

THE PARISHES OF THE DIOCESE OF ELPHIN



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

CHY 6942

THE PARISHES OF THE DIOCESE OF ELPHIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Contents	Pages
Report of the Trustees	2 - 6
Trustees' Responsibilities Statement	7
Independent Auditors Report to the Members	8 - 9
Income and Expenditure Account	10
Balance Sheet	11

THE PARISHES OF THE DIOCESE OF ELPHIN

REPORT OF THE TRUSTEES

The Diocese of Elphin includes much of Co. Sligo, most of Co. Roscommon and also part of East Galway and has a Catholic population of almost 90,000. There are thirty seven parishes in the Diocese. This does not represent any change on the previous year. These parishes, together with a number of chaplaincies, are served by sixty three priests. There are also six deacons whose ministry is largely voluntary.

While the public profile of the parish is associated with the celebration of the Mass and the Sacraments, other key activities include the pastoral care of the sick and bereaved, and the poor, faith development activities, and a significant engagement with children and their families through the medium of the parish school.

There are a total of eighty seven churches many of which are protected structures. In addition, there are 114 parish primary schools. Under the heading of CHY6942, in addition to the Parishes of the Diocese, there are also included a small number of semi-autonomous agencies, including two Family Life Centres, the Star of the Sea Retreat Centre, the Chaplaincy at Sligo University Hospital and the Lourdes Pilgrimage. The Boyle Family Life Centre ceased operations on 31 December 2016 and its assets and liabilities were transferred to a new organisation, Boyle Family Resource Centre CLG, which is not associated with the Diocese, except through leasing a building to continue the activities of Boyle Family Life Centre.

The accounts presented for 2016 are in the form of a consolidation of the income and expenditure of the individual parishes and agencies of the diocese. This is just the second year in which a full audit has taken place. Many new policies and procedures were introduced in 2015. Given the complexity of the charity, with forty entities consolidated, and the heavy dependence on volunteers, the process of implementing these new best-practice procedures was still on-going through 2016. For that reason, we did not expect to achieve an unqualified report in 2016. All parishes now operate a system of dual authorisation and many have introduced the practice of providing annual financial reports to parishioners. All parishes have been working towards a greater consistency with respect to controls and reporting mechanisms and most have achieved high levels of compliance. We welcome the huge progress that has been achieved in this very complex network of parishes and “half-parishes” which is so heavily dependent on the generous involvement of lay volunteers.

Income

The income of the parishes derives primarily, as can be seen, from the contributions of the faithful in the Sunday collection. It also includes offerings made on the occasions of Baptisms, Marriages and Funerals. Some parishes receive income from the rental of properties and bequests, but this is minimal. Indeed, many parishes see it as part of their mission to support the building of community by making vacant properties available for the use of community groups at a nominal cost.

THE PARISHES OF THE DIOCESE OF ELPHIN

REPORT OF THE TRUSTEES

Parish income is primarily categorised under two headings as follows:

- a) Income to support the day to day mission of the parish, which was €3,494,307 in 2016, reflecting a drop of circa €200k on the previous year. This income is applied to fund the supplies, heat and light, insurances, administrative costs and the maintenance of buildings. This income also provides for the payment of:
 - a diocesan needs levy to the Diocese of Elphin (CHY 3703), based on the number of families in the parish, which is intended to cover the costs of Diocesan Administration and the provision of a range of central services for the benefit of all the parishes of the diocese. Due to the disparity between the number of resident families and the number of contributing families, a new system, assessed as a percentage of the parish income, will be introduced in 2018.
 - certain expenses of the priest, including health insurance, motor tax and insurance, and
- b) Income collected specifically for the support of the priest(s) of the parish. It includes a single special collection at Christmas, Easter, Pentecost and on one weekend in November, together with the offerings which may be made on the occasions of Baptisms, Marriages, Funerals and Stations. This clergy income came to a total of €1,294,298 in the year under review (a reduction of just over €100k on the previous year).

The annual income for each priest is determined from time to time by the Bishop in consultation with the Council of Priests. The base income currently stands at €20,004 per annum for Parish priests and €18,732 for Curates figure and has not increased since 2009. In parishes where the income designated for the support of the priests does not reach that base level, the balance is made up from the parish account. In parishes where the income exceeds the minimum required for the support of the priests, 20% of the surplus is paid by the priests of that parish to each of the following:

- a) The Elphin Sick Priests and Welfare Fund (known generally as the Sick and Retired Priests Fund), which is reported as a separate charity (CHY 2740).
- b) The Welfare Fund, which provides support for priests who are not in parochial ministry and for continuing professional development of clergy. This fund is consolidated with the accounts of the Diocese of Elphin General Trust Fund (CHY 3703).
- c) The Stewardship Fund, which covers any costs associated with operating the safeguarding service of the diocese. This fund is also consolidated with the accounts of the Diocese of Elphin General Trust Fund (CHY 3703).

NOTE: The use of the word Welfare in the names of two of the funds is a legacy of history but they serve two different purposes.

THE PARISHES OF THE DIOCESE OF ELPHIN

REPORT OF THE TRUSTEES

The availability of a full audit report allows us to gain a broad overview of the finances of all the parishes and agencies. While some of the parishes carry significant debts, this is related in most cases to planned development or emergency repairs and is being managed in accord with an agreed plan. Most of the parishes have some level of surplus cash, which is not inconsistent with the need to be in a position to respond to unforeseen costs, particularly in respect of the maintenance of buildings. There is scope for some parishes, out of their surplus, to contribute to new pastoral initiatives or to easing the burden on Parishes which are more heavily burdened. For the twelve month period under review, the consolidated accounts of the Charity as a whole show an excess of income over expenditure amounting to €362,090.

The contributions made by parishioners are totally voluntary. It is part of the ethos of the Catholic Church that no individual will be refused access to the ministry or services of the Church because of inability to pay. While there is undoubtedly some decline in regular sacramental practice, it must be said that significant numbers of those who do make use of parish services and facilities do not contribute regularly. Parishes, together with the services they provide, are greatly dependent on the generosity of the minority.

Expenditure:

As might be expected, over one third of the expenditure is in personnel costs. While the majority of this related to the modest income of the clergy, there are significant further personnel costs relating to the provision of lay staff, including parish secretaries and sacristans, together with personnel engaged by the Family Life Centres and the Retreat Centre. It should be acknowledged that these employed staff are backed up in many parishes by volunteers who carry out similar roles. With the reduction in the numbers of clergy, provision will need to be made for more administrative staff in the future, and this will be one substantial draw on the financial reserves of the parishes.

The second largest cost across all of the parishes is the cost of repairs and refurbishment. This comes to a total of €1.7m (an increase of €300k over the previous year). While much of this is planned refurbishment, a certain amount of unplanned expenditure must be budgeted for, given the age of most of the buildings that are in service throughout the diocese. Diocesan policy is to dispose responsibly of property for which there is no use within the foreseeable future, thereby reducing maintenance and insurance costs.

Income and Expenditure

It is significant that the ordinary income of the consolidated parishes and agencies has dropped by €350k by comparison with 2015, while the expenditure has increased by over €40k. The result would actually be an excess of expenditure over income, were it not for two items of exceptional income, related to specific parishes.

The Parishes of the Diocese of Elphin can continue to operate as a going concern. It must be acknowledged, however, that this is largely due to the generosity of a minority of parishioners. The actual contribution rate from parishioners ranges from 10% of families in some urban areas to 40% in some rural communities.

THE PARISHES OF THE DIOCESE OF ELPHIN

REPORT OF THE TRUSTEES

Restricted Funds

Annual collections are taken up in all of the parishes for agencies which do not belong to the diocese, but which are associated with the mission of the Church, e.g. Trocaire (the Catholic Agency for Development), Migrants, Peter's Pence (Pontifical Charities) and Holy Places. In 2016, two additional special collections were held, one for emergency relief in the Ukraine and another to fund the World Meeting of Families, to be celebrated in Ireland in 2018. These collections are transferred directly to the relevant agency via the Elphin Diocesan Office, before the end of the financial year, using an account which is designated for this specific purpose. These monies are not shown as part of the income or expenditure of the parish, since they are restricted funds and never belong to the parish. The total of such restricted funds, in the year under review, amounted to €232,646, of which just under €205K was specifically destined for the needs of the poor.

Assets

The second aspect of the audit report which is qualified relates to the absence of a completed asset register for the Parishes of the Diocese of Elphin. We believe that we have identified all the buildings and lands that are owned by the parishes. The work of ensuring the properties are properly registered and that the trustees are up to date, has proved quite time consuming and it is on-going. We have become aware of some properties in respect of which the trustees were not the Diocesan trustees, have since died and were not replaced. Work is now progressing to ensure that all the buildings and lands of which parishes are the beneficial owners are registered to the Elphin Diocesan Trust, which will avoid this difficulty arising in the future. As many of the properties are quite old and have the status of protected structures, there is often a significant discrepancy between their replacement value for insurance purposes (which may be quite high) and their market value (which may be little or nothing). It has taken some time to identify an appropriate and acceptable means of valuing them as assets. This is now being done.

Catholic Primary Schools under diocesan patronage have traditionally benefitted from the charitable status of the parish with which they are affiliated. This dates from a time when the Parish Priest was the sole manager of the primary school. These schools, while remaining under the patronage of the bishop, now have their own Boards of Management which are responsible for all the financial operations of the school. The buildings and lands of these schools do, however, form part of the fixed assets of the Diocese.

Most second level schools are not under the patronage of the bishop, but the exceptions are the four diocesan colleges. These, like the primary schools have their own Boards of Management which are responsible for all the financial operations of the school, but the buildings and lands of these schools do, also, form part of the fixed assets of the Diocese.

Currently the diocese is amalgamating two of its secondary schools – this process involves the probability that an outstanding loan of approximately €100,000 to one of the schools may revert to the diocese. This, together with other costs of amalgamation will mean a considerable financial outlay by the diocese.

THE PARISHES OF THE DIOCESE OF ELPHIN

REPORT OF THE TRUSTEES

On behalf of the Trustees



Bishop Kevin Doran

Dated this 26th day of October 2017

THE PARISHES OF THE DIOCESE OF ELPHIN

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable Irish law and regulations.

Irish legislation requires the Trustees to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the entity as at the financial year end date and of the surplus or deficit of the entity for the financial year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The Trustees are responsible for ensuring that the entity keeps adequate accounting records which correctly explain and record the transactions of the entity, enable at any time the assets liabilities, financial position and surplus or deficit of the entity to be determined with reasonable accuracy, enable them to ensure that the financial statements and Report of the Trustees comply with applicable legislation and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Trustees



Bishop Kevin Doran

Dated this 26th day of October 2017

INDEPENDENT REPORT OF THE AUDITORS TO THE TRUSTEES OF THE PARISHES OF THE DIOCESE OF ELPHIN

FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of the Parishes of the Diocese of Elphin for the year ended 31 December 2016, which comprises of the Income and Expenditure Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the Trustees of the Parishes of the Diocese of Elphin as a body. Our audit work has been undertaken so that we might state to the Trustees those matters that we are required to state to them in the audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees of the Parishes of the Diocese of Elphin or the Trustees' members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with relevant legislation, as required. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the entity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for Qualified Opinion on Financial Statements

There are two separate matters arising in respect of which our opinion on the financial statements is qualified, as follows:

INDEPENDENT REPORT OF THE AUDITORS TO THE TRUSTEES OF THE PARISHES IFE DIOCESE OF ELPHIN

FOR THE YEAR ENDED 31 DECEMBER 2016

- The significant part of the income of the Charity arises in the form of offertory collections received in cash. The procedures and controls were not implemented to the level required to enable us to audit, in full, the reliability of the income recorded in all Parishes.
- The fixed assets of the Charity are not represented on its Balance Sheet, other than Family Life Centre assets and assets acquired in 2015. The process of identifying all Parish assets, their legal and beneficial ownership and the valuation thereof has not been completed to the extent that fixed assets can be represented, in full, on the Balance Sheet.

It is not possible to quantify the financial effects of the above matters, if any.

Qualified Opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion on Financial Statements paragraph above, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Charity as at 31 December 2016 and its surplus for the year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework

Matters on which we are required to report

- We have obtained all the information and explanations, which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Charity were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Report of the Trustees is consistent with the financial statements.

Anthony Porter

For and on behalf of:

Porter and Co

Chartered Accountants and Registered Auditors

Millennium House

Stephen Street

Sligo

Dated this 26th day of October 2017

**THE PARISHES OF THE DIOCESE OF ELPHIN
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016		2015	
	€	€	€	€
Income:				
Parish Offertory Collections		3,494,307		3,690,658
Income designated for the support of Clergy		1,294,298		1,407,488
Public and Heritage Grant Assistance		25,021		3,450
Shrines		224,134		192,709
Revenue Commissioner Rebates		352,631		348,944
Sale of Parish Properties		13,541		57,427
Investment and rental income		47,134		104,685
Other Parish income		643,202		678,786
Lourdes Pilgrimage income		94,579		79,798
Retreat Centre operating income		151,601		163,342
Family Life Centres operating income		473,264		442,408
		<u>6,813,711</u>		<u>7,169,695</u>
Expenditure:				
Personnel costs	2,441,181		2,615,563	
Repairs, refurbishment and maintenance	1,712,747		1,402,084	
Heat, light and power	517,211		582,973	
Insurances (Parish, VHI, motor)	514,618		490,658	
Altar supplies	232,995		209,636	
Missalettes and newsletters	97,797		87,034	
Lourdes Pilgrimage costs	101,465		94,279	
Retreat Centre operating costs	62,970		82,626	
Family Life Centres operating costs	116,288		114,108	
Other overheads	752,822		823,443	
Bank charges	46,150		49,477	
		<u>(6,596,243)</u>		<u>(6,551,881)</u>
Diocesan Office levies	310,950		316,090	
Sick Priests Fund contributions	144,614		149,311	
Welfare Fund contributions	59,841		54,284	
Stewardship Fund contributions	71,205		75,211	
Related contributions received	<u>(72,482)</u>	<u>(514,128)</u>	<u>(67,608)</u>	<u>(527,288)</u>
Other special collections and levies	180,218		101,317	
Related contributions received	<u>(131,446)</u>	<u>(48,772)</u>	<u>(45,349)</u>	<u>(55,968)</u>
Administration of Charitable Funds	232,646		176,062	
Related contributions received	<u>(231,546)</u>	<u>(1,100)</u>	<u>(172,964)</u>	<u>(3,098)</u>
Net (deficit) / surplus before exceptional income		<u>(346,532)</u>		<u>31,460</u>
Donations and bequests		503,761		190,866
Profit on disposal of investments		204,861		-
Net surplus for year		<u><u>362,090</u></u>		<u><u>222,326</u></u>

THE PARISHES OF THE DIOCESE OF ELPHIN
BALANCE SHEET
AS AT 31 DECEMBER 2016

	2016		2015	
	€	€	€	€
Fixed assets:				
Property acquired 2015		66,200		66,200
Family Life Centre assets		54,098		65,643
		<u>120,298</u>		<u>131,843</u>
Current assets:				
Investments		1,593,906		1,572,271
Cash at bank and in hand		8,949,683		8,585,098
Debtors and prepayments		33,210		48,951
		<u>10,576,799</u>		<u>10,206,320</u>
Creditors: (amounts falling due within one year)				
Diocesan Building Fund	347,797		313,229	
Bank loans and overdrafts	10,328		21,028	
Creditors and accruals	356,031		416,789	
	<u>714,156</u>		<u>751,046</u>	
Net current assets		<u>9,862,643</u>		<u>9,455,274</u>
Total assets less current liabilities		<u>9,982,941</u>		<u>9,587,117</u>
Creditors: (amounts falling due after more than one year)				
Long term creditors		(48,841)		(79,448)
Government grants		(7,500)		(12,760)
Total net assets		<u><u>9,926,600</u></u>		<u><u>9,494,909</u></u>
Accumulated Reserves				
Balance at beginning of year		9,494,909		9,272,583
Surplus for year		362,090		222,326
Adjustment to opening balances		183,405		-
Transfer of Family Life Centre to independent charitable entity		(113,804)		
		<u><u>9,926,600</u></u>		<u><u>9,494,909</u></u>