,500
	\$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	
Building Improvements	\$0	\$25,000
	\$12,100	\$36,400
Office Expenses	\$1,000	\$1,250
"other expenses"	\$0	\$200
	\$1,000	\$1,450
Total Expenses	\$95,600	\$117,350
Net Profit (Loss)	\$500	-\$28,350

Donation Receipts

some may be restricted
 4 collections per year; paid out
 some funds may be restricted
 consider applying for capital projects

Eparchial invoicing
 important for Parish health
 10% of Sunday donations
 paid out of receipts of 4 collections

where such facility exists
 capital project expensed in the year

Deficit in 2016 related to one time
 building improvement

Balance Sheet (or Statement of Net Worth)

Refer to Example 3
(next 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, artwork, 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
- Ideally, parishes should have a “rainy day fund” of liquid assets (cash and investments), in the amount of **one years** expenses. This will help a parish manage through short term financial uncertainty.

PARISH NAME

EXAMPLE 3

Balance Sheet - SAMPLE

As At December 31, 2017

	2017	2016	
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	
	\$65,000	\$ 70,000	
Equity	\$20,000	\$ 25,000	available to parish
Total Liabilities & Equity	\$85,000	\$ 95,000	



4. **WHEN** IS FINANCIAL INFORMATION REPORTED?

- At minimum, an Income Statement and Balance Sheet must be prepared annually; however best practice is to provide financial reporting at parish council meetings on a regular basis.
- Year end financial statements should be reviewed by at least two people, who are not on council, to ensure the statements represent the financial operations of the parish. The statements are presented for approval at an annual general meeting of the parishioners.
- 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 (provide training if needed)
- Ensure that two people sign all cheques (usually the pastor and one council member, however two authorized executive member is also acceptable)

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 budget variances explained
- Look at the trends from year to year and make decisions

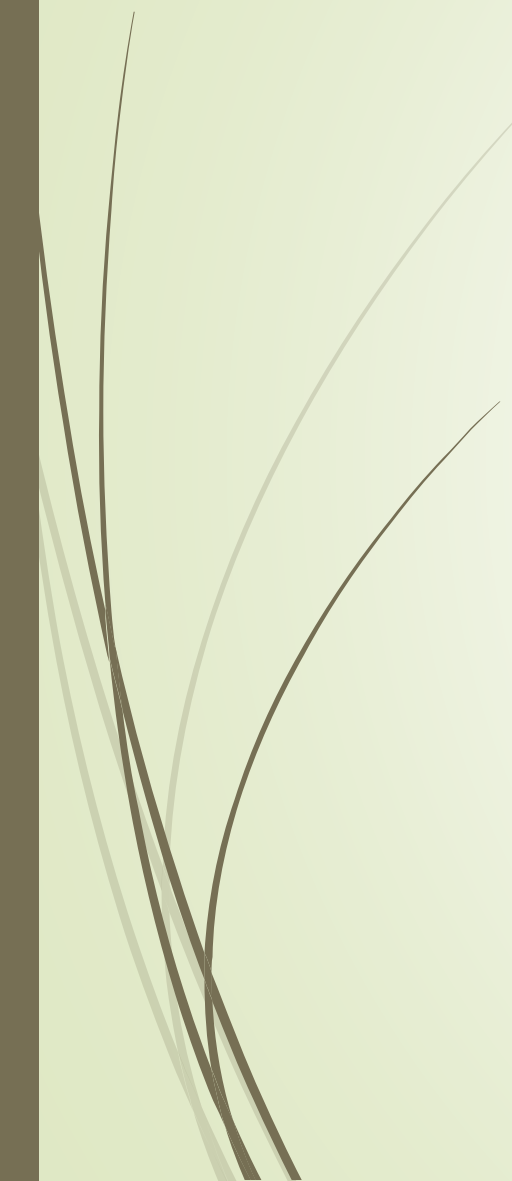
Assessing your Parish's Financial Health

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. Does the parish have a good “rainy day fund”? And when would you use it?
- 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**
 - Are your savings enough to support the parish in difficult financial years? **Y/N**
 - **What is your plan for the future?**



6. **WHERE** TO GET HELP

- Access expertise within your parish
 - Contact the pastoral centre and we will answer your questions and help guide your work with the finances
 - we will walk through the recommended Eparchial protocols for good financial management and stewardship
 - Access external courses, where available. If there is interest, the pastoral centre may be able to develop a training program for budgeting, recording and reporting financial
- 



IN SUMMARY

- Financial Health of a parish is important for parish growth and long-term viability
- The pastor, pastoral council and all parishioners have the responsibility for the stewardship and the financial viability of the parish operations including the pastor's salary, lay formation, cathedraticum and church building operations.
- The most important part is to plan your parish's financial future and communicate to your parishioners so that they can help support the church as needed.

Glory Be To Jesus Christ! Glory Be Forever!