



Our Lady of Sorrows Annual Report - Parish Finance Summary

2015 Results & 2016 Budget

Our Lady of Sorrows Annual Report

As your Parish Finance Council, we are pleased to present to you this Annual Report, providing you details of our financial results for fiscal year 2015 and our budget for fiscal year 2016.

Our goal in this Annual Report is to be transparent with our finances so that all parishioners can see and understand our financial results.

We have moved on and learned a lot from our time in the Matthew 13 Collaborative. As such, we will use that knowledge as we head into 2016 and into any future collaborative in order to protect and preserve your generous contributions to Our Lady of Sorrows.

Your Parish Finance Council,

Jim Spoto, Chair

Stan Graveline

Miguel Villanueva

Chuck Ahern

Jim Hanlon

Kimberly DeTrask

Joe Green

Agenda

- Fiscal Year 2015 Results

- Cash Balance Analysis

- Fiscal Year 2016 Budget

Looking back on fiscal year 2015

Our results for 2015 show a significant net loss for 2015 in the amount of \$140k, as compared to net *income* of \$16k in 2014. The loss is due to two factors: significant collaborative expenses borne by our parish as well as a decrease in our offertory and annual collections.

Total collaborative costs for 2015 were \$550k and our share of this was \$150k. Of these costs, approximately \$45k was related to priests' compensation. Therefore, our incremental costs of the collaborative were about \$100k. The \$100k paid for the salaries of the collaborative team (Finance Director, Communications Director, Priest Assistant, etc.) and startup costs for the infrastructure the team put in place.

In addition to these incremental costs, our offertory was down 14% and our annual collection was down 26%. Based on the survey feedback we have received from parishioners, it appears that this decrease was very much related to our participation in the collaborative.

Unfortunately, our cash balance decreased by \$140k in 2015, which is approximately one-third of our total cash reserves. A key goal in the coming year is to preserve our remaining cash balance, with a focus on taking steps to increase the reserve over time.

FY15 results show significant loss due to collaborative expenses and decrease in income

	FY2015	FY2014	(Unfavorable)	
	Actual	Actual	Favorable	
			Variance	
Weekly Offertory	327,174	382,335	(55,161)	Average weekly offertory down 14% from prior year
Annual Collection	63,295	86,082	(22,787)	
Other Income	36,039	51,181	(15,142)	\$5k hymnal income included in FY14
Religious Education Fees	27,298	30,794	(3,495)	
Winners Club Income	-	2,215	(2,215)	Winners Club closed during FY14
Interest Income	2,491	2,681	(190)	
Total Income	456,298	555,288	(98,990)	
Salary	224,939	257,130	32,191	Decreased as priest salary included in Collaborative expenses
Collaborative expenses	145,566	10,738	(134,828)	Collaboartive shared expenses; Includes salaries and other items
Benefits	57,452	59,271	1,819	
Utilities/Maintenance	73,579	67,178	(6,401)	\$4k roof shovel + \$8k plowing vs \$5k total plowing in FY14
Religious Education	17,879	24,150	6,271	Copier, computer, phone, desk & other supplies purchased in FY14
Archdiocesan Contributions	30,390	34,575	4,185	FY14 - \$31k Tithe, \$3.6k Catholic Appeal. FY15 - \$27k Tithe, \$3k Catholic Appeal
Liturgical	27,457	34,213	6,756	\$4k Fr. Scott send-off in 2014
Capital Improvements	3,339	19,594	16,255	FY15: Phone & computer purchases; FY14: Organ, Ramp & Entrance work
Office	8,626	10,590	1,964	
Winners Club Expense	-	7,858	7,858	Winners Club closed during FY14
Music	2,230	6,273	4,044	\$5k hymnals in FY14
Other	1,289	2,659	1,370	
Total Operating Expenses	592,746	534,227	(58,518)	
Youth Ministry Program Income	11,136	13,694	(2,558)	Gross income for YM service trips & retreats
Youth Ministry Program Expense	(13,881)	(18,767)	(4,886)	Gross expense for YM service trips & retreats
Net Youth Ministry Expense	(2,745)	(5,073)	2,328	
Net Income (Loss)	(139,193)	15,987	(155,180)	

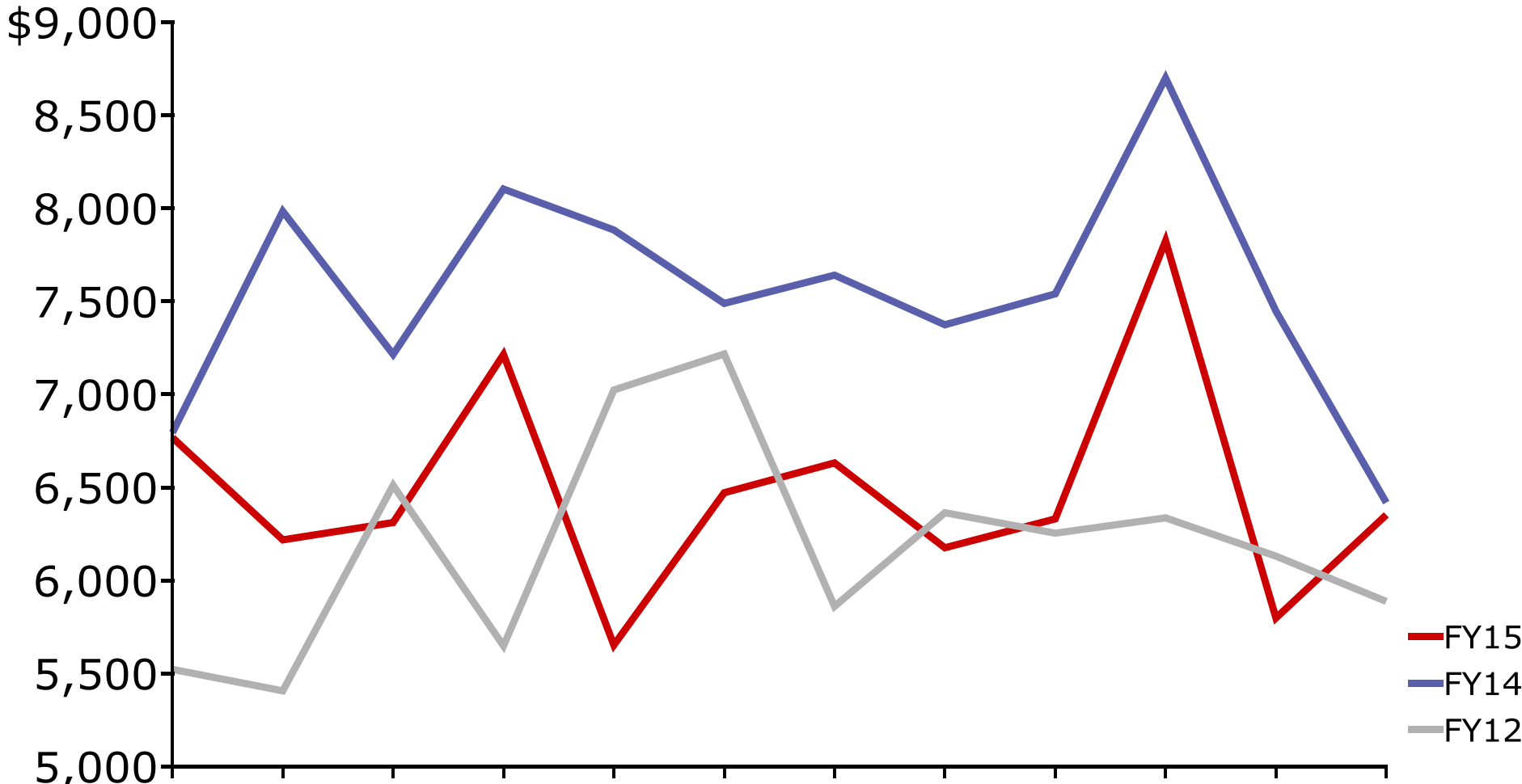
Collaborative expense details

Collaborative expenses represent amounts that OLOS was directed to pay as our share (~28%) of total collaborative costs.

Category	Amount	Explanation
Collaborative Employee Salaries	\$ 77,075	11 months salaries
Collaborative Priest Salaries	41,545	11 months salaries
Network, software, IT equipment	11,043	\$3k phone systems, \$3k network cables, \$2.4k IT support & virus protection
Utilities	9,278	\$3.5k cleaning Blessed Sacrament rectory, \$1.5k electric, \$1.2k phone, \$1k Internet/cable
Visiting priests	3,375	Includes Fr. Clooney & Spicer and priests for other parishes
Food	2,546	Meals & supermarket purchases for priest meals
Furniture & repairs at St. Mary's	2,371	\$700 mattresses, \$300 flooring, \$300 electric & plumbing, \$250 Dishwasher, \$91 Carport, \$87 grill
Collaborative printing	1,446	Postcards and envelopes for holiday flower donations
Cornerstone Fundraising	1,387	Annual campaign fundraising consulting
Collaboartive Christmas Party	838	Staff party at Raffael's
Other	1,498	\$300 Lenten Mission speaker, \$240 Collaborative retreat, \$133 photography
	<u>152,401</u>	
Collaborative costs paid directly by OLOS	<u>(6,835)</u>	Includes \$6k paid for Fr. Clooney & Spicer
Net Collaborative costs	<u><u>145,566</u></u>	

Offertory: FY15 mthly average collections down 14%. Similar to FY12 (pre-Offertory appeal)

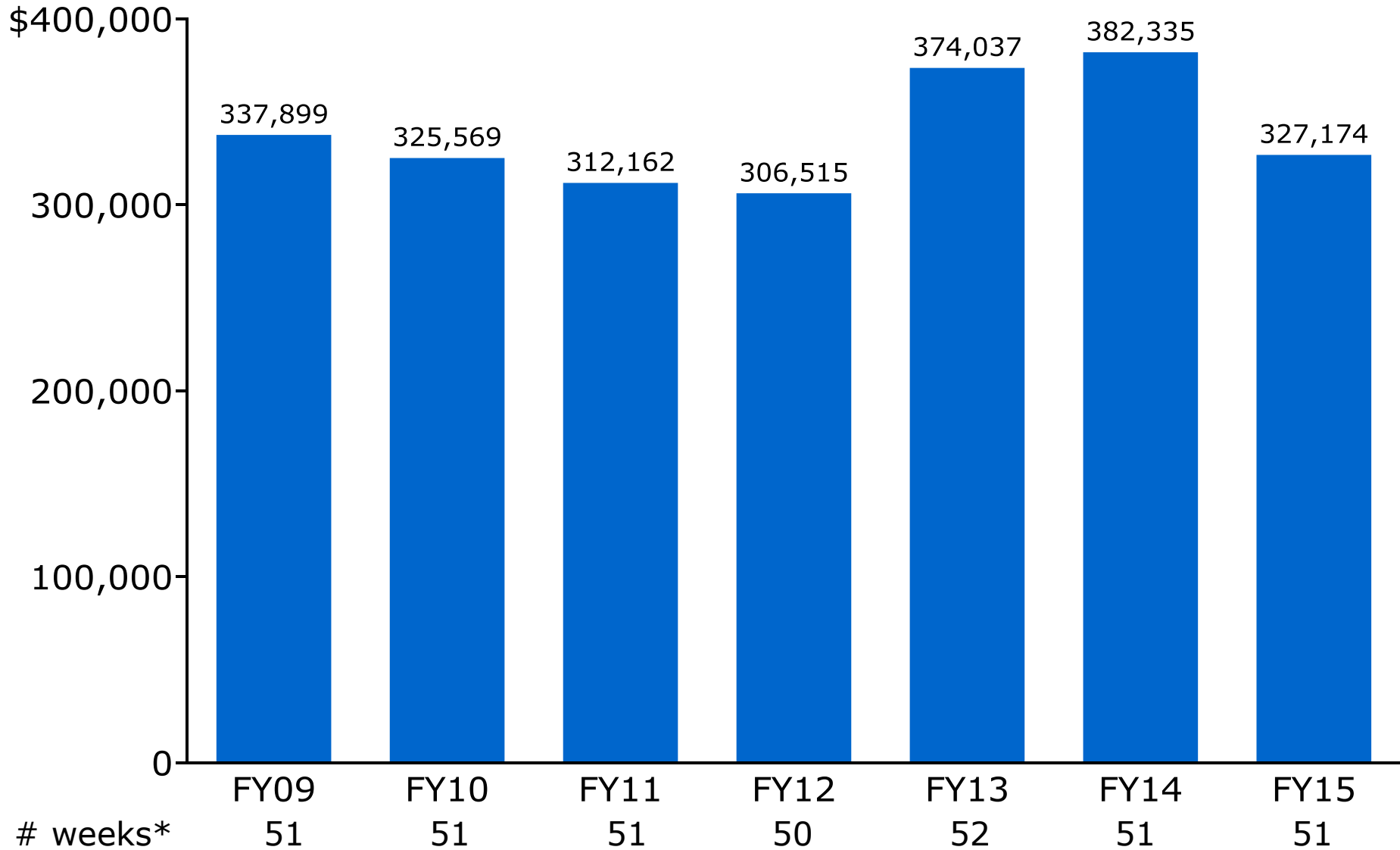
Avg Wkly Collection



Change from PY

0% -22% -13% -11% -28% -14% -13% -16% -16% -10% -22% -1%

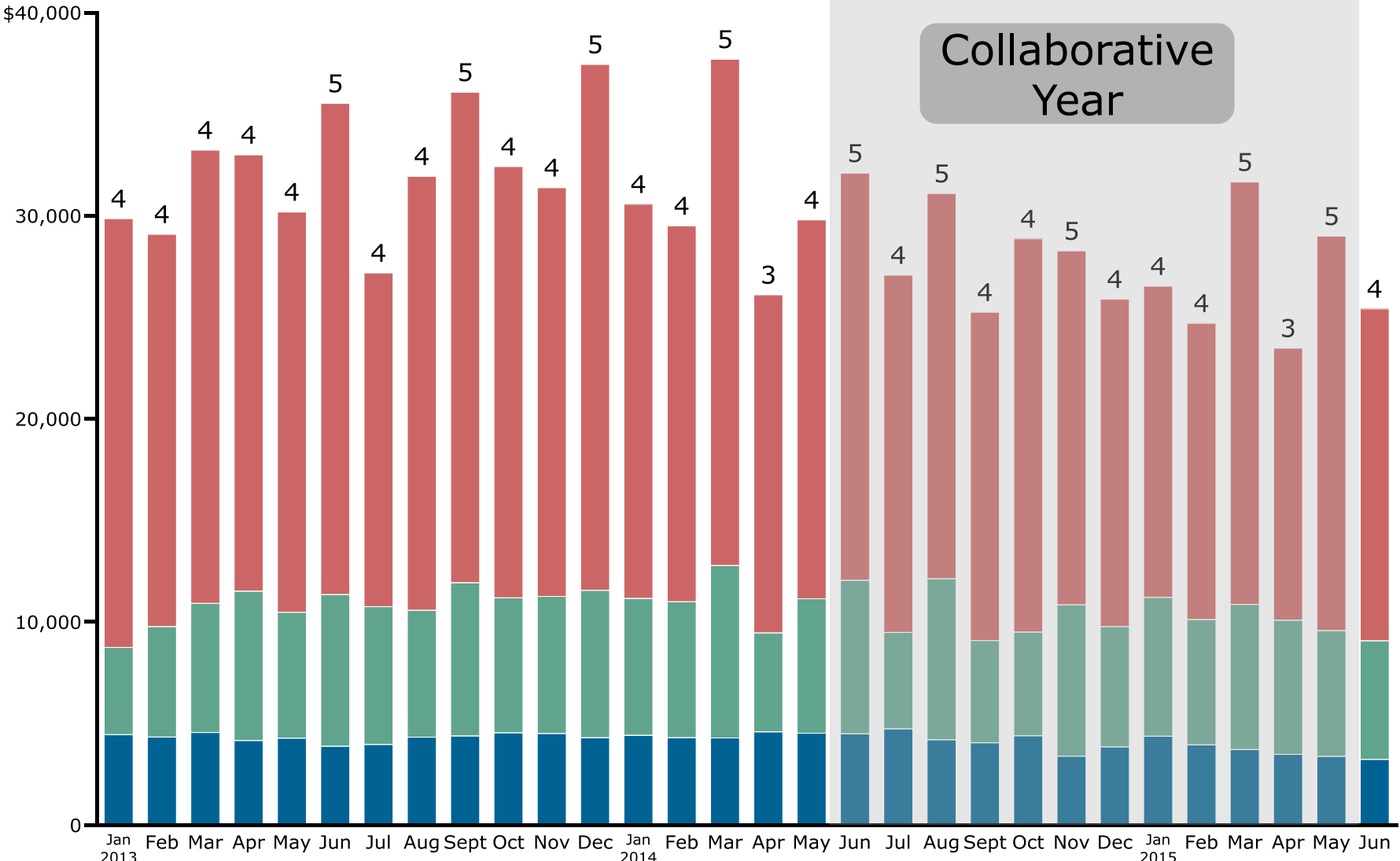
Offertory: FY15 down 14% from prior year



* Number of Sundays in fiscal year that OLOS retains collections. Collections on Easter Sunday and any Christmas that falls on a Sunday are used for the Clergy Retirement Fund

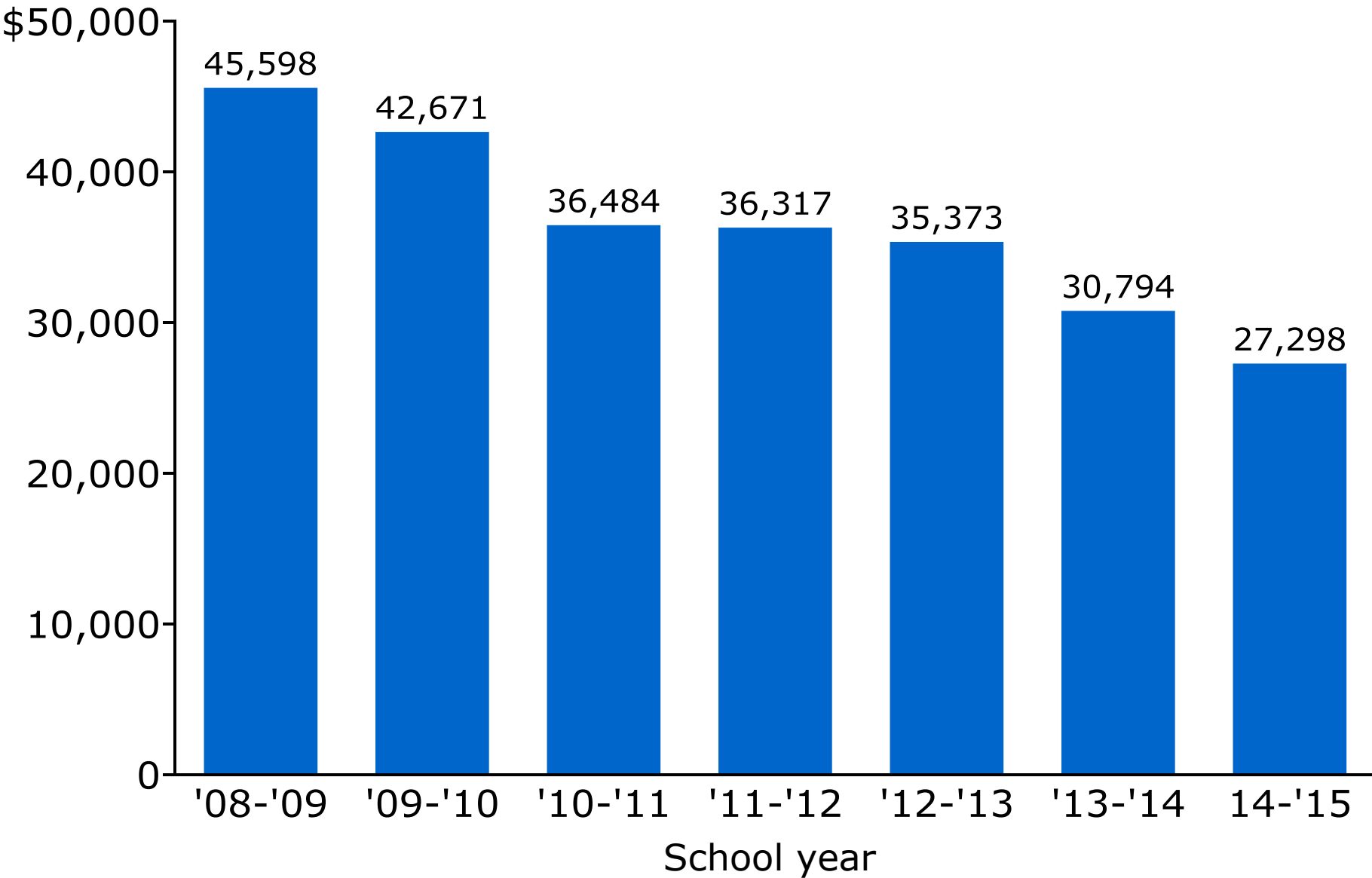
Offertory: Electronic payments remained around 35% of monthly giving in FY15

Monthly Offertory

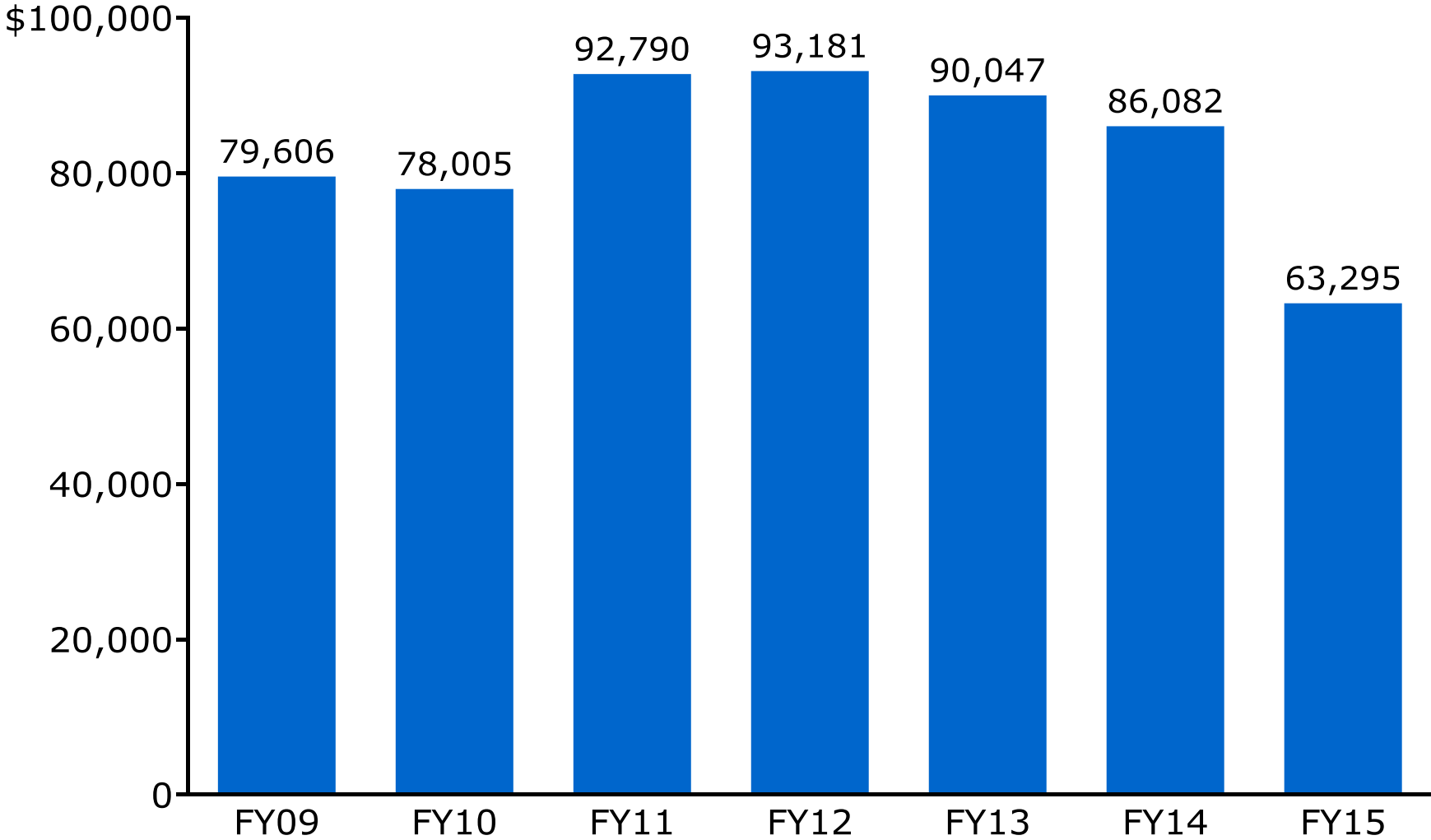


Number at top of bar represents number of Sunday collections each month.
 Red bar = Basket giving; Green bar = Bank Online giving; Blue bar = ParishPay giving

Religious Ed: FY15 tuition down \$3.5k from PY (11%)



Annual collection: FY15 down 26% from prior year – Lowest total in past 7 years



Agenda

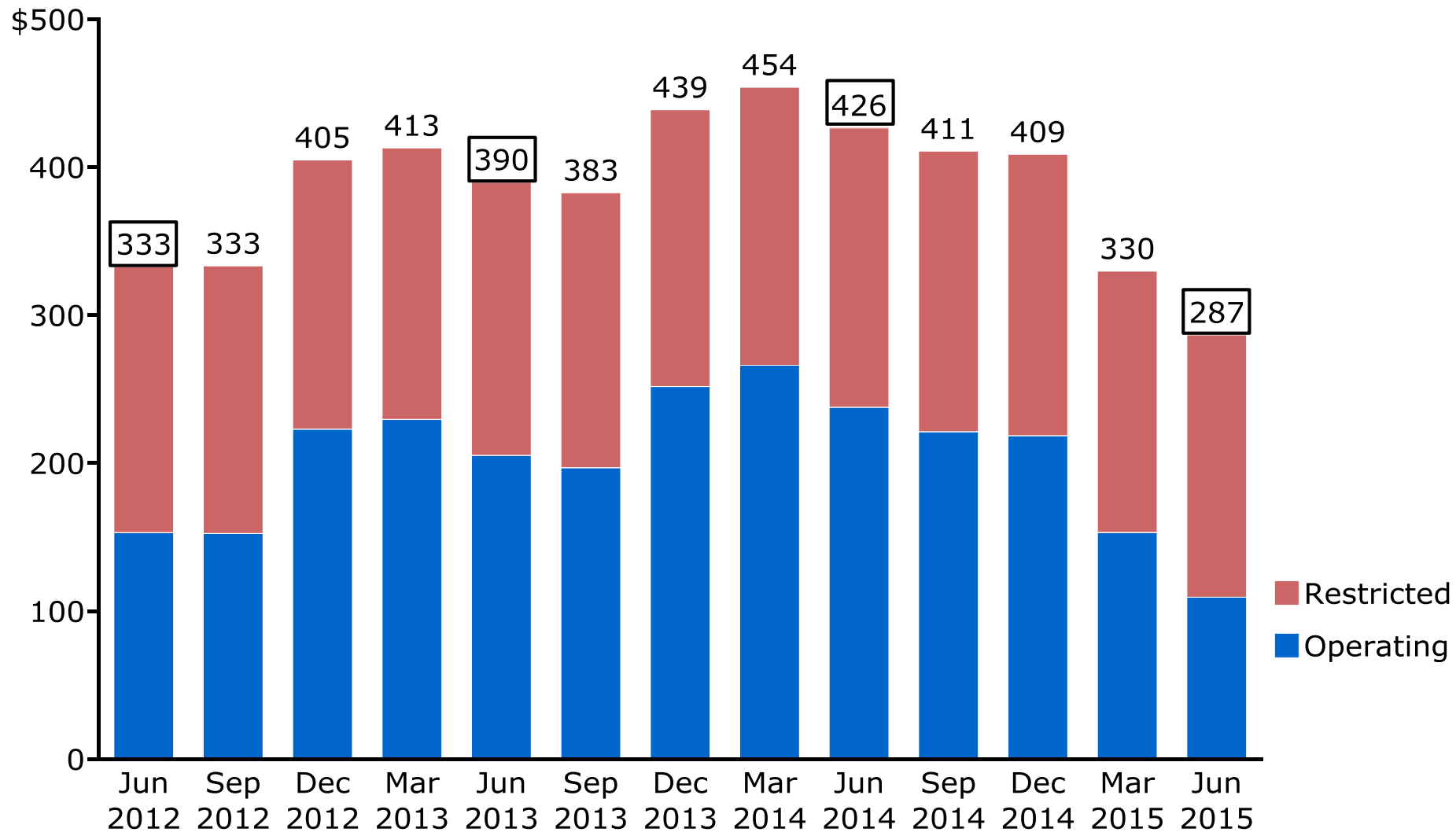
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Total cash balance decreased \$140k over prior year

(Cash balance in 000s)



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Looking ahead to fiscal year 2016

Our budget for fiscal year 2016 shows a modest net loss of \$8k.

It is our hope that through an increased offertory renewal campaign and the following factors, that our parishioners will have the confidence to increase their offertory giving at least 5% and then their annual contribution by at least 15%:

- OLOS' exit from the collaborative
- A full-time priest living in the rectory again
- A return to thoughtful spending and transparent communications with parishioners

In addition, in 2016 we will have the benefit of a full-time Director of Faith Formation (DFF), Mary Herx-Morrill. We will revive the Adult Faith Formation speaker series, add other faith formation activities, and look to create other commissions (social justice, interfaith, etc.) to engage more parishioners in our community.

Finally, in 2016 the PFC will monitor our spending continuously, meeting monthly, reviewing results and making adjustments as necessary to ensure the protection of your generous contributions.

FY2016 budget: Significant reduction in expenses, but increase in salary & benefits for new hires

	FY2016	FY2015	(Unfavorable)	
	Budget	Actual	Favorable	
			Variance	
Weekly Offertory	342,051	327,174	14,876	5% increase budgeted
Annual Collection	73,304	63,295	10,009	15% increase budgeted
Other Income	36,376	36,039	336	
Religious Education Fees	26,871	27,298	(428)	Expected enrollment decrease of 4% (historical average decrease)
Interest Income	2,067	2,491	(425)	
Total Income	480,667	456,298	24,369	
Salary	255,828	224,939	(30,889)	Increase for Father Vinnie (included in Collaborative expenses in 2015)
Collaborative expenses	-	145,566	145,566	
Benefits	71,106	57,452	(13,655)	Health Insurance (\$11k) and other benefits budgeted for new employees
Utilities/Maintenance	63,757	73,579	9,822	FY15 includes \$4k roof shoveling & \$3.5k chimney repairs
Religious Education	18,395	17,879	(516)	
Archdiocesan Contributions	27,513	30,390	2,877	Reduced tithes. Assumed Catholic Appeal payments are same in FY16 as FY15
Liturgical	27,938	27,457	(481)	
Capital Improvements	4,012	3,339	(673)	2016 costs for rewiring of Bullock Center for use as offices
Office	8,995	8,626	(369)	
Music	1,500	2,230	730	
Other	4,848	1,289	(3,559)	Rectory costs for priest living on site
Total Operating Expenses	483,892	592,746	108,854	
Youth Ministry Program Income	8,513	11,136	(2,623)	
Youth Ministry Program Expense	(12,881)	(13,881)	999	
Net Youth Ministry Expense	(4,368)	(2,745)	(1,623)	
Net Loss	(7,593)	(139,193)	131,600	

Archdiocesan contributions: Explanation

A few years ago, the Archdiocese changed the way parishes assist in funding the central ministries of the diocese. Previously, parishes paid various, unequal amounts to the Archdiocese. The new contributions simplify the process and ensure all parishes in the diocese are paying their “fair share”.

The current contribution is made up of two payments that are based on parish income (3-year average offertory and annual collections):

- Tithe: Based on 10% of parish income
- Catholic Appeal: Calculated as the difference between our goal (8% of parish income) and the Catholic Appeal payments made by OLOS parishioners

The Archdiocese allows parishes to request a reduction in payment each year if there are special circumstances.

For 2016, the calculated tithe for OLOS is \$44k. The Archdiocese granted OLOS a reduction to \$24k (5.5%), saving OLOS \$20k.

OLOS’s Catholic Appeal goal over the past two years was ~\$32k and OLOS Catholic Appeal collections were ~\$15k. Therefore, the total payment owed each year was \$17k. However, the Archdiocese granted an abatement to reduce the payments to ~\$3k each year, which is the amount that we have budgeted for 2016.