

How Do Our Parish Finances Work at St. John Vianney?

Money in the church remains a mystery to many people. There are many false impressions and an overall general lack of understanding. Some of the misunderstanding of parish finances stems from a misunderstanding about the structure of the Catholic Church. The Vatican, the dioceses and the parishes each operate and function distinctly and uniquely. Many people think the Catholic Church operates like General Motors, IBM or a giant multi-national corporation. That is simply not the case.

When it comes to money and finances in the Catholic Church, it is like baseball; it is important to know all the players and what roles they play. Here is a list of the major players:

The **Faithful (parishioners)** – that is you and me, we are the ones who form the parish community. We financially support the work of the parish by our stewardship and are the primary beneficiaries who are supported by the financial gifts to the parish.

The **Pastoral Council** is a council of parishioners (12- 15 including alternates) who give counsel and advice to the pastor. They are a consultative and non-deliberative body. The council meets ten times a year with the pastor. They help form the mission and set the priorities for the parish. The council members are chosen through a discernment process with up to three members appointed by the pastor. The assigned parish clergy (priests and deacons) are ex officio members of the Pastoral Council.

The **Parish Finance Council** is a council of parishioners (five to seven members) with financial backgrounds and expertise who review and oversee the parish finances and advise the pastor. The parish administration (Finance Director, Business Manager and Pastor) report to the Finance Council quarterly and present to them the financial statements and data for their review, consultation and direction. The members of the Finance Council are appointed by the pastor and include a representative of the Pastoral Council along with ex-officio members of the parish administration (Business Manager and Finance Director).

The **Finance Director** oversees the Finance Department which handles all the financial operations of the parish (Accounting, Accounts Receivable, Accounts Payable, Reporting, Budgets, Taxes - civil and diocesan).

The **Business Manager** oversees and directs parish personnel and handles the business dealings and operations of the parish (vendors, suppliers, contractors and services). The Business Manager oversees the parish administration and works with the Finance Department and Facilities Department.

The **Pastor** is responsible for the spiritual and the temporal affairs of the parish. He works with the Finance Council, Pastoral Council and the parish administration and staff in properly and prudently using the financial gifts of the parishioners in supporting and furthering the mission of the parish.

The Archdiocesan **Chancery** assists the diocesan bishop and is responsible for the administrative and pastoral support of the parishes and institutions of the archdiocese. Administratively, they handle medical and property insurance, pensions and retirement and they oversee legal, property and accounting matters. They assist parishes in compliance with governmental and regulatory issues and archdiocesan policies. The chancery does not deal directly with parish finances or control parish finances.

Where Does the Money Come From?

That is the easiest and most obvious answer of all! The money at St. John Vianney Parish comes from you and me. It comes from our sacrificial financial support of the parishioners. The overwhelming portion of our funds (75%) come from the Sunday collection. There is a smaller portion of our income (13%) that is derived from fees for particular services. For example, the Young Children's Program (YCP) or the Summer Youth Program charge fees to help cover the costs of the program. Our Parish Life Department charges a modest amount for dinners to pay for the meals that we all enjoy at the many community and social events of the parish. Adult and Youth Formation charge small fees for books and supplies used in their programs to help offset some of the costs. Social Service Ministries receives funding from the parish budget. Additionally Social Services Ministries receive direct donations and proceeds from Joseph's Coat Resale Shop (8%) to fund the parish's charitable works of helping the poor. The net proceeds from the annual Parish Bazaar are directed to our charity works and do not go to the support or operations of the parish.

We also receive funds from the occasional bequest, special gifts, and from interest on our bank account and our funds held on account with the archdiocese's Diocesan Savings and Loan (DS&L) (4%). St. John Vianney Parish receives no funding from the Archdiocese of Galveston-Houston or the Vatican.

Where is the Money?

By archdiocesan policy, SJV has only one bank account. A parish may have up to three accounts (Church, School and by state law – Bingo!). Since SJV does not have a weekly bingo game or a parish school, there is only one commercial bank account. All parish groups and organizations that use the parish tax ID number must have their funds with the parish and the parish holds these funds in trust for the groups. Payments for bills on behalf of the groups are handled through the parish Finance Office. Regular reports of the balances are given to the groups. Outside the one commercial bank, which holds our day to day operating funds, SJV has a savings account with the Diocesan Savings and Loan (DS&L) at the Chancery. All parishes in the archdiocese hold their savings funds on account with the DS&L. The parish savings account belongs exclusively to the parish and is exclusively for the parish's needs. It is an interest bearing account. The interest rate offered by the DS&L is lower than what commercial institutions charge. Similar to a commercial savings and loan, the funds of the DS&L are used to loan funds to parishes in the archdiocese (primarily for building projects) at a lower interest rate than a commercial bank. Parishes may not have any investment or brokerage accounts. The Catholic Endowment Foundation (CEF), a separate legal entity from the archdiocese with a Board of Directors and officers, exists to provide a means for the archdiocese and parishes and schools to set up funds for long term growth and use. Parishes and schools are allowed to establish an endowment fund for long term needs. The foundation invests and manages the funds on behalf of the archdiocese and those schools and parishes who have established endowment accounts with them. Parishes in this archdiocese are not allowed to have savings accounts other than with the archdiocese DS&L or any investment accounts outside the CEF. In addition to our commercial checking account for daily operations, St. John Vianney Parish has a DS&L savings account and funds with the Catholic Endowment Foundation.

The Handling of Funds

The clergy at St. John Vianney do not handle money or have access to cash or checks. All monies are handled by the Finance Department. All checks issued for payment must be accompanied by proper documentation and back up. The pastor is the normal signatory on all checks and transfers. In his absence, checks above a set limit and require two signatories. The Business Manager and the Finance Director are not signatories. The signatories here at SJV are the assigned priests (pastor and parochial vicar) and two of the deacons. Staff members must have a Department Director sign off on all purchases prior to submitting bills for payment to the Finance Department for processing and payment. All monies are handled according to proper archdiocesan and accounting policies and procedures. There is a separation of the duties between those responsible for disbursements and those responsible for receivables. There are built-in redundancies and safeguards to prevent the mishandling of funds. Electronic transfers and disbursements require the same documentation as checks and are processed similarly. There is a running reconciliation on disbursements and outstanding items. There is a monthly documented bank reconciliation that is presented to the pastor and Business Manager for review and approval.

Where Does the Money Go?

The money that is generously and sacrificially donated to St. John Vianney Parish goes to the support of the mission of our parish in furthering the spread of the Gospel of Jesus Christ. More specifically, it goes to keep our buildings and campus clean, comfortable and operating in good shape, it goes to pay salaries, medical insurance and pension for our dedicated staff who direct and coordinate our ministries and programs and serve our parishioners, it goes to support the many ministries, programs and activities of the parish and it goes to help the poor and the needy in our immediate area and in the larger community through our social services ministries.

Through the ordinary budget, charitable gifts, and the Parish Bazaar, we also provide grants and financial assistance to poor parishes, Catholic schools and Catholic entities that provide religious support and evangelization, emergency services, healthcare, housing and food. We have approximately a dozen sustaining grants which give financial support throughout the year and 30 annual grants that are awarded at Christmas time. The pastor in consultation with the Director of Social Services, the Finance Director, the Pastoral and Finance Councils determines the list of grant recipients.

A small part of the income of the parish goes to pay and support the priests of the parish. The assigned priests of the parish receive a salary, health insurance and pension contribution. The priests also receive room and board by living in the rectory. Priests in the archdiocese receive the same salary regardless of their parish assignment. Pastors receive \$1775 per month and Parochial Vicars (Assistant Pastors) receive \$1275 per month. Diocesan priests also receive a monthly car allowance to assist with the professional use of their private automobile. The car allowance is the same for all priests. At St. John Vianney Parish, the priests do not have a housekeeper or a cook. The priests do their own cooking, laundry, grocery shopping and cleaning. Once a week, members of the parish housekeeping staff come to help clean the rectory and do any extra laundry.

The parish pays a Cathedralricum Tax to the archdiocese to fund the administration and operations of the archdiocese. The rate is pro-rated among the parishes by their income. St. John Vianney is

blessed to be in the highest level which is 12% of the ordinary income. Additionally, in the Archdiocese of Galveston-Houston, the Diocesan Services Fund (DSF) is a direct appeal to all registered households in all of the parishes of the archdiocese. The DSF supports the operational costs of those pastoral programs that no single parish can adequately cover. Pastoral ministries supported by DSF include chaplaincies and pastoral care at area hospitals and medical centers, prison ministry, port ministry, campus ministries at colleges and universities and much more. There is a mandatory set goal for each parish based upon the parish's ordinary income. The DSF goal is roughly tied to the Cathedralricum Tax rate. Whatever funds are not raised in the appeal must be paid by the parish. The current goal for St. John Vianney parish is \$430,000. 50% of any funds raised above the goal are returned to the parish and are not calculated in the diocesan tax assessments.

Additionally, there are national collections, archdiocesan collections and the annual Mission Appeal. These funds do not go to the parish but go directly to the entity for which they are designated. The special collections are included in the offertory envelopes and for those who give electronically. The Mission appeal is an actual second collection at mass. There is one collection each year for the Pope. It is a special collection that is taken up throughout the world on or near the Feast of St. Peter and Paul (June 29). These funds collected from the Catholic faithful globally go to support the Holy Father's charities throughout the world. Typically, these funds support humanitarian needs during a crisis or to help missionary work among the poorest people around the globe. This is the only collection from the parish for the Vatican. The Archdiocese of Galveston-Houston, like most dioceses in the United States, has a number of annual appeals to support the specific needs in the archdiocese (St. Vincent De Paul, Catholic Charities, retired priests, St. Mary's Seminary).

Who Decides Where the Money Goes?

Each Spring, the directors of the various parish departments meet with the pastor, who has previously met with the Pastoral and Finance Councils. The goals, objectives and priorities of the parish are discussed with the directors who then work with the Finance Department in preparing the departmental budgets. The pastor, the Finance Director and the Business Manager meet to evaluate the proposed budget and make any necessary adaptations or modifications in collaboration with the department directors. The finalized budget is then presented to the Parish Finance Council for review. After consultation with the Parish Finance Council, Business Manager and Finance Director, the pastor approves the budget for the fiscal year that begins July 1.

As circumstances and situations dictate, the budget may be modified during the fiscal year. For example, as a result of the devastation brought by Hurricane Harvey in 2017, the budget was revised twice to reduce the spending by 30% in order to avoid a serious shortfall and deficit. For major budgetary adjustments, consultation of the Pastoral and Finance Councils is sought.

Reporting

Monthly budget and finance reports are prepared by the Finance Department for the Parish Administration. Monthly collection reports are reported to the parish in the bulletin. Quarterly Financial and Budget reports are presented to the Parish Finance Council. Each year the parish administration publishes an Annual Parish Report which includes a Summary Financial Report.

This Annual Financial Report shows income and expenditures by department and the year-end balance sheet. The summary report is presented at Annual State of the Parish presentation and is posted on the parish website each Fall. A more concise summary is published in the bulletin. A detailed report is presented to Pastoral Council and a full report is prepared for the Finance Council. Detailed reports and budget statements are also provided to the archdiocese. Audits are periodically performed by the Archdiocesan Internal Auditing Department.

Fundraising

Despite long held and erroneous impressions, Catholic parishes are not primarily fund raising organizations. Money is absolutely essential in providing for the mission of the Church but the church does not exist to raise money. To that end, fund raising is deliberately restricted at St. John Vianney parish. Parish groups and organizations are not allowed to freely have parish fund raisers, collections or other events to fund their activities or causes. The primary and ordinary means of funding for the activities of the parish is our regular stewardship. All other fundraising is limited and restricted. Outside groups who may approach the parish are also restricted and limited. The primary means of supporting outside groups is through our parish grants program.

In the history of the parish, major capital campaigns have been conducted in order to raise necessary funds outside the ordinary operational needs of the parish to fund large capital projects. The parish also participates in the major capital campaigns conducted by the archdiocese for the needs of the local church (archdiocese). Capital Campaigns are considered extraordinary events.

On occasion, though infrequently, parishioners may be invited to voluntarily support and fund a parish project that is outside the budget that will be of benefit to the entire parish e.g. Parish Tree Drive or new hymnals.

Conclusion

Financial stewardship is an important and necessary parts of parish life. Money is needed to fund the mission of the Church. Without adequate financial support, our ministries and programs could not operate. Financial support is so important to the mission of the church, it is one of the Precepts of the Church for all Catholics to abide. At St. John Vianney, because of the generous and faithful stewardship of our parishioners, we are blessed to continue our mission of ***Living Faith, Changing Lives and Making a Difference!***