

# Financial Planning During a Crisis

The current COVID 19 crisis provides the perfect opportunity for every Priest and Parish Council to dedicate a few hours of time to reviewing Parish collections and bill payment systems and identifying ways to improve those systems which will save countless hours of time and effort in the future. Every Parish is urged to automate these systems using software, whether Cloud or computer based.



## 1. Protecting Parish Assets

With many Churches and their related buildings either closed or experiencing substantially reduced traffic, the observations and security that comes from such use no longer exist.

The Parish needs to develop a program of one or more persons frequently visiting the Church and other buildings to ensure that no property damage (broken windows, doors, vandalism, theft) or break in has occurred. In addition, the Church and related buildings should be checked to make sure that the utilities are in service, alarm system, HVAC, appliances, water and plumbing are operational. Steps should be taken to secure or remove valuables such as vestments, religious articles and electronic equipment.

The Parish property and liability insurance policies should be reviewed to determine whether adequate insurance coverage is in place to replace items that may be damaged or stolen. The Parish should take careful note that religious or sacred arts items such as vestments, icons, chalices and stained glass are not normally recovered under a property insurance policy unless a special endorsement or rider is purchased, and each item is listed and valued.

Parish financial accounts should be identified and monitored for unusual or suspicious transactions. This should be done by the financial officers and other members of the Parish that serve on the audit committee.

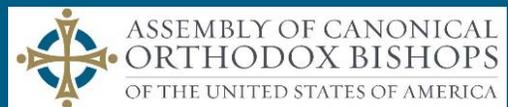


## 2. Assessing Finances

Before any mass plea or communication is made to the Parish for donations, the Parish Council needs to assess Parish finances. This requires more than asking the question of how much money do we have in the bank. It requires a thoughtful and detailed analysis of assets, liabilities, income and expenses of the Parish and how these will look and change over a 30, 60, 90, 180- and 365-day period.

Each Parish should have cash reserves to cover 6 months operating expenses. The reality is that the vast majority of Orthodox Parishes have at best cash on hand to cover 30 days or less of expenses. Parishes are living from one Sunday collection to the next.

While stewardship and charitable giving programs need to be addressed, the current financial crisis arising from COVID 19 is negatively impacting every member of the Orthodox Church. Now is the time for the Parish Council to display and practice good stewardship with the Parish's available assets.



The Parish Council, not just the financial officers, will need to learn the details of what it costs to operate the church. Accounting software packages such as Quickbooks are vital tools to assist Parish Councils. These programs have Cloud based versions allowing many individuals to access the information. Many Parishes use paper or computer spreadsheets to prepare their financials. While these methods have served their purposes in the past, now is the time to convert to an accounting software system, which will put all information related to every account and vendor at your fingertips. While setting up and customizing an accounting software package may require several hours of your time, it will save countless hours in the future.

# Financial Tips for Parish Councils

## Set up Financial Accounts for Electronic Banking

1. Set up Parish bank accounts for electronic online banking
2. Establish protocol for secure logins and passwords
3. Authorize two or more Parish Council members to have online access
4. Set up electronic transfer of funds between Parish accounts including from bank accounts at one bank to another bank

## Know and Understand your Parish's Monthly Payment Obligations

1. *Parish salaries – Priest, Secretary, Chanter, Choir Director, Custodian, etc.*
  - a. Discontinue the payment by physical check
  - b. Begin payment through ACH or Direct Deposit
  - c. Are reduced or deferred salary payments an available option
  - d. Communicate with these individuals if your Parish is not able to make full salary payments
2. *Mortgage or Lease Expense*
  - a. Discontinue the payment by physical check
  - b. Begin payment through ACH or Direct Debit
  - c. Contact the Bank to determine whether it will forbear or defer the payments to be missed given the current crisis? If so, for how long?
  - d. Can the Mortgage be refinanced to a lower interest rate?
  - e. Who is our banking contact and contact information?
  - f. Communicate with the Lender if your Parish is not able to make full payments on outstanding balances. Reach out and establish a payment plan.
3. *Utility and Insurance Expense*
  - a. Discontinue the payment by physical check
  - b. Set up the accounts for electronic/email bill issuance
  - c. Begin the payment through ACH or Direct Debit
  - d. Gather Company Names, Addresses, Telephone Numbers and Account Numbers for each account
  - e. Communicate with utility and insurance companies if your Parish is not able to make full payments on outstanding balances. Reach out and establish a payment plan.
4. *Vendor/Suppliers*
  - a. Discontinue the payment by physical check
  - b. Set up all Vendors and Suppliers for electronic/email bill issuance
  - c. Begin the payment through ACH or Direct Debit
  - d. Gather Company Names, Addresses, Telephone Numbers and Account Numbers for each account
  - e. Communicate with vendors/suppliers if your Parish is not able to make full payments on outstanding balances. Reach out and establish a payment plan.
5. *Jurisdictional Obligations*
  - a. Determine whether these obligations can be deferred
  - b. Communicate your inability to make these payments
6. *Other Obligations/Payments – Charitable Giving, etc.*
  - a. Identify all non-essential obligations of the Parish
  - b. Communicate with recipients of such payments that your Parish is unable to make the payments at this time and that payments are being deferred due to the current crisis

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### **Create a Crisis Budget**

1. Prepare a forecast of Projected Collections over the next 30, 60, 90, 180 and 365 days.
  2. Develop a platform/program of online/e-giving programs.
  3. Prepare a budget of Projected Expenses on a monthly basis through December 31, 2020, which should contain a listing of deferred payments and payment plan arrangements.
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### **Communicate the Crisis Budget**

1. Present, discuss and approve the Crisis Budget to the Parish Council.
  2. Present the Crisis Budget to the Parish Community.
  3. Educate the Parish Community regarding online/e-giving programs.
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