

ON CHURCH FINANCE AT THE END OF JUNE 2022

We have lived through special times in recent years. There have been many challenges in the finances of the Church, which have been caused, for example, by the restrictions brought by the Covid pandemic. Currently, the biggest threat is the war in Ukraine and the energy crisis. We can hope that the situation will gradually improve and we want to believe that the future will be more secure in the financial sense as well.

I will first briefly explain our financial situation at the end of June. I will then add a couple of words about the structure of our church's finances. Towards the end, I will share some notes about liquidity.

The Church consists of the diocese and eight parishes. Some parishes are quite large, some very small. Internal transfers of the Church have been removed from the following figures. The total amount of finances was 1,089,884 euros at the end of June. Of this, 38% was in the diocese and 62% in parishes. Total operating expenses without renovation investments were 1,123,653 euros. 45% of the expenses were in the diocese and 55% in the parishes. Thus, the total result was a deficit of -33,769 euros. However, the combined result of the parishes (including A-Kassa funds) was a surplus of 147,703 euros. The Church's finances are therefore quite close to a balanced situation at the end of June.

The membership income collected by the parishes totaled 487,469 euros at the end of June. 59% of the budgeted amount for the whole year had already been accumulated. The beginning of the year is traditionally a stronger time of accumulation, because membership fee invoices are sent in January. After posting, more funds are always accumulated. I believe that we will reach the budgeted goal of membership income by the end of the year. The happy thing is that, with the exception of one parish, all parishes have accumulated more membership income than was budgeted. --The amount of membership income has increased by 13% compared to June of 2021. Compared to the year before Covid June of 2019, the result was still slightly lower, -4%.

Membership fees accounted for 64% of all the membership income. Two-thirds of the funds received will come in the way we most hope, in membership fees. Perhaps the dark world situation has the greatest effect on the fact that the number of voluntary donations has been decreasing in several parishes. Instead, the number of collections has picked up since the Covid restrictions were lifted. Compared to June of last year, the number of collections has increased by 81%. Compared to the 2022 budget, the accumulation is 77%. We can be really grateful for this. The number of collections is now at a higher level than it was before Covid in June of 2019.

On the cost side, the operating expenses of the Diocese (without investments) were 510,726 euros at the end of June. At the same time last year, expenses were 533,964 euros. The change from the previous June was -5%. Compared to the budget, we have

stayed pretty close to the development line planned in the budget. The diocese's personnel expenses totaled 197,663 euros, which is 39% of operating expenses. The diocese's real estate expenses including real estate taxes were 70,279 euros, which is 14% all the operating expenses. It seems that in October at least the diocese's electricity expenses will rise drastically due to price increases and other additional expenses may appear. With the acceleration of inflation, there is a great danger that the budget of the diocese will be exceeded!

The parishes' operating expenses (without investments) were 612,927 euros at the end of June, which is 52% of the budgeted operating expenses. So the development has been close to the budget. The personnel costs of the parishes were 190,000 euros, which also includes the fringe benefits of the clergy. Personnel costs were 31% of operating expenses. The real estate expenses of the parishes, including real estate taxes, were 217,000 euros, which equals 35% of the operating expenses. The real estate expenses were about 3% more than had been budgeted. It remains to be seen how much the real estate expenses will rise at the end of the year as electricity and other expenses increase in price.

About the financial structure of the Church

A key part of the financing of the Church's finances is membership fees and other membership income. In the 2022 budget, membership income covers 38% of operating expenses. Another key funding item is grants received from home and abroad. These include, for example, operating grants from the Ministry of Education and the German Bonifatiuswerk. In this year's budget, these grants cover 33% of operating expenses. The third significant financing item is rental income from apartments and other facilities. They cover 14% of operating expenses. Every year, a small part of the financing has had to be arranged by selling property. In the current year, property sales will cover 9% of the operating expenses. The remaining 6% of the operating expenses is covered by a wide variety of small income items such as interest income from investments, donations through wills, and allowances for the use of sisters/fraternities, as well as the sale of candles. The Church has traditionally had very few bank loans.

In addition to the operating expense, the church has a separate investment budget, which includes the major renovations and building projects. Annually, this budget has been about 200,000–800,000 euros for various projects. Currently, the largest project is the renovation of the parish in Tampere, which will take many years. There are plans in the future for large renovations to take place in Kuopio. Last year the plumbing renovations were finished in Turku. This autumn and next spring it will be necessary to repair the extensive water damage, which happened in Oulu during the summer.

Investing large amounts of money is challenging for the church. We usually receive a noteworthy amount of aid from Germany (60–80%), but the funds are not received until after the project has been finished. Financing the project throughout the

renovation can therefore be extremely challenging, especially for the smaller parishes. The liquidity is very tight. In the future this may be helped by the money collection permit received by the church, which will allow funds to be collected from all those wishing to give a donation. The church also receives donations through wills. Thank you to all those who have chosen to think of the church in this manner.



The availability of funds (liquidity) during the year

In addition to the financial results it is equally important that the available funds are able to cover the costs of the month. The graph below shows in a general manner the sufficiency of the stream of income of the church. This is affected by both the amount of income received, as well as the large expenditures of each month.

In terms of the Church's liquidity, a normal year goes roughly like this: in the first months, the income is small, but the expenses are large. In the spring, the situation is better, when the membership fees flow in and the various institutes pay their grants. Towards summer, the situation worsens again. The amount of membership income is at its lowest during summer, but in the summer, several large expenses must be paid, such as employee's special salary for the vacation period and real estate taxes. Early autumn is usually a slightly easier time, but towards the end of the year the situation

worsens. December is usually an exceptionally good month. Then we get a lot of collections, because the activity is lively at Christmas time.

Considering the liquidity of the church, it would be crucial that during the times under level 0 shown in the graph, the members would remember to pay their membership fees. We are very grateful also to everyone that remembers the importance of the collections taken at Mass. We are happy about each member that decides to start to support the church this year.

Wishing everyone a blessed autumn,

Peter Kuronen
Diocesan economist
FINANCIAL OFFICE