

A special report from the parish Finance Council, July 2014

The Financial Needs of St. Francis de Sales Parish

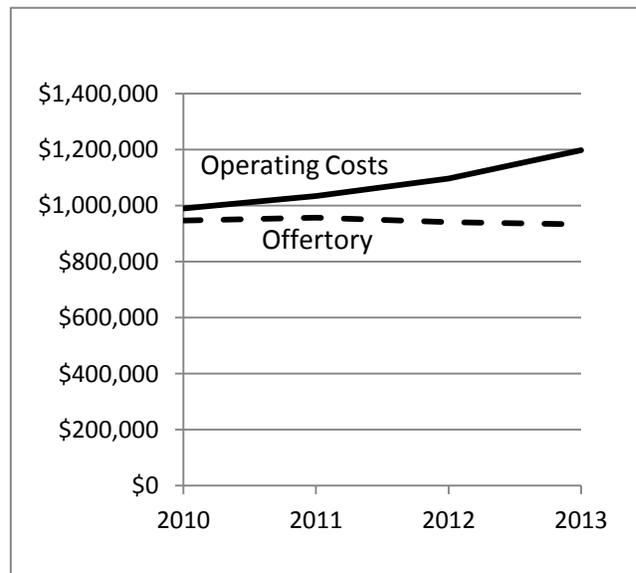
At the end of May, the Finance Council of St. Francis completed our parish budget for fiscal year (FY) 2015, July 1, 2014 - June 30, 2015. Preparing the budget has been a challenge for years. But we thought our difficulties would ease as the recession and our mortgages faded farther into the past. Instead, we're projecting a \$91,000 cash-flow deficit, when we exclude income and spending related to the *Growing our Faith* capital campaign. This figure assumes our offertory is the same as for the year just completed. It also includes personnel cuts: both our pastoral associate and director of outreach now work only half-time for St. Francis; and for the time being, we are not replacing our recently retired children's coordinator. We reluctantly settled for a large deficit for FY 2015 to stave off even more damaging cuts, and instead we're bringing our needs to the attention to the parish.

We are deeply grateful for the many generous contributions of treasure bestowed upon our parish. Over the years, we have been richly blessed by the generous, faithful support of many parishioners, as well as generous gifts from benefactors. Moreover, parishioners can attest that our parish is an active, vibrant community—despite the indications in the parish bulletin that our offertory, Catholic Services Appeal pledges, and capital-campaign pledges are all below target. Given our outward appearance of well being, the messages of inadequacy may seem overstated. However, the following two points summarize our overall situation.

- Our parish has been depleting our savings despite measures taken to conserve resources and despite the relief provided by our *Growing our Faith* capital stewardship campaign.
- Unless our financial contributions increase significantly, we our ability to carry out the mission of St. Francis will be substantially diminished.

In a nutshell, our problem is that even the cost of just *maintaining* our current ministries and services is rising, while our offertory is declining. The disparity between the trends in our spending and our offertory is shown in the graph. The solid curve represents our "operating costs," i.e., our cash outlays, *excluding* mortgage payments and spending funded by the capital campaign, over the last several years, while the dashed curve shows our offertory.

The downward trend in our offertory is despite modest growth in the number of families registered in our parish. Moreover, the decline in our offertory continued in FY 2014, with an additional \$15,000 drop from FY 2013. Compared to our last pre-recession offertory in FY 2008, FY 2014 represents a \$108,000 (11%) decline in offertory, or in inflation-adjusted figures, a \$219,000 decline.



On the cost side, though we have avoided adding new programs, our spending on operations (including replacement of equipment) is increasing just as it is for individual households. Costs of basic items such as utilities, health insurance, and supplies continue to climb. Also, as our facilities age, we need to spend more for updating, maintenance, and repairs. Equipment failures explain the extra steep uptick in spending from FY 2012 to FY 2013. Thus, despite efforts on the part of the Finance Council and parish staff to be cost conscious and frugal, our total costs are rising.

Corpus Christi Catholic School, which depends on St. Francis and Our Lady of the Lake parishes for support, is experiencing similar cost increases. Additionally, the poor economy has led to a drop in enrollment, so tuition income is down. Regrettably, in light of the other financial strains both parishes are experiencing, we are unable to provide as much support to Corpus Christi as we'd like.

We do have income other than offertory—for example, fundraising profits, faith-formation tuition, and donations. Still, when we exclude capital-campaign income and donations to retire the mortgages, our total income has stagnated and is no longer sufficient to cover our operating costs. We don't yet have the final results for FY 2014, but as of May 31 we had a cash-flow deficit of about \$55,000 (excluding cash-flow related to *Growing our Faith*).

The diocese is aware that many parishes are struggling, but it does not have the resources to provide subsidies to ease our woes. One welcome step the diocese has taken, however, is to increase its supervision of parish finances to ensure resources are used wisely.

We view our current situation as a call to action. A 10% increase in offertory would eliminate our projected FY 2015 deficit. A 25% increase in offertory would bring us back to FY 2008 inflation-adjusted levels and help us restore cuts or build reserves for future capital needs. We can work toward such increases by re-invigorating our commitment to being a stewardship parish. As stewards, our giving must be planned, proportional to our financial blessings, and sacrificial. Our basic guideline is that households should give 5% of their income to the parish, 1% to the diocese through the Catholic Services Appeal, and 4% to other charitable causes. For some financially struggling members of our community, these numbers may not be attainable right now. For others, these numbers may not represent a truly sacrificial investment in the Lord's work.

We look forward to addressing the following questions in reports to be issued in the coming weeks.

- Why didn't retiring the mortgages provide the expected financial relief?
- Why do we consistently fall short of our Catholic Services Appeal goals, and what is the significance?
- To what extent has the *Growing our Faith* capital campaign resolved our financial difficulties?
- What measures are being taken to keep costs low?
- Why is stewardship often presented as the answer to our financial problems?

Thank you for taking the time to read this report. With gratitude and trust, let us each hold in prayer our parish and our own personal stewardship decisions. "Challenges exist to be overcome! Let us be realists, but without losing our joy, our boldness and our hope-filled commitment. Let us not allow ourselves to be robbed of missionary vigour!" Pope Francis, *The Joy of the Gospel* #109.