

How parish and Archdiocesan finances work

What happens to your donation after it goes in the basket?

Immediately after the collection, the ushers deposit money from the baskets into a large locked vault at the church, similar to a night deposit drop at your bank.

The counters and parish business manager open the vault after the masses. The collection is always in the hands of at least two people for safety and accountability. It is counted by 5 or 6 volunteers and deposited immediately in our local bank. All loose checks are copied and all emptied envelopes are returned to our bookkeeper to enter in our parish data system so that parishioners can be credited for their gift. You may call the office (Marsha at ext. 102) any time to check on your records for accuracy.

We receive other kinds of donations besides the Sunday collection, such as donations for weddings, funerals, baptisms, candles, magazines, and Quinceanera ceremonies. Together with the Sunday collection, these donations make up what is called our **Ordinary Income**. This pays for all our parish operating costs such as lighting, heating, repairs, salaries, insurance, payroll taxes, and other general expenses.

We also receive donations for *specific requests*, such as our church renovation campaign or the Guadalupe Shrine. All these donations make up our **Restricted Income**. These donations *can only be used for the purpose for which they were given by the donor*. They are kept in separate parish accounts from Ordinary Income.

We are required by the Archdiocese to submit an annual financial report that details all Ordinary Income, Restricted Income, and parish expenses that occur in the July to June fiscal year. Every parish must also have a Finance Council. We have eight financial and accounting professionals on our council who review our financial reports each month. Each time there is a change of pastor, the Archdiocese requires an automatic parish and school audit. These field audits were completed in mid-September and the few suggestions that were made were immediately implemented.

The Archdiocese also operates an investment pool to help increase revenue for parishes that choose to deposit funds there. The Investment Pool is like a mutual fund that invests in stocks, bonds, and other financial instruments to earn money for those parishes that invest in it. Each parish is encouraged to deposit any surplus funds in the pool. It is extraordinarily well managed with much professional oversight and has had an excellent rate of return. Obviously, with the market down there is little revenue now. The entire pool is divided among eight to ten professional investment management companies which are themselves overseen by another investment consulting company (Callan Associates). A separate Investment Committee sets the general guidelines for the fund (e.g. long term goals, asset allocation, ethical business investing, etc.). The whole system is once again overseen by an Archdiocesan Finance Council consisting of some of the leading financial figures of Los Angeles. Parishes receive investment income based on the total return of the pool to their share of the investment. Money that parishes deposit always remains in the name of the parish and cannot be transferred to other Archdiocesan accounts.

The Archdiocese operates a central office at 3424 Wilshire Blvd in Los Angeles. However, the mission of the Catholic Church is carried out on the local level; at 285 parishes (including St. Paschal's), 7 Colleges, 51 High Schools, 18 Hospitals, 25 Retreat Centers, numerous special programs, and the massive Catholic Charities programs. The purpose of the central office is to support these local programs with guidelines, professional resources, and supervision.

The Archdiocese assesses every parish 8% of its Ordinary Income each year to pay for these supervision programs but mainly receives revenue from its own contributions to the investment pool. This year their parish assessment revenue stayed about the same but the investment pool reflected the obvious downturn in the market. The Archdiocese lost that extra revenue and so cut about 30 paid positions. While the mar-

ket was up and income was high during the 1990's the Archdiocese greatly expanded its central office activities. Those ministries still continue but with less paid staff and more volunteer help.

The Archdiocese can never assess our Restricted Income, or those donations that are given for a specific purpose, like the poor or our renovation campaign. Designated donations must only go to the cause for which they are given. The Cardinal also promised that none of the 8% parish assessment would be used for building the new Cathedral, which was recently completed. He kept that promise. No parish money ever went to the Cathedral campaign. However, now that it is finished, it is a parish church like ours and so may receive Archdiocesan assistance if needed. This past fiscal year, 2001-2002, our parish Ordinary Income was \$1,000,790. We pay 8% of this amount, or \$80,063 in 12 monthly installments.

Each Diocese is also independent of others in personnel policies, legal liability, and financial organization. Any large institution like an Archdiocese will be the target of lawsuits. However, cases are frequently settled out of court, usually at the request and full agreement of both parties. Such liabilities are often covered by insurance. *The Archdiocese cannot use Restricted Income or designated gifts for this.* They may use income from their own account in the investment pool or the 8% parish assessment for insurance premiums.

The Archdiocesan **special collections**, such as those for the foreign missions, are collected in specific envelopes during the year. They are restricted or designated gifts and must go to the cause for which they are given. We keep these special collections in our bank for one month to allow for late envelopes and then send a check to the Archdiocese, which then sends it on to the charity.

Together in Mission is a special collection set up by Cardinal Mahony just for the poorer parishes of our own Archdiocese. Every parish is assessed 10% of Ordinary Income as a goal for this important cause. The collection is actually conducted as a direct mail campaign to parishioners by the Archdiocese. These donations are restricted and must be used only for the purpose of helping poor parishes. You can find a list of disbursements in the annual report published in the Tidings. If our parishioners give gifts over our 10% assessment, St. Paschal's gets a portion back as a rebate. We have received a rebate every year for the last several years.

The school receives approx. 70% of its financial needs from tuition and approx. 30% from various fundraisers, *especially scrip*, and parish assistance. The school is also entitled to receive an annual distribution from their own endowment fund if it has earnings. The principal amount of the fund can never be invaded. The goal of the endowment is to eventually replace most of the fundraisers. The school has its own bookkeeper and operates under guidelines from the Archdiocesan Department of Catholic Schools.

Many parish organizations also raise money throughout the year in fundraisers, such as the parish festival by the Men's Club and the Arts Faire by the Women's Club. The net profits are used for various parish needs, such as the school endowment, or even local charities according to a budget set by the pastor and the board of the parish organization.

Finally, let me thank you for your generosity to St. Paschal's. Please feel free to contact me if you would like more information or have any other questions about our or Archdiocesan finances.

God bless!

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