

# **DIOCESE OF SOUTHERN VIRGINIA - FINANCIAL REVIEW**

**FINANCIAL RESULTS – 2019 TO 2024 AND A PRELIMINARY LOOK AT THE 2025 BUDGET**

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# KEY MESSAGES

- Our Net Assets are \$26.2M as of 10/31/2024 an increase of \$6M from 2019.
  - For 2024 we expect to exceed our budget and transfer funds to the Diocesan Fund.
  - 2025 budget will be much the same as 2024.
  - We continue to spend more than our ordinary revenue.
  - We are in sound financial condition, but we need to bring our ordinary revenue and expenses into better alignment.
  - We are seeking input.
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# WHAT ARE OUR NET ASSETS

- Net assets are the difference between total assets and total liabilities.
  - Our total assets as of 10/31/2024 were \$26.4M
    - Our investment portfolio was \$21.8M
    - Our fixed assets were \$3.8M
    - The rest was cash and miscellaneous other assets.
  - Unrestricted Net assets as of 10/31/2024 were \$13.2M
  - Designated & Restricted Net Assets as of 10/31/2024 were \$13M
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# OUR INVESTMENT PORTFOLIO

- Our portfolio is entirely invested in the DIOSOVA Foundation Fund.
  - The Fund is managed by the Bank of America.
  - The portfolio is well diversified and of high quality assets.
    - 70% equities (primarily US Large Cap)
    - 20% fixed income
    - 10% private equity and other
  - Over 10 years the rate of return net of fees was 7.77%
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# PORTFOLIO

| Year  | Beginning Value | Additions | Earnings, Realized<br>& Unrealized<br>Gain/Loss net of<br>Investment<br>Expenses | Disbursements | Ending Value |
|-------|-----------------|-----------|----------------------------------------------------------------------------------|---------------|--------------|
| 2019  | \$13,181K       | \$124K    | \$2,692K                                                                         | (\$847K)      | \$15,151K    |
| 2020  | \$15,151K       | \$127K    | \$1,858K                                                                         | (\$615K)      | \$16,520K    |
| 2021  | \$16,520K       | \$912K    | \$2,918K                                                                         | (\$790K)      | \$19,560K    |
| 2022  | \$19,560K       | \$1,366K  | (\$3032K)                                                                        | (\$689K)      | \$17,205K    |
| 2023  | \$17,205K       | \$1,092K  | \$2,900K                                                                         | (\$1,190K)    | \$20,008K    |
| Total |                 | \$3,621K  |                                                                                  | \$4,131K      |              |

Disbursements exceeded additions by \$510K

# DISTRIBUTIONS

| Year  | Normal<br>Distribution | Extra<br>Distribution | Total<br>Distribution |
|-------|------------------------|-----------------------|-----------------------|
| 2019  | \$682K                 | \$165K                | \$847K                |
| 2020  | \$709K                 | (\$94K)               | \$615K                |
| 2021  | \$605K                 | \$185K                | \$790K                |
| 2022  | \$674K                 | \$15K                 | \$689K                |
| 2023  | \$732K                 | \$458K                | \$1,190K              |
| Total | \$3,402K               | \$729K                | \$4,131K              |

# PROPERTY SALES

| Year  | Proceeds |
|-------|----------|
| 2019  | \$0      |
| 2020  | \$800K   |
| 2021  | \$1K     |
| 2022  | \$299K   |
| 2023  | \$1,529K |
| Total | \$2,629K |

Property sales have exceeded extra disbursements by \$1,900K

## KEY POINTS - ASSETS

- The Endowment has increased by \$6.8M over 5 years.
  - \$2.6M of the increase is due to property sales.
  - Investment gains net of expenses were \$7.3M or about 57% over 5 years.
  - The average inflation rate over the period 2019 to 2023 was about 20%. The portfolio is \$16.4M in 2019 dollars.
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# FIVE YEAR SUMMARY OF REVENUE AND EXPENSES

|                            | 2019     | 2020     | 2021     | 2022     | 2023     |
|----------------------------|----------|----------|----------|----------|----------|
| Unrestricted Contributions | \$1,581K | \$1,559K | \$1,608K | \$1,486K | \$1,524K |
| Investment Draw @ 5%       | \$647K   | \$592K   | \$565K   | \$634K   | \$707K   |
| Expenses                   | \$2,723K | \$2,504K | \$2,750K | \$2,721K | \$2,807K |
| <b>Adjusted to 2019 \$</b> |          |          |          |          |          |
| Unrestricted Contributions | \$1,581K | \$1,540K | \$1,517K | \$1,298K | \$1,278K |
| Investment Draw @ 5%       | \$647K   | \$585K   | \$533K   | \$554K   | \$593K   |
| Expenses                   | \$2,723K | \$2,473K | \$2,595K | \$2,377K | \$2,355K |

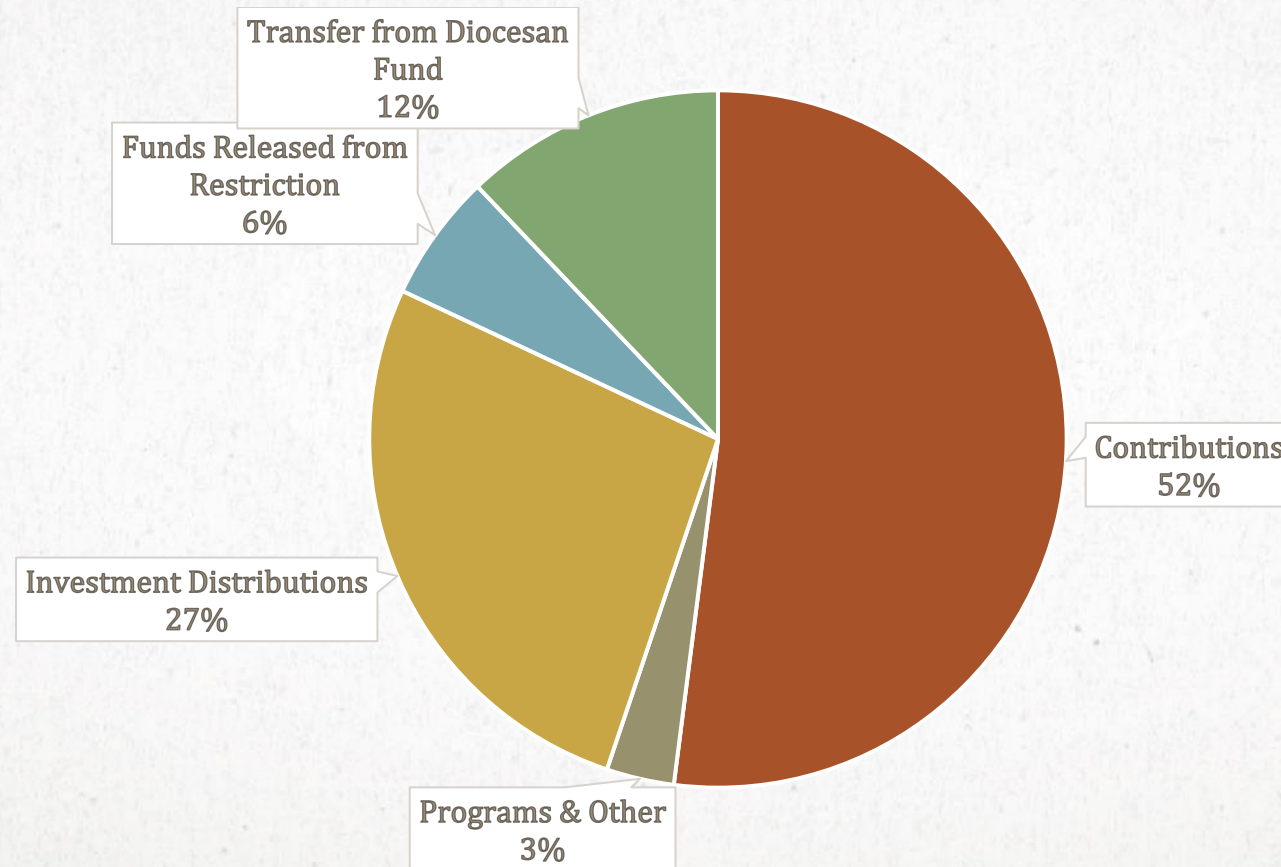
# 2024 PROJECTED RESULTS

|                           |              |  |
|---------------------------|--------------|--|
|                           |              |  |
| Revenue                   | \$ 3,157,600 |  |
| Expenses                  | \$ 2,845,700 |  |
| Transfer to Diocesan Fund | \$ 311,900   |  |
| Net                       | \$ 0         |  |

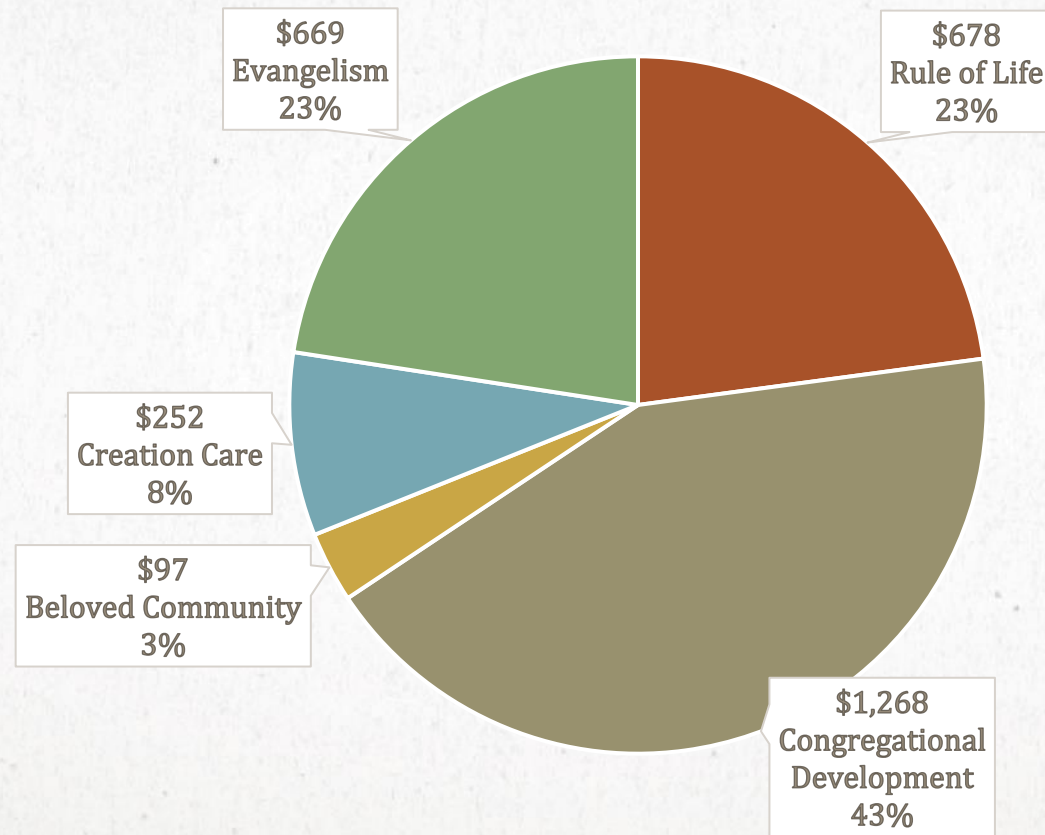
# 2025 PRELIMINARY BUDGET

|                             |              |  |
|-----------------------------|--------------|--|
|                             |              |  |
| Revenue                     | \$ 2,605,000 |  |
| Expenses                    | \$ 2,964,000 |  |
| Transfer from Diocesan Fund | \$ 359,000   |  |
| Net                         | \$ 0         |  |

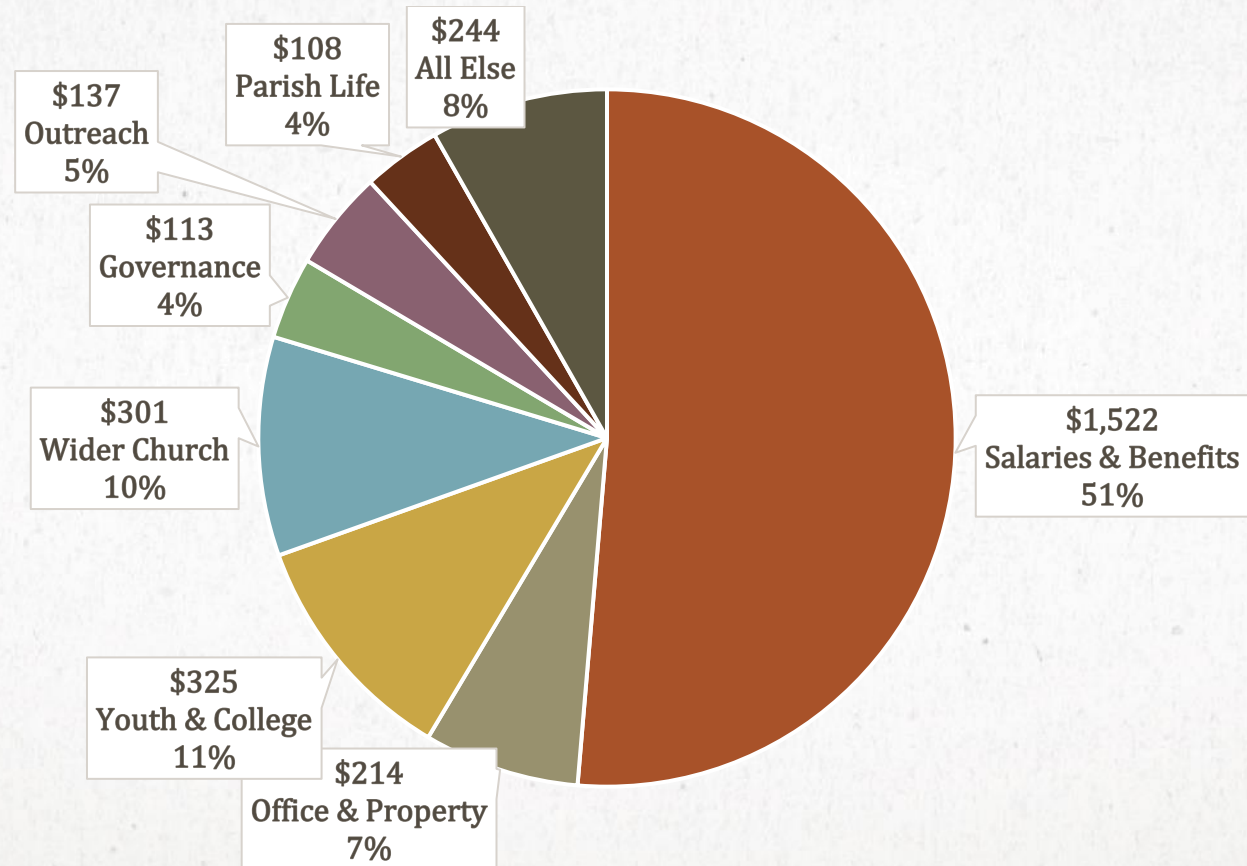
# 2025 SOURCES OF REVENUE



# 2025 EXPENSES (X 1,000)



## CORE EXPENSES (X 1,000)



# GOING FORWARD

- We are in sound financial condition.
  - We need to bring our revenue and expenses into balance.
  - To do that we need to look carefully at what we are trying to accomplish and how best to accomplish our goals.
  - Our process
    - What are our goals?
    - What resources are needed to accomplish our goals? This defines the required revenue.
    - Assess whether the required revenue can be raised. If not, reconsider goals and ways of achieving them.
  - We have started a listening campaign to better understand their needs and expectations.
  - This will take time. Fortunately, our financial condition allows us to proceed in a thoughtful and careful manner.
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# QUESTIONS AND FEEDBACK

- Please contact us with your questions and feedback
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