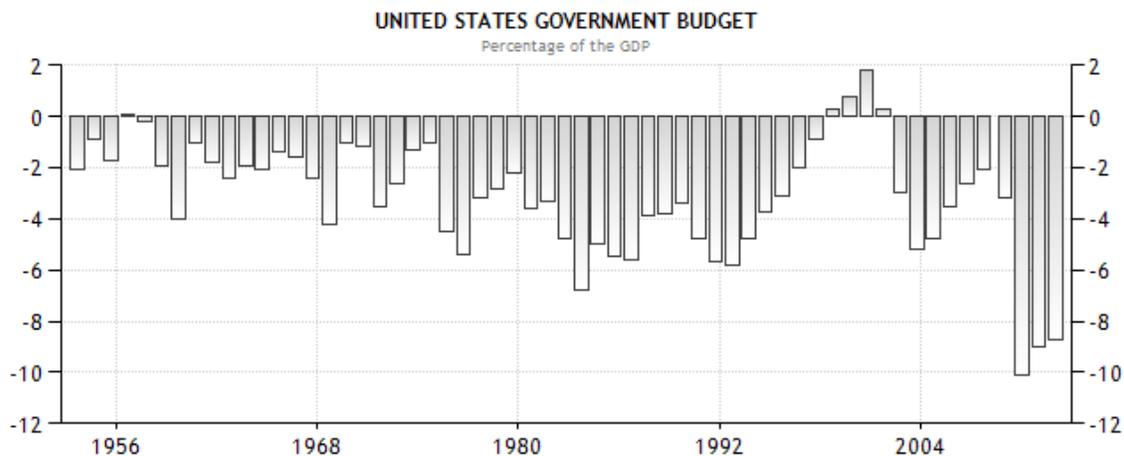


Budgeting in Uncertain Times

Many of us have been through both times of prosperity and challenging financial times during our lives. When you think about times of uncertainty, how does it affect the way you make financial decisions? Do you double down? Go full speed ahead? Pull back the reins a little?

CFC thinks it prudent for parish and school leaders to consider a conservative approach to budgeting in general, but in particular over the next few years, as our nation's leaders stare over the "fiscal cliff."

When a nonprofit organization creates its budget, the goal typically is to have a net surplus for the year, or at least to break even. If there is a budgetary deficit, then debt is incurred or reserves must be utilized to subsidize the deficit. Such recurring deficits must be eliminated in order for an organization to remain solvent. If this debt is not paid off, the organization's ability to carry out its mission will be challenged. The following graph illustrates what our nation has been experiencing for the past number of years. (Bars below the zero line represent a budget deficit; bars above the line represent a surplus.)



The United States has been operating at a budget deficit, and it has been increasing as of late. The Federal Government faces budgeting deficit problems similar to those of non-profit organizations mentioned above, although on a much larger scale.

You may be asking yourself, "So how does this affect our organization?" There are two ways our country can rectify this situation—by cutting expenses and/or raising revenues. In the case of raising revenues, that usually comes in the form of taxes. One of the most frequent proposals being discussed these days (in addition to increasing taxes on the wealthy) is to eliminate deductions. Many of the biggest personal tax deductions include the exclusion of employer health insurance, the exclusion of employer pensions, the mortgage interest deduction and the **deduction for charitable contributions**.

Budgeting in Uncertain Times (continued)

While these deductions are extremely popular, and thus likely will be very difficult to eliminate entirely, is it possible that their elimination or reduction may have an adverse effect on your organization? The answer is very likely yes. That is why we recommend that our clients approach their budgeting process for the coming fiscal year with caution, particularly in the area of contributions.

Are we suggesting that the situation is hopeless? Of course not. In Hebrews 8:32, we hear “He who did not spare his own Son, but gave him up for us all—how will he not also, along with him, graciously give us all things?” As people of faith, we firmly believe that when reasonable people talk reasonably with each other, good solutions can result. Until we know the outcome, however, we suggest proceeding with caution and taking a conservative posture as you begin the budget process for the next fiscal year—and in general, for that matter.

If Catholic Finance Corporation can be of assistance as you begin your budget process, or in any other way, please give us a call.

GROW Begins in Archdiocese

The first meeting involving parishes in the GROW initiative took place in November. GROW is sponsored by the Archdiocese of Minneapolis and St. Paul and is intended as a pastoral planning process for the benefit of those parishes wishing to participate. CFC is working on GROW in conjunction with TeamWorks International and the Office of Parish Services.

During the six-month process, parishes will be able to use extensive demographic, lifestyle and financial data that will be provided to them. In addition, each parish will be able to take advantage of an online parishioner survey that will help parish leaders as they explore their planning options for the future.

CFC will be working with GROW parishes regarding the financial aspects of their planning efforts. We are excited to be involved in this initiative, and look forward to working with the various parishes that join in this process over the next several years.



Catholic Finance Corporation supports the Archdiocese of St. Paul and Minneapolis in its initiative to reengage Catholics toward full life in the faith.
rediscover.archspm.org

Catholic Finance
CORPORATION

5826 Blackshire Path
Inver Grove Heights, MN 55076
Phone: (651) 389-1070
Toll Free: (877) 232-2250
Fax: (651) 389-1071
Email: info@catholicfinance.org
www.catholicfinance.org