

# The Congregation of the Passion, Holy Cross Province

*Finance Presentation*

*Assembly 2018*

# Agenda

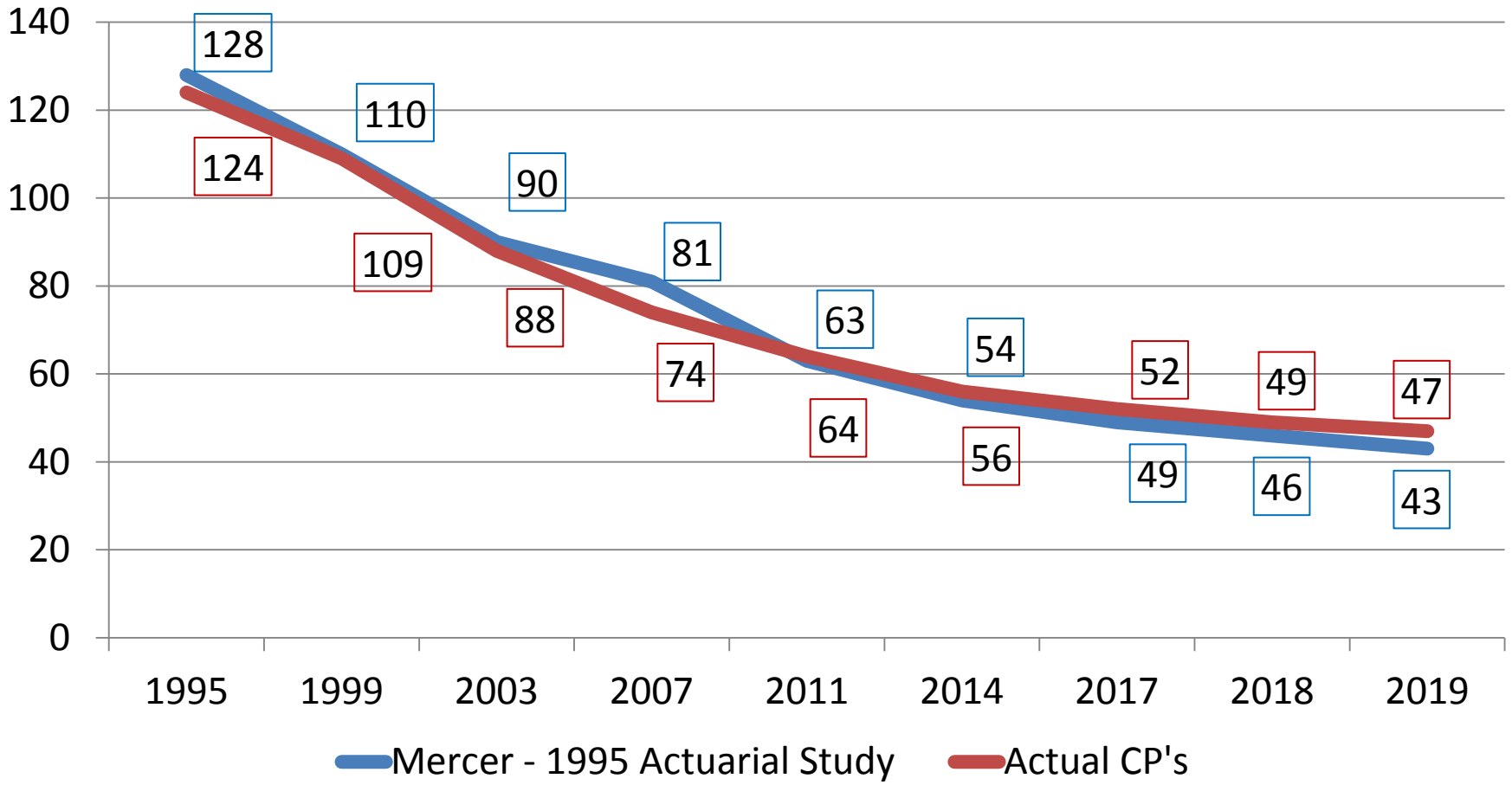
- Membership
- Provincial Office (PPO)
- Province Development Office (PDO)
- PPO/PDO
- Communities
- Retreat Centers

# Please remember that...

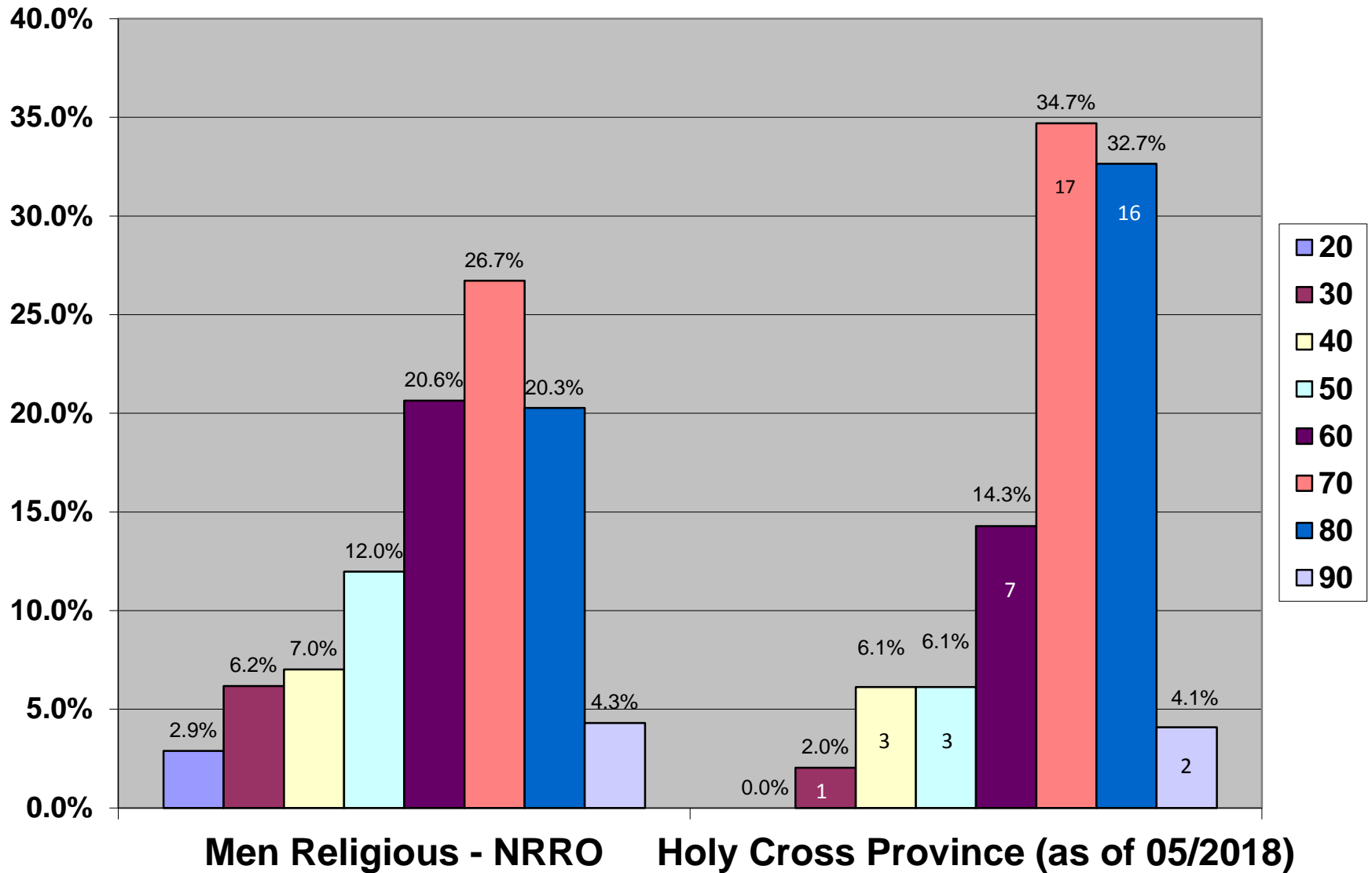
- This presentation is through the lens of the Province Finance Office.
- Finances are only one aspect of religious life and stewardship.
- Green highlighted lines are total and subtotals.
- Negative numbers or deficits are in brackets.

# Membership

# Membership



# Membership



*NRRO: National Religious Retirement Office December 2016 data*

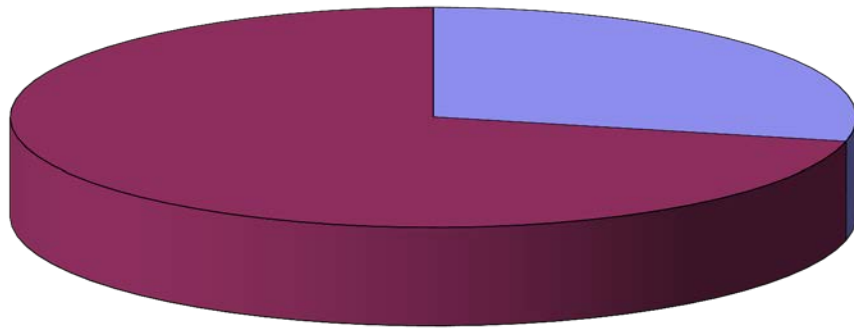


# Membership

## Holy Cross Province

71%

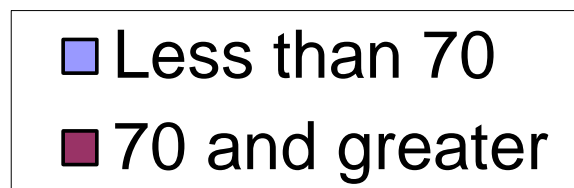
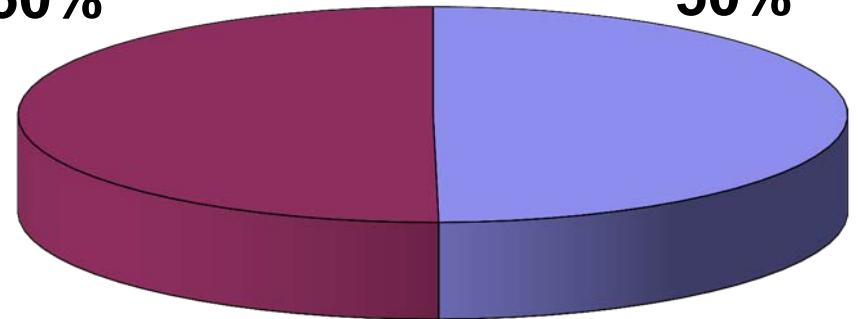
29%



## Men Religious - NRRO

50%

50%



# Membership Observations

- In 2011 56% of professed Passionists were age 70 and older. In 2018 it is 71%. In 2016 it was 67%. The overall men's religious percentages remain unchanged from 2016 to 2018.
- Holy Cross Province has 4 members from THOM, 2 members from LAT and 1 member from PAUL currently working in its ministry.



# Membership Observations

- Since 1995, there have been 79 vowed members that have either passed away or left the order. During that same time period, there have been 5 ordinations, 1 profession of a brother and one incardination.
- Since 1989, the NRRO Direct Care Assistance Grant has provided Holy Cross Province approximately \$1.2 million for the care of senior religious.

# Membership Questions

- As Passionists continue to age, how are we identifying and preparing future vowed members for leadership roles in the Province?
- How can we collaborate more with St. Paul of the Cross Province and Cristo Rey Province?

# **Provincial Office Operations (PPO)**

## **PPO Investments**

***FY's 2013, 2014, 2015, 2016, 2017***

# PPO – Summary

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<i>Income from operations</i>	2,266,962	1,848,336	2,334,313	2,087,879	1,684,045
<i>Expense from operations</i>	(2,323,297)	(2,880,520)	(2,308,484)	(2,004,382)	(2,438,658)
<i>Net from operations</i>	(56,335)	(1,032,184)	25,829	83,497	(754,613)
<i>Net income from investments</i>	1,332,711	2,733,252	319,570	(86,902)	3,098,961
<i>Net income from Province Campaign</i>	1,368,260	441,785	235,841	225,092	101,083
<i>Net before extraordinary items</i>	2,644,636	2,142,853	581,240	221,687	2,445,431
<i>Extraordinary items:</i>					
<i>Chicago property sale</i>	-	3,386,054	-	-	-
<i>San Antonio property sale</i>	-	-	112,593	-	-
<i>Forgiveness of PDO debt</i>	-	(3,008,805)	-	-	-
<i>Decline in Value – 5417 South Cornell</i>	-	-	-	-	-
<i>Net extraordinary items</i>	0	377,249	112,593	0	0
<i>Net Income/(Loss)</i>	2,644,636	2,520,102	693,833	221,687	2,445,431

# PPO - Assessments

	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017	
	Revenue	Expense	Revenue	Expense	Revenue	Expense	Revenue	Expense	Revenue	Expense
<b><i>Education</i></b>	12,938	(114,153)	13,162	(106,746)	12,850	(126,380)	11,825	(207,076)	11,494	(174,155)
<b><i>Medical</i></b>	196,540	(110,134)	199,050	(135,081)	194,360	(136,825)	181,920	(153,714)	175,185	(155,278)
<b><i>Generalate</i></b>	43,056	(61,070)	43,488	(55,770)	41,328	(37,132)	38,664	(99,400)	38,484	(27,844)
<b><i>Recruitment</i></b>	30,450	(25,927)	30,150	(27,783)	29,100	(24,697)	26,220	(21,841)	24,705	(30,434)
<b><i>Provincialate</i></b>	247,651	(484,584)	238,471	(476,652)	233,997	(487,739)	238,287	(469,908)	231,837	(470,667)
<b><i>Province Assembly</i></b>	17,940	(41,309)	18,270	(31,372)	18,030	(3,090)	17,160	(42,056)	16,635	(42,333)
<b><i>Provincial Chapter</i></b>	17,640	-	17,550	-	17,010	(103,575)	15,720	-	14,835	-
<b><i>Total</i></b>	<b>566,215</b>	<b>(837,177)</b>	<b>560,141</b>	<b>(833,404)</b>	<b>546,675</b>	<b>(919,439)</b>	<b>529,796</b>	<b>(993,996)</b>	<b>513,175</b>	<b>(900,712)</b>

# Total Portfolio

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<i>Equities</i>	8,874,721	13,616,170	14,311,610	14,258,902	16,556,471
<i>Fixed</i>	6,768,221	8,604,184	8,414,990	7,820,348	8,145,286
<i>Cash</i>	2,416,654	1,428,706	1,371,420	1,343,558	1,678,437
<i>Total</i>	18,059,596	23,649,060	24,098,020	23,422,808	26,380,194
<i>Performance</i>	7%	12%	1%	(0.4%)	11.8%
<i>Dividends/ Interest</i>	479,983	461,105	548,582	520,499	520,057
<i>Gains/(Losses)</i>	852,728	2,272,147	(229,012)	(607,401)	2,578,904
<i>Total</i>	1,332,711	2,733,252	319,570	(86,902)	3,098,961

# Investments

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<i>Available for Provincial Operations</i>	(18,143)	4,280,387	4,496,250	5,115,735	7,225,578
<i>Restricted:</i>					
<i>Communities/Retreat Centers</i>	8,223,092	8,620,522	8,852,870	8,160,033	8,367,879
<i>Patrimony</i>	1,336,127	1,340,950	1,454,922	1,574,467	1,816,778
<i>Funds held for others</i>	494,928	520,114	387,276	298,535	309,057
<i>Education (endowment)</i>	1,316,550	1,316,550	1,316,550	1,316,550	1,316,550
<i>Annuity Fund</i>	2,138,540	2,318,478	2,236,823	1,637,089	1,885,308
<i>Retirement – donor restricted</i>	3,279,905	3,836,956	4,020,337	4,087,140	4,181,804
<i>Mission – donor restricted</i>	1,288,597	1,415,103	1,332,992	1,233,259	1,277,240
<i>Total Restricted</i>	18,077,739	19,368,673	19,601,770	18,307,073	19,154,616
<i>Total Investments</i>	18,059,596	23,649,060	24,098,020	23,422,808	26,380,194

# Provincial Office Observations

- Provincial Office income from operations decreased in 2017 as compared to 2016 due to fewer bequests received and the ending of the Province Campaign.
- Provincial Office expense increased \$400,000 from 2016 to 2017 due to a \$150,000 donation to the Province Development Office for renovations, an increase of subsidies to local communities of \$50,000, an increase in Province Sponsored Programs of \$70,000 and an increase of investment gains to retreat center donor restricted funds.



# Provincial Office Observations

- The Provincial Office continues to be very dependent on investment income and realized gains of the portfolio to pay for operations and support ministry.
- The Provincial Office maintains approximately \$1.3 million in cash for budgeted and unexpected expenses, as well as reserve fund withdrawals. We have not taken a withdrawal out of the Long-term Portfolio since December 2014.
- The return on the investment portfolio in FY 2017 was 11.8%. In FY 2018, through April, the Long-term Portfolio has returned almost 7.5%. The market has been much more volatile in the second half of FY 2018.

# Provincial Office Observations

- The majority of assets invested in the portfolio are either donor-restricted as to purpose or are funds that can be withdrawn at any time by communities and retreat centers. For 2017, approximately 27% of the portfolio is unrestricted and 73% of the portfolio is restricted. For 2016, approximately 22% of the portfolio is unrestricted and 78% of the portfolio is restricted.
- The Provincial Office incurred \$148,000 in education expenses (degree programs, sabbaticals, novices/students) in 2017 as compared to \$207,000 in 2016.

# Provincial Office Observations

- The Provincial Office's dependence on donations and a strong stock market continues.
- The overall earning power of the portfolio will be reduced with the draw down of the reserve funds.
- The rise in the 91 day T-bill interest rate will increase expenses of what is paid out on reserve funds.

# Provincial Office Observations

- The possible sale of the Mater Dolorosa 'meadow' continues to be discerned. We are currently working with a developer who is interested in proposing a single family home development with homes similar to those in the surrounding area. The city of Sierra Madre appears to be more receptive to developing our land. The Property Task Force continues to work closely with the developer, our consultant and attorney.

# Provincial Office Observations

- Investment market volatility makes good stewardship of our resources even more critical. The Investment Advisory Committee and IPEX, our independent investment consultant, continue to provide sound advice on our investment portfolio to the Provincial and Council. We thank them for their sage words of advice and service.

# Provincial Office Questions

- Should the Province support all of its current ministries?
- Can the Province afford any new ministry?
- Can the Province continue to provide all of its current services?

# **Province Development Office (PDO)**

***FY's 2013, 2014, 2015, 2016, 2017***

# PDO - Summary

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>INCOME</b>					
<i>Direct Mail/Other</i>	5,691,247	5,226,045	4,788,609	4,157,393	4,187,442
<i>Wills/Bequests</i>	376,219	222,664	720,751	737,848	213,117
<i>PPO Renovation Donation</i>	-	-	-	-	150,000
<b>Total Income</b>	<b>6,067,466</b>	<b>5,448,709</b>	<b>5,509,360</b>	<b>4,895,241</b>	<b>4,550,559</b>
<b>EXPENSE</b>					
<i>Program</i>	(2,062,008)	(2,055,996)	(1,581,681)	(1,517,627)	(1,780,812)
<i>Fundraising</i>	(1,351,505)	(1,300,557)	(1,218,327)	(1,211,953)	(1,257,859)
<i>Administrative</i>	(1,223,898)	(1,344,791)	(1,158,580)	(978,878)	(1,026,518)
<i>Restricted Gifts to PPO</i>	(248,571)	(272,622)	(187,095)	(135,710)	(105,605)
<i>Operating Transfer to PPO</i>	(500,000)	(500,000)	(500,000)	(600,000)	(650,000)
<b>Total Expense</b>	<b>(5,385,982)</b>	<b>(5,473,966)</b>	<b>(4,645,683)</b>	<b>(4,444,168)</b>	<b>(4,820,794)</b>
<b>Income/(Loss) from Operations</b>	<b>681,484</b>	<b>(25,257)</b>	<b>863,677</b>	<b>451,073</b>	<b>(270,235)</b>
<i>Forgiveness of loan/interest</i>	-	3,008,805	-	-	-
<b>Net Income/(Loss)</b>	<b>681,484</b>	<b>2,983,548</b>	<b>863,677</b>	<b>451,073</b>	<b>(270,235)</b>



# Province Development Office Observations

- The Province Development Office continues to send direct mail using statistical modeling. Direct mail has not declined as fast as initially projected with the stoppage of acquisition and lapsed mailings. In FY 2017, an additional \$250,000 of acquisition and lapsed mailing expenses was approved by the Provincial Council.
- The PDO transferred \$600,000 to the Provincial Office in 2016, and \$650,000 in 2017 and 2018.

# Province Development Office Observations

- The PDO Donor Relations department continues to assist donors with making planned and major gifts. During FY 2018, Christopher Jungers was added to the staff.
- The PDO has been meeting with the alumni of the Passionists to reconnect, create the Circle of Service and share the Passionist charism. There will be an August 2019 alumni gathering in Detroit.

# PPO/PDO Observations

- The Lenten video and lecture series featuring Bob Weiss and Robin Ryan was a great success. This was a collaboration with the Office of Mission Effectiveness, the PDO and the Eastern Province.
- The new Passionist.org website has been launched. The Internet Committee will be adding enhancements during the coming year.

# **Communities**

***FY's 2013, 2014, 2015, 2016, 2017***

# Communities - Summary

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<i>Operating Income</i>	2,268,634	2,521,402	2,532,708	2,294,934	2,496,752
<i>Operating Expense</i>	(2,112,079)	(2,308,569)	(2,426,503)	(2,069,934)	(2,231,267)
<i>Income/(Loss) Before Depreciation</i>	156,555	212,833	106,205	225,000	265,485
<i>Depreciation Expense</i>	(489,727)	(495,326)	(509,836)	(493,287)	(459,238)
<i>Net Income/(Loss)</i>	(333,172)	(282,493)	(403,631)	(268,287)	(193,753)

# Communities – Actual 2016

	Operating Income	Operating Expense	Income/(Loss) Before Depreciation	Depreciation Expense	Net Income (Loss)	Reserve Fund Balance
<i>St. Paul Of the Cross</i>	143,343	(194,566)	(51,223)	(104,415)	(155,638)	342,211
<i>Mater Dolorosa</i>	301,577	(224,234)	77,343	(42,736)	34,607	545,242
<i>Christ the King</i>	186,399	(194,396)	(7,997)	(11,737)	(19,734)	154,645
<i>Sacred Heart</i>	536,094	(600,337)	(64,243)	(198,905)	(263,148)	388,346
<i>Holy Name</i>	405,977	(274,401)	131,576	(112,944)	18,632	354,064
<i>St. Vincent Strambi</i>	499,480	(441,161)	58,319	(18,869)	39,450	317,130
<i>Holy Family</i>	222,064	(140,839)	81,225	(3,681)	77,544	0
<b><i>Total Communities</i></b>	<b>2,294,934</b>	<b>(2,069,934)</b>	<b>225,000</b>	<b>(493,287)</b>	<b>(268,287)</b>	<b>2,101,638</b>

# Communities – Actual 2017

	Operating Income	Operating Expense	Income/(Loss) Before Depreciation	Depreciation Expense	Net Income (Loss)	Reserve Fund Balance
<i>St. Paul Of the Cross</i>	143,393	(201,361)	(57,968)	(100,094)	(158,062)	287,211
<i>Mater Dolorosa</i>	325,480	(225,879)	99,601	(41,325)	58,276	545,242
<i>Christ the King</i>	211,392	(239,492)	(28,100)	(13,680)	(41,780)	126,645
<i>Sacred Heart</i>	688,854	(660,073)	28,781	(197,824)	(169,043)	347,271
<i>Holy Name</i>	285,258	(238,768)	46,490	(82,916)	(36,426)	429,064
<i>St. Vincent Strambi</i>	607,588	(506,464)	101,124	(13,990)	87,134	323,752
<i>Holy Family</i>	234,787	(159,230)	75,557	(9,409)	66,148	-
<b><i>Total Communities</i></b>	<b>2,496,752</b>	<b>(2,231,267)</b>	<b>265,485</b>	<b>(459,238)</b>	<b>(193,753)</b>	<b>2,059,185</b>

# Depreciation Definition

- The process of expensing the acquisition cost of a fixed asset over time to reflect the fact that the fixed asset is aging and will eventually require replacement.



# Communities Observations

- The age of a community's members, their health status and ability to perform a ministry are significant factors in whether the communities can be financially self-sustaining.
- Communities can currently support the operations of their facilities but cannot support the replacement of property, plant and equipment. Depreciation expense is approximately 17% of total community expenses incurred.

# Communities Observations

- Certain communities (assisted living and formation communities), by their nature, will always depend on Provincial Office financial support.
- Reserve funds are being withdrawn and used to fund day-to-day operations of certain communities. St. Paul, Christ the King and Sacred Heart withdrew 14% of their reserve funds, or approximately \$124,000 during 2017 and withdrew 19% of their reserve funds, or approximately \$205,000 during 2016.

# Communities Observations

- Compared to FY 2016, the following communities were impacted for FY 2017:
  - Sacred Heart's income was increased \$133,000 due to a larger Province subsidy (\$58,000), insurance claims (\$50,000) and medical reimbursements (\$25,000). Expenses increased \$65,000 mainly due to higher medical expenses.
  - St. Vincent Strambi's income increased \$108,000 due to transfer of vowed members from other communities that are earning wages and educational support. Expenses increased for the same reasons.
  - Holy Name's revenue decreased \$120,000 due to a vowed member being on sabbatical. Expenses decreased for the same reason, as well the re-assignment of two vowed members to other communities.

# Communities Observations

- Three communities received subsidy in 2017. St. Vincent Strambi received \$70,900, Sacred Heart received \$207,200 and Holy Family received \$55,700. These three communities received subsidy in 2016. St. Vincent Strambi received \$92,600, Sacred Heart received \$149,100 and Holy Family received \$41,800.
- Through March 31, 2018 three of seven communities have a net loss (St. Paul, Christ the King and Sacred Heart) .
- For the 2019 budgets, three of seven communities are projecting a net loss.

# Communities Questions

- Based on declining membership in recent years and the actuarial projections, are we going to be able to finance all existing communities into the future?
- What happens if (or when) a community runs out of reserve funds?
- Will there be other communities in need of a subsidy from the Provincial Office in the near future?
- Are we financially prepared for those in their 70's as they age upwards?

# Communities Questions

- Will those age 70 and under be able to support the senior religious of the Province in the future?
- How do we continue to keep vowed members aware of the financial condition of their local community and the Province?
- What further information/education do communities need from the Province Finance Office to be good stewards of their local resources?

# **Retreat Centers**

***FY's 2013, 2014, 2015, 2016, 2017***

# Retreat Centers - Summary

<i>Operations + Development</i>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<i>Operating Income</i>	<b>6,187,357</b>	<b>6,709,322</b>	<b>7,411,115</b>	<b>6,503,624</b>	<b>6,530,250</b>
<i>Operating Expense</i>	<b>(5,569,188)</b>	<b>(5,875,168)</b>	<b>(6,076,132)</b>	<b>(6,233,043)</b>	<b>(6,108,219)</b>
<i>Income/(Loss) Before Depreciation</i>	<b>618,169</b>	<b>834,154</b>	<b>1,334,983</b>	<b>270,581</b>	<b>422,031</b>
<i>Depreciation Expense</i>	<b>(504,705)</b>	<b>(555,360)</b>	<b>(568,001)</b>	<b>(594,251)</b>	<b>(587,413)</b>
<i>Net Income/(Loss)</i>	<b>113,464</b>	<b>278,794</b>	<b>766,982</b>	<b>(323,670)</b>	<b>(165,382)</b>



# Retreat Centers – Actual 2016

<b>Operations + Development</b>	<b>Operating Income</b>	<b>Operating Expense</b>	<b>Income/(Loss) Before Depreciation</b>	<b>Depreciation Expense</b>	<b>Net Income (Loss)</b>
<b>Mater Dolorosa</b>	<b>2,655,069</b>	<b>(2,268,427)</b>	<b>386,642</b>	<b>(309,519)</b>	<b>77,123</b>
<b>St. Paul Of the Cross</b>	<b>1,559,156</b>	<b>(1,281,500)</b>	<b>277,656</b>	<b>(186,967)</b>	<b>90,689</b>
<b>Christ the King</b>	<b>998,330</b>	<b>(1,231,364)</b>	<b>(233,034)</b>	<b>(36,586)</b>	<b>(269,620)</b>
<b>Holy Name</b>	<b>1,291,069</b>	<b>(1,451,752)</b>	<b>(160,683)</b>	<b>(61,179)</b>	<b>(221,862)</b>
<b>Total Retreat Centers</b>	<b>6,503,624</b>	<b>(6,233,043)</b>	<b>270,581</b>	<b>(594,251)</b>	<b>(323,670)</b>

# Retreat Centers – Actual 2017

<b>Operations + Development</b>	<b>Operating Income</b>	<b>Operating Expense</b>	<b>Income/(Loss) Before Depreciation</b>	<b>Depreciation Expense</b>	<b>Net Income (Loss)</b>
<b>Mater Dolorosa</b>	<b>2,588,477</b>	<b>(2,332,132)</b>	<b>256,345</b>	<b>(295,765)</b>	<b>(39,420)</b>
<b>St. Paul Of the Cross</b>	<b>1,499,873</b>	<b>(1,225,043)</b>	<b>274,830</b>	<b>(190,440)</b>	<b>84,390</b>
<b>Christ the King</b>	<b>1,084,980</b>	<b>(1,139,672)</b>	<b>(54,692)</b>	<b>(37,740)</b>	<b>(92,432)</b>
<b>Holy Name</b>	<b>1,356,920</b>	<b>(1,411,372)</b>	<b>(54,452)</b>	<b>(63,468)</b>	<b>(117,920)</b>
<b>Total Retreat Centers</b>	<b>6,530,250</b>	<b>(6,108,219)</b>	<b>422,031</b>	<b>(587,413)</b>	<b>(165,382)</b>

# Retreat Center Observations

- Retreat Centers must continue to diversify and balance their sources of income.
- On average at all retreat centers, depreciation runs about 9% of operating expenses, highlighting the financial responsibility of maintaining property, plant and equipment.
- Like the communities, overall, retreat centers can currently support the operations of their facilities but cannot support the replacement of property, plant and equipment.

# Retreat Center Observations

- Compared to FY 2016, the following retreat centers were impacted for FY 2017:
  - Mater Dolorosa's income was \$66,000 less due to the wind down of their campaign.
  - St. Paul's income decreased \$59,000 less due to the wind down of their campaign.
  - Christ the King's income increased \$95,000 due to more hosted groups and donations. Expenses decreased due to staffing changes.
  - Holy Name's income increased \$65,000 due to more Spanish preached retreats, hosted groups and grants.

# Retreat Center Observations

- Retreat Centers need to continue placing a higher reliance on fundraising efforts to make up for these shortfalls in their budgets.
- Retreat centers are financially dependent on hosted programs more than Passionist preached programs to pay for general operations.

# Retreat Center Questions

- What will be the financial impact to a retreat center when there is more reliance on laity rather than vowed Passionists?
- Are adequate development programs in place to help supplement general operations of the retreat centers?

# Retreat Center Questions

- How do we continue to keep board members and key staff aware of the financial condition of their local retreat center and the Province?
- Are there adequate reserves available for repairs and replacements to property, plant and equipment?
- What further information/education do retreat centers need from the Province Finance Office to be good stewards of their local resources?

# Holy Cross Province

## Laying the Groundwork for the Future

- No withdrawal has been made from the Long Term Portfolio since December 2014. This allows for our investments to grow for the future and not be impacted by the current volatility of the stock market. The IAC discusses the Province's investment portfolios quarterly and brings any suggested changes to the Province Council for further action.
- We have streamlined Provincial operations so expenses are contained year to year.
- We have been able to maintain adequate cash reserves to absorb operational and extraordinary expenses, and reserve fund withdrawals.



# Holy Cross Province

## Laying the Groundwork for the Future

- We have placed emphasis on the Donor Relations function by hiring additional personnel. By doing this, we have been able to increase donor outreach for campaign, major and planned gifts for the Province. Over the past 7 years we have averaged \$1 million per year in major and planned gifts.
- The retreat centers have adopted a governance structure that encourages good fiscal oversight.
- The Provincial Council is reviewing and discussing financial matters of the Province on a monthly basis.

If you have questions or need additional information, please contact Keith Zekind through his email address:

[keith@cppo.org](mailto:keith@cppo.org)



Thank you!