

Is It Time to Adjust Your Plan?

While attending a meeting of parish business administrators recently, we posed several questions to the group regarding their Sunday collections. Sixty percent of those in attendance reported that their actual collections during the first half of this fiscal year were either about even with or slightly higher than actual collections last year during the same period. However, an astounding 78% reported that collections were lagging the amount they had budgeted for this fiscal year.

Since these budgets were conceived and approved prior to most of the shockwaves hitting our economy this autumn, it isn't surprising that so many parishes are reporting collections being under budget. Since approximately half of the fiscal year has passed for the group we met with, it is apparent that many in the room that day are going to have to develop a contingency plan or make alterations to their budget *now* in order to successfully navigate the remainder of the fiscal year.

Many view budgeting as a fairly static process whereby once the budget is approved it is placed on the shelf until the following year when a new one must be created. At CFC we view the budget, and its implicit financial plan, as being much more dynamic. The budget, like any other type of plan, is likely to be challenged as conditions around you continuously change.

It has been said that in budgeting there is one thing we know and two things we don't. The thing we know is that budgets will not be correct.

The two things we don't know are 1) by how much, and 2) in which direction. If we accept the reality that the world around us is always changing (both positively and negatively), then it is necessary also to accept that changing conditions may require us to adjust our plans.

It is important for all of us to understand that there is no shame in adjusting our plans or our budgets. The real shame would be failing to adjust our plans when conditions require it, thereby either putting ourselves needlessly in harm's way or failing to take advantage of an emerging opportunity.

College or professional football fans recognize that over time, the most successful coaches in the game are the ones who are willing to go into the locker room at half-time and make the adjustments necessary to win in the second half. For them, there is no shame in adjusting to changing conditions. And the really great ones know that timely decisions are the key to successful adjustments.

Current conditions have dealt a body-blow to many sectors of our economy. Parish life and parish finances are not totally immune to the storm swirling around us. However, with prudent planning, by recognizing when the plan needs to be adjusted and taking appropriate action, we all may position ourselves to emerge from these chaotic times stronger and better able to pursue our ministries and achieve our mission.

You've Got UBIT

Some staff members of CFC had the opportunity recently to attend the Diocesan Fiscal Management Conference (DFMC). Among the many presentations given during the DFMC was one regarding Unrelated Business Income Tax (UBIT). The presentation was given by John Valenzuela, CPA, a national authority and consultant regarding UBIT. While Mr. Valenzuela's presentation is far too extensive to reproduce here, some of his comments are worth sharing. Mr. Valenzuela reported that the IRS is paying much closer attention to UBIT and the enforcement of its regulations. In addition, Mr. Valenzuela felt that many parishes currently may not be in compliance with these sometimes complex regulations. Given Mr. Valenzuela's comments, it may be a good New Year's resolution to check with your accountant, auditor or attorney to review your procedures regarding UBIT and ensure that you are in compliance.

IRA Charitable Distribution Provisions Extended

Congress recently renewed the non-taxable charitable IRA distribution provisions for qualifying charitable distributions made during 2008 and 2009. As a result, individuals aged 70 ½ and older can continue to avoid income taxation on direct IRA distributions (up to the annual \$100,000 cap) made to qualifying charities through 2009.

If you anticipate receiving such a donation, please check with your attorney or tax specialist in order to comply with all pertinent regulations.

Are you Generationally Savvy?

There is an interesting new book out titled "Reverse Mentoring", by *Earl Creps*. The book discusses ways that older church leaders can learn from younger leaders who are more conversant with the culture, technology, and social context for the current generation. The old and the young look at the world in very different ways. For instance, the younger crowd considers bi-weekly attendance as "regular" attendance. If you are building up parishioners for a "special Sunday event", that just may be the week these "regular" members don't attend, and now you've lost their participation. Similarly, while the older generation welcomes communication via the church bulletin, the younger generation is waiting for your bulletin to arrive in their "inbox" via email. The older generation contributes via check, cash or ACH; the younger generation relies on their check card. How many parishes do you know that accept check card donations? If we want to be viewed as welcoming to the Gen Xs or Ys, we need to make our parishes just as comfortable and inviting for them as we do for the Baby Boomers and the Greatest Generation.

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