

Still Balancing Your Budget?

Time is drawing short and your leadership has conferred and deferred, tweaked and adjusted, added and cut... and your 2017-2018 budget is still not balanced. Perhaps it's time to step back and look at the big picture. Answering these three broader questions may help you identify areas where adjustments can still be made.

First, check your budget for any program that makes up more than 30-35% of your total budget. Experience shows that any time a single program or ministry area comes to predominate an overall operating budget, it reduces maneuvering room and potentially has the effect of stifling other important programs and needs. Be it debt service, worship, education or outreach, all ministry areas and programs need to be right-sized and considered in light of your larger goals and ministry plan.

This right-sizing generally takes place over an extended period of time, in the course of one or two fiscal years. However, the process of evaluating individual ministries needs to be an annual commitment. In fact, the normal course of budget planning should include both a review by the department head or ministry team, and also consultation with the administrator. This process may add a few weeks or even a month to your budget process. However, the review is an important tool to keep budgets from going on "autopilot" and failing to account for ministry goals.

Second, ask yourself whether your strategic/ministry plan is fully reflected in your budget. Sometimes a plan changes, but programming and budgeting remain relatively static. Mission creep or mission deprivation can result. In either case, a healthy alignment can be made only by periodically checking your current

budget/spending against what you know to be your mission and plan. If you don't *have* a strategic plan, that's another conversation—and an important one.

A strategic plan is like a video composed of still shots of the parish taken at each fiscal year end. The annual budget is a snapshot taken at a moment in time. The strategic planning "video" includes a look back at the last 3-5 years of budgeting/ministry history. It also looks forward for up to 5 or more years to see where the parish might be headed: which ministries need to change, be added to or reduced, or even eliminated. Work like this takes time, but allows leadership to have a fuller vision of what the future will bring.

Third, check your operations budget against other entities of similar size and mission. How are they similar and how do they differ? This exercise needs to be done carefully for several reasons. Each organization is unique in both mission and resources, so benchmarking ought not be used solely to justify a course of action. There is always the danger of falling to a common level of mediocrity, or of feeling obligated to keep up with "the neighbors". However, there is real merit in checking the size and shape of your budget against exemplars who find themselves in similar categories. Enrollment size, average collected tuition, annual offertory, and number of students or households are all useful markers to help determine who your budget neighbors are.

A balanced budget that reflects your current reality and ministry goals is one important tool in moving ministry to the next level, a movement which Catholic Finance Corporation exists to promote. Want to know more? Give us a call at 651-389-1070.

Year-End Parish Reports

The end of the fiscal year is upon us, and it is time to start planning the year-end parishioner report. Along with providing financial transparency and communicating progress on pastoral plans, **it is important to tell the story of how contributions are changing lives in the community.** You may want to re-evaluate what is included in the annual parish report. In addition to the summary financial data included in the Statement of Financial Position, Statement of Activities, and Cash Flow Statement, information that conveys your parish’s priorities and community impact may include:

- Financial
 - ◊ 3-year envelope and plate giving
 - ◊ 3-year total parish and school revenue
 - ◊ Days cash on hand
 - ◊ Restricted net assets and restricted cash/investments
 - ◊ Maintenance costs, including projects and campus improvements
 - ◊ Parish investment in the school, faith formation, liturgy/worship, parish outreach and other programs
- Parish demographics
 - ◊ Number of parishioners
 - ◊ Enrollment (both school and faith formation students)
 - ◊ Number of sacraments for the past year
 - ◊ Percentage of parishioners who volunteer
 - ◊ Mass counts (last 3 years)
- Programs
 - ◊ Number of people served (e.g.: meals, clothing, Eucharist to the homebound, etc.)
 - ◊ Name and description of parish ministries
 - ◊ Number of active volunteers and hours donated
- Giving trends
 - ◊ Number of total givers
 - ◊ Average gift per parishioner
 - ◊ Listing of second collections and amount collected

The year-end parishioner report is a valuable opportunity to engage parishioners in the mission of the parish. Use this opportunity to tell your story and the impact contributions have on your community.

Purchasing Program Financing Available

The CFC Board of Directors has set aside funds within the CFC loan pool to be utilized for micro loans associated with the purchasing program. A micro loan is a smaller loan with a shorter maturity and a simplified and standardized process. Due to the streamlined process, closing costs are minimal or nonexistent.

These loans typically cover the following items:

- Copiers
- Computers
- Roofs
- Parking lots
- Other capital items

The summary of steps includes:

1. Determine the scope of the project (# of computers, cost of parking lot, capacity of copier)
2. Consider options for financing (pay cash, lease, borrow through purchasing program)
3. Obtain proxy if required
4. Obtain loan approval

If you are interested in obtaining financing for these items, please contact CFC at 651-389-1070.

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