

Are There Vulnerabilities In Your Parish Revenues?

If you are planning for the long-term future of your organization or just trying to get your annual budget finished, here are some potential risks to consider as you look at your various revenue sources and your reserve levels.

Major Revenue Sources Are Great, But Do You Have Diversity?

While major donors are often the anchor to a successful capital campaign, if they are the key or sole source for keeping a parish solvent, it may put a parish at great risk. If an unexpected event develops (a death, a loss of income or a job, or losses in the financial markets), it can lead to serious financial distress for parishes that have narrow revenue bases. If a relied-upon source goes away, do you have alternatives to fill the gap?

This concern is equally true if a parish is relying on a significant source of (non-donor) outside revenue, such as regular rental payments from leasing a facility to a charter school. Individual generosity and outside sources of revenue are certainly welcome and not to be avoided, but do need to be monitored and managed. In the short run, parishes in this type of situation are best off if they are accumulating reserves to create a hedge against the interruption or loss of the revenue. They should also develop strategies to mitigate the possible loss of a key revenue stream. In the long run, parishes are well advised to work toward diversifying their revenue streams and always keeping an eye on where the vulnerabilities lie.

Weathering a Change in Pastor

Most parishes in the Archdiocese develop a very close bond with their pastor. Unfortunately, when that pastor retires or leaves for another parish, it can result in a decline in giving. Hopefully this is temporary as the parish gets to know their new leader and build new ties with him. The trend we have observed in parish Sunday collections is that they can decline by as much as 25% after the departure of a pastor. This may make it financially difficult for the parish to continue to deliver mission and ministry to the parishioners, especially if it results in an erosion of the parish membership base. Maintaining a healthy financial reserve can provide the means to weather a period of transition.