

New Orleans 2010

Coming to New Orleans? Be prepared for an exciting city and a creative agenda for the Bayou City's hosting of our national conference. There are a number of presenters you may remember and several new ones. By the way, the interest in presenting at our conference grows significantly with each passing year as the prestige of the annual meeting grows.

Our key note speaker for Sunday evening's opening reception is Father J-Glenn Murray, a Jesuit priest from the Archdiocese of Washington D.C. assigned as Parochial Vicar for St. Aloysius Gonzaga Parish in Washington. He is a dynamic and inspirational speaker with a significant flair for audience participation.

We are continuing our program for the Internal Audit path with concurrent sessions on Monday afternoon. We welcome back Ernie Armstrong from the



Mike Urick
Vice President/
Program Chair

Archdiocese of Denver as a presenter for the Internal Audit track. On Tuesday morning we will hear from Anthony Picarello from the USCCB on civil/canon law trends and issues with a few war stories to illustrate

his points. For an inspirational view we have engaged Sister Anne Bryan Smollen. She is engaging and, at times, funny with a sense of not taking ourselves too seriously.

On Wednesday, we welcome back Christel Slaughter with an eye opening general session in the morning followed by an update of the new Health Care Reform Act and its effects on our Church and its employees by Jon Gabel.

Overall we have an excellent program with much food for thought and a little

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Go online to learn more

www.dfmconf.org

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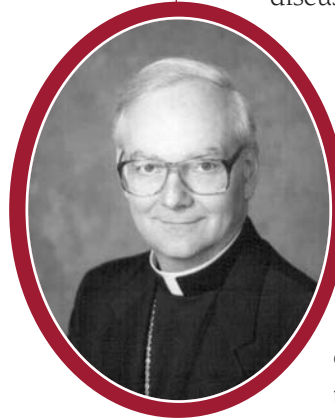
The Shepherd Speaks

Dear Members of the Diocesan Fiscal Management Conference:

Since 1985 I have served as the Episcopal Moderator of our organization. It has been an honor and privilege to see firsthand the work of faith-filled professionals strengthening the Church in fiscal management. After 25 years it is time to welcome a new Episcopal Moderator. Some months ago I wrote Cardinal George, the President of the USCCB, requesting the appointment of a new Episcopal Moderator. I suggested Bishop Kevin Farrell, the Bishop of Dallas, Texas, a former member of the DFMC and a former member of our Executive Board. Cardinal George agreed with that nomination and Bishop Farrell graciously accepted. The DFMC is singularly blessed to have the experience and expertise of Bishop Farrell as our new Episcopal Moderator. He shepherds an ever-growing diocese, he is a proven administrator, a dynamic leader and compassionate listener.

Some might ask, what does an Episcopal Moderator do? During the past 25 years of the DFMC several key moments stand out in my mind that reflect the role of the Episcopal Moderator. I recall the debate over permitting vendors to attend our national meeting. This was a critical moment between some members who opposed this approach and other members who saw this as a way for the organization to grow. The Episcopal Moderator played a pivotal role in dialoguing with both groups. The matter

was ultimately settled by the wisdom of the body which saw the positive result of bringing together new resources through the admission of vendors to our national conference. The Episcopal Moderator also played a moderating role in the crucial discussions leading to that vote.



**Most Reverend
Donald W. Trautman,
STD, SSL**
Bishop of Erie

I recall another time when the Conference of Bishops was locked in endless debate on a balanced formula of assessments for dioceses. Bishops representing large metropolitan areas and bishops from small rural dioceses debated the fairness of the then assessment from the USCCB. I volunteered the services of the Diocesan Fiscal Management Conference saying fiscal officers, known for their expertise, would be able to have

a weighted formula, let us work on this. The Conference of Bishops entrusted the matter to the Diocesan Fiscal Management Conference. I formed the committee and we met for several days and brought back to the Conference of Bishops a balanced formula weighted that was found to be fair by all bishops. To this day that original formula prevails. This was a major contribution of the Fiscal Management Conference to the bishops of our country.

I recall another occasion when there was a heated discussion on having a national office and executive director for our organization. The Episcopal Moderator was able to step forward and guide deliberations and kept the organization from being divided. The Conference approved the recommendation to have a national office and executive director, and this has proven to be greatly successful. The Episcopal Moderator from time to

time has also been of help to individual bishops and individual fiscal officers in resolving difficulties in their respective dioceses. I do recall during the time of the sex abuse crisis in our country playing a role of spiritually helping fiscal officers who were indeed truly unnerved and hurt by the handling of certain cases at the local level. In a pastoral way perspective was given to these issues in hopefully restoring credibility and confidence in church leadership.

In this my final column of “The Shepherd Speaks” I want to express my gratitude to all the members of the DFMC and, in particular, to our Executive Director Les Maiman and the Board of Directors. We have every reason to be proud of these individuals who spend endless hours planning our conference and handling issues that arise between conferences. The DFMC is well-served by these individuals who truly go the extra mile for us. I also wish to express gratitude to Debbie Radzynski of Plaza Meetings who has handled the arrangements for travel and vendors and all preparations for our conferences. And finally, I express my thanks to the Presidents of the Episcopal Conference under whom I have served for allowing me the opportunity to be associated with the DFMC. There is no ministry more important than the proper accounting and management of church resources. You know my favorite expression, you are “faith-filled professionals” and you have demonstrated that year after year. Continue to love the Lord, love his Church, and love your special ministry in the Church.

Let me conclude with a spiritual thought. The world is observing the 100th anniversary of the birth of Mother Teresa of Calcutta. We remember this frail, wrinkled, tiny missionary. She taught the world the meaning of love. She lived the words of Jesus: “Whatever you do to the least of mine, you do to me.” What is the lasting legacy of this saintly missionary? In a world where people frantically search for ways to find love and fulfillment, God has given us a shining example of pure goodness and Christ-like charity. Her life demonstrated that she was a person filled with inner peace and spiritual serenity. Her missionary sisters certainly are part of the legacy that Mother Teresa gives to the world.

Her missionaries live as poorly as their lowly foundress and never accept one penny in payment for their services.

Like their foundress they care for the lepers, the abandoned, the AIDS patients and the poorest of the poor. They bring love and help and dignity to the unwanted and marginalized.

Mother Teresa once said to a group of young people: “The work we are doing perhaps you cannot do, and the work you are doing in your homes or in your college life or jobs, we cannot do; but we compliment each other, and together through loving one another, we can do something beautiful for God.” Let us imitate the example of this prophetic woman whom God sent to us to remind us of the meaning of love. Together in our different ministries we can do something beautiful for God.

What is the secret of Mother Teresa’s spirituality? I believe her own words reveal it: “Let no one ever leave you without feeling happier and better.” If we practice this wisdom, we too can be part of the lasting legacy of Mother Teresa. After 25 years I say to all of you, I leave feeling happier and better because of you. Thank you for your friendship. Blessings on your special ministry.

Most Reverend Donald W. Trautman, STD, SSL
Bishop of Erie



ST. LOUIS CATHEDRAL

Bienvenue à la Nouvelle-Orléans - Welcome to New Orleans!

With all of the warmth and hospitality that the Crescent City is famous for, I welcome you to New Orleans and the 41st annual Diocesan Fiscal Management Conference, taking place September 26 -29, 2010.

New Orleans is a city that is extraordinarily rich in history, culture and unique traditions found nowhere else in the world. While you are here I invite you to become one of us, and celebrate the “savory gumbo” of people, music, food, art, sports, festivals and faith that has been simmering here for more than 200 years.

St. Louis Cathedral is the oldest Catholic Cathedral in continual use in the United States. Catholics have been worshipping here since 1727. The Cathedral is located next to the Cabildo where the transfer of the colony of Louisiana to the United States took place in 1803. St. Louis Cathedral is “the heart of old New Orleans” and is an iconic symbol of the city.

While you are here you can take a streetcar ride or walk through the streets to get a feeling for the many things our City has to offer and see; beautiful homes along St. Charles Avenue, shopping at the French Market (America’s oldest public market), the Aquarium on the Riverwalk, the Audubon Zoo in Uptown, the Art Museum in City Park, the National World War II Museum, or tour our famous cemeteries with their beautiful above ground vaults.

Music is always in the air in the city where Jazz was born. While many people associate New Orleans nightlife with Bourbon Street, you can enjoy music played on street corners, festivals, jazz funerals and churches. Nightclubs are scattered throughout the city.

No city loves its food more than New Orleans and with more than 1,000 restaurants you’ll have plenty to choose from.

If you arrive early on the 26th, you can join the World Champion New Orleans Saints as they take on their NFC South rivals the Atlanta Falcons at the Superdome. No matter which team you support, the Who Dat Nation invites you to join the party atmosphere of game day!

Archbishop Aymond and I hope that your conference experience will be a good one and that you will take home fond memories of New Orleans.†



Kenneth Jayroe
2010 Site Chair
Archdiocese of New
Orleans

Recognizing Long-Term Conference Attendance

The Board of Directors will be privileged to recognize member conference attendance milestones during our 41st annual conference to be held in New Orleans. The following listing reflects the National Office's current record of 2010 New Orleans attendees who are at the 10, 15, 20, 25, 30, and 35 year attendance recognition levels. We invite each member who will be attending this year's conference to kindly review this listing and let the DFMC know if we inadvertently missed fully recognizing your proper years of attendance.

For 35 Years of Attendance

Mr. Philip J. Ries Diocese of Orange

For 30 Years of Attendance

Mr. Peter L. McNamee Diocese of Helena

For 25 Years of Attendance

Mr. Joseph E Ingraham Diocese of Baton Rouge

For 20 Years of Attendance

Mr. Joseph Loncki Diocese of Great Falls-Billings
Mr. Felipe Salcido, Jr. Diocese of Las Cruces
Mr. Michael G. Speel Diocese of Green Bay
Mr. Daniel M. Stremel Diocese of Dodge City
Mrs. Jeri A. Thieme Diocese of Colorado Springs
Mr. Paul A. Ward Diocese of St. Petersburg

For 15 Years of Attendance

Mr. Michael F. Bannwarth Diocese of Sioux Falls
Mr. David V. Brook Diocese of Alexandria in LA
Mr. Karl P. Dytrych Diocese of Gary
Mr. Gerard J. Hoeing Archdiocese of Saint Louis
Mr. John M. Hutchinson Diocese of Albany
Rev. Michael K. McManus Diocese of Fall River
Mr. Timothy Schab Diocese of Lansing

For 10 Years of Attendance

Mr. Paul J. Daigle Diocese of Saint John
Mr. Barry P. Hanner Diocese of Dallas
Ms. Taffie Iwanicki Archdiocese of Chicago
Ms. Elsa Rullan Archdiocese of Atlanta
Mr. Thomas G. Toolan Diocese of Metuchen

From the Desk of the Executive Director ...

Have you curled up with a really good book, iPad, or Kindle lately? Whether for pleasure or professional invigoration, a really “Good Read” is one of those “ought to’s” that we too often never quite get around to.

The National Office is hence delighted to introduce with this issue *Good Reads* – a new column offering a reviewed listing of recent economic, management, organizational, and professional growth “good reads” tweaked for our unique ministry. The intention of *Good Reads* will hence be to provide a (near) painless way to re-embrace a quarterly regimen of worthwhile professional reading with the “pre-homework” done by the National Office!

In this issue, for instance, approximately fifteen books were read to suggest three offerings for your consideration. In addition to attractiveness of professional content and presentation, each possibility is further filtered for availability as an eBook (Apple’s iBook &/or Amazon’s Kindle) so that:

- You can “sample” each offering for your personal interest before deciding to buy; and
- Price break (most eBooks are less expensive than their softcover siblings).

Many of us likely found in our academic years that several presenters covering the same topic (each from their unique vantage points) were often both more interest holding and a more effective way to learn. Hence you will often find listings of couplets (or triplets) as suggested reading choices for your consideration. Finally, you will also find (when possible) an attempt to recognize our inherent difference in learning styles (such as right vis-à-vis left brain – albeit our crowd is rather skewed to the left), which is an additional benefit of the couplet approach to offerings and eSampling (even if you will ultimately be ordering the softcover).

We hope you will enjoy this new Member service, and find this as the perfect excuse to add the professional edge of some “Good Reads” as targeted arrows in your ministerial quiver!†



Leslie T. Maiman, Jr.
Executive Director

“Good Reads” – Summer, 2010 Recent Economic Events

- David Wessel, *In Fed We Trust: Ben Bernanke’s War On The Great Panic*. New York: The Washington Post, 2009 – The 2008 financial crisis and the Bernanke Fed’s response viewed thru the lens of the economic editor of *The Wall Street Journal*. Very well written: Good read.
- Henry M. Paulson, Jr., *On The Brink: Inside the Race to Stop the Collapse of the Global Financial System*. New York: Hachette Book Group, 2010 – The former Secretary of the Treasury’s first-person account of the economic-political storyline behind and during the 2008 financial crisis. Good read.
- Alan Greenspan, *The Age of Turbulence: Adventures In A New World*. New York: Penguin Press, 2007 – Well crafted first-person account by the former Fed Chair of his 18-year career and assessment of our changed economic times centered around the impact and Fed’s response to the 9/11 crisis. Very good read.

2010 Conference Hotel “Transportation Fast Facts”

- SHERATON NEW ORLEANS HOTEL •

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- SHERATON PARKING •

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- AIRPORT TRANSPORTATION •

You may reserve a shared ride service between the Louis Armstrong International Airport and the Sheraton New Orleans through New Orleans Airport Shuttle (504-522-3500). Rates are \$20 per person one way / \$38 per person roundtrip.

Taxis are available outside of baggage claim and the average fare to the hotel is \$28.



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Diocesan Fiscal Management Conference

We have audited the accompanying statements of financial position of the Diocesan Fiscal Management Conference as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Diocesan Fiscal Management Conference's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diocesan Fiscal Management Conference at December 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Armstrong, Backus & Co., L.L.P.

June 10, 2010

Statements of Financial Position

	December 31	
	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 425,836	\$ 118,152
Investments	0	233,721
Receivables	0	2,150
Prepaid expenses and other current assets	5,774	7,962
Total current assets	<u>431,610</u>	<u>361,985</u>
Property and equipment - Net	0	6,102
Total assets	<u>\$431,610</u>	<u>\$368,087</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 4,474	\$ 2,790
Deferred revenue	1,931	1,931
Total current liabilities	<u>6,405</u>	<u>4,721</u>
Net Assets		
Unrestricted and undesignated	425,205	363,366
Total liabilities and net assets	<u>\$431,610</u>	<u>\$368,087</u>

Statements of Cash Flows

	Years Ended December 31	
	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 61,839	\$ (32,645)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	6,102	1,744
Unrealized loss on investments	0	93,939
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	2,150	(2,150)
Prepaid expenses and other	2,188	(7,962)
Accounts payable	1,684	(9,332)
Deferred revenue	0	1,501
Net cash provided by (used in) operating activities	<u>73,963</u>	<u>45,095</u>
Cash Flows from Investing Activities		
Purchases of investments	0	(8,072)
Sales of investments	233,721	0
Net cash provided by (used in) investing activities	<u>233,721</u>	<u>(8,072)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	307,684	37,023
Cash - Beginning of year	118,152	81,129
Cash - End of year	<u>\$ 425,836</u>	<u>\$ 118,152</u>

Revenue, Gains, and Other Support:

Membership dues and assessments
Conference and meetings
Gold level sponsors
Speaker sponsorship
Event fees
Vendor fees
Interest income
Realized gain on investments
Total revenue

Expenses

Functional Expenses
Program Services
General and administrative
Total Functional Expenses
Unrealized Loss on Investments
Total Expenses and Losses

Change in Net Assets

Net Assets - Beginning of year
Net Assets - End of year

Diocesan Fiscal Management Conference

Statement of Activities and Changes in Net Assets

Years Ended December 31

2009				2008			
Unrestricted	Board Designated	Temporarily Restricted	Total	Unrestricted	Board Designated	Temporarily Restricted	Total
\$112,350	\$ –	\$ –	\$112,350	\$110,625	\$ –	\$ –	\$ 110,625
155,590	–	–	155,590	156,745	–	–	156,745
66,000	–	–	66,000	66,000	–	–	66,000
12,000	–	–	12,000	10,250	–	–	10,250
5,916	–	–	5,916	9,760	–	–	9,760
211,000	–	–	211,000	201,750	–	–	201,750
6,860	–	–	6,860	9,301	–	–	9,301
57,436	–	–	57,436	–	–	–	–
627,152	–	–	627,152	564,431	–	–	564,431
395,564	\$ –	\$ –	395,564	363,184	–	–	363,184
169,749	–	–	169,749	139,953	–	–	139,953
565,313	–	–	565,313	503,137	–	–	503,137
–	–	–	–	93,939	–	–	93,939
565,313	–	–	565,313	597,076	–	–	597,076
61,839	–	–	61,839	(32,645)	–	–	(32,645)
363,366	–	–	363,366	396,011	–	–	396,011
\$425,205	\$ –	\$ –	\$425,205	\$363,366	\$ –	\$ –	\$363,366

This information is derived from the financial statements of the Diocesan Fiscal Management Conference which have been audited by Armstrong, Backus & Co., L.L.P., independent auditors. The information should be read in conjunction with the financial statements, and related notes included therein.

Schedule of Expenses

	Years Ended December 31	
	2009	2008
Breakfasts/Lunches	\$ 85,410	\$ 68,403
Executive director salary and support staff	65,453	54,895
Brochures/Programs/Mailings	47,156	48,458
Board expenses	38,437	29,934
Hospitality/Other receptions	34,119	32,846
Grand Banquet	26,102	24,721
Opening reception	24,367	32,047
Speaker expenses	19,577	25,480
Closing reception	19,573	21,610
Travel and tours	18,416	19,384
Herald/Mailings	18,329	16,727
Audio/Visual	17,928	17,868
Exhibitor services	16,955	14,805
Website Hosting Services	11,180	-
Currency/Credit Card Fees	10,099	-
Facilities rent	9,900	9,507
Medical insurance	8,252	4,286
Insurance/Legal	7,980	12,384
Registration desk	7,817	7,597
Accounting services	6,907	3,047
Depreciation	6,102	1,744
Liturgies	6,007	5,291
Planner/Ground/On line	5,548	1,714
Awards	5,417	5,683
Shipping	4,898	784
Payroll taxes	4,864	4,262
Buses	4,745	4,945
Telephone/Fax/ISP	4,593	4,105
Gold/Sponsor fulfillment	3,615	5,768
Special publications/copying	3,360	3,484
Computer	3,167	4,497
Scholarship disbursed	2,703	-
Photography	2,500	2,628
Postage/Box	2,040	1,994
Office supplies	1,904	3,698
Utilities	1,881	1,490
NASBA - CPE Certification	1,710	-
Miscellaneous	1,641	1,487
Copier/Couriers	1,338	482
Welcome/City gifts	1,223	1,991
Hotel gratuities	1,100	900
CDFM expenses	1,000	-
Banquet entertainment/stipend	-	645
Dues and subscriptions	-	1,546
Total expenses	\$ 565,313	503,137

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Certified Diocesan Fiscal Manager Exam Information

Time is running out, but there is still time to register for the Certified Diocesan Fiscal Manager (CDFM) exam to be offered at the 41st DFMC gathering in New Orleans. The examination will be administered on Saturday, September 25, 2010 at the conference site, the Sheraton New Orleans.

Several DFMC attendees have already signed up for the examination and board member and strategic planning committee chairman Dan Stremel believes more will sign up in these next few weeks. Stremel indicated that he has also heard from fiscal officers who will be signing up for the exam in the future, but due to family or diocesan obligations have not had time to adequately prepare for the exam this year. "Having taken the exam last year, I know that the exam will challenge finance professionals and their knowledge of the many disciplines that fiscal officers face daily," said Stremel, but he also added that utilizing the study guide is very helpful to the review process. He said "I felt that the study guide was beneficial in preparing for the exam and I understand that time constraints will prevent some of my colleagues from being able to adequately prepare for this year's exam, but hope they will avail themselves of this opportunity in the coming year."

The CDFM is a voluntary professional certification program that was designed by Dr. Wayne Lenell, CPA, Finance Director of the Diocese of Rockford, at the request of the DFMC board of directors and this year is the first time the exam has been offered to the membership. In developing this certification program, the DFMC joins many other organizations which recognize professionals in a field of specialized study. The application, study materials, and other information can be found on the DFMC web site, www.dfmconf.org in the members only section.

Candidates must be qualified to sit for the exam and must apply to the CDFM committee. The comprehensive exam consists of 4 sections of 50 multiple choice questions covering 16 fiscal management disciplines. A composite score of 75% is required to pass the examination and good standing will be maintained through attendance at a minimum number of future conferences.

The board of directors will review and evaluate the program after the conference and will look at how they can continue to improve the certification process for future years.

CONTINUED FROM PAGE 1

lightheartedness mixed in. We believe this will be both informative and challenging especially as we introduce the much anticipated Fiscal Manager certification. For more information on this new opportunity for our fiscal officers, please refer back to the last issue of the Herald.

This program came together though the gifted expertise of the Program Committee members, Brad Watson from the Diocese of Venice, Barbara Duff from the Diocese of Pueblo, and Gerald Arnold from the Diocese of Cleveland. The Committee gratefully acknowledges the very able assistance of our President, Brian Buckingham, our Past President, Dan Stremel and our Executive Director, Les Maiman.

We look forward to a great conference – see you in New Orleans!†

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APC Responds to FASB Exposure Draft

By Mark E. Smith – Diocese of Allentown and Guy D. Chapdelaine – Diocese of Manchester

The Accounting Practices Committee (APC) operates under the auspices of the United States Conference of Catholic Bishops' Committee on Budget and Finance. The primary purpose of the APC is to represent the U.S. Catholic Church before regulatory bodies in the formulation of accounting principles and reporting standards that would affect the Catholic Church. The Committee consists of fifteen voting members: eleven diocesan CFOs and two representatives each from LCWR and CMSM. In addition, there are five CPA advisors from public accounting firms.

The APC recently responded to the Financial Accounting Standards Board (FASB) with comments on the proposed Statement of Financial Accounting Concepts entitled "Conceptual Framework for Financial Reporting: The Reporting Entity" (Exposure Draft).

Although the Exposure Draft is addressed to commercial entities, indications are that the FASB intends to consider its applicability to not-for-profit entities in the future. For that reason the APC decided to respond to certain aspects of the Exposure Draft. The areas on which comments were made were: control, combined reports and the status of concept statements.

The exposure draft attempts to identify the reporting entity based upon economic activities and control. Specifically, it states:

"A reporting entity is a circumscribed area of economic activities whose financial information has the potential to be useful to existing and potential equity investors, lenders, and other creditors..."

An entity controls another entity when it has the power to direct the activities of the other entity to generate benefit for (or limit the losses to) itself. If an entity that controls one or more entities prepares financial reports, it should present consolidated financial statements.

MORE ON PAGE 14

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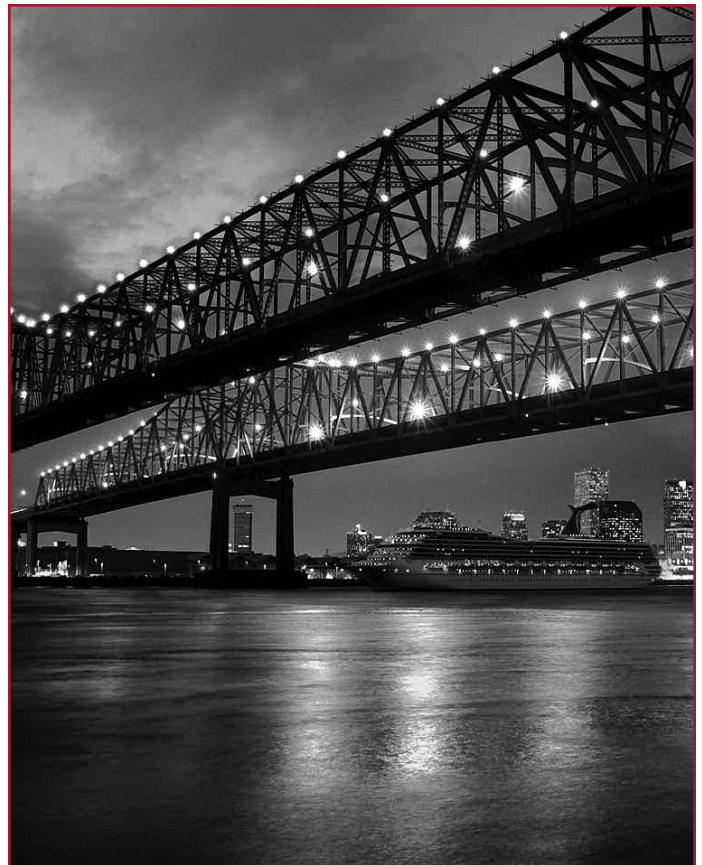
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CONTINUED FROM PAGE 12

A portion of an entity could qualify as a reporting entity if the economic activities of that portion can be distinguished objectively from the rest of the entity and financial information about the portion of the entity has the potential to be useful in making decisions about providing resources to that portion of the entity.”

With respect to control, the APC was concerned that the Exposure Draft may be implying that the power to direct the activities of another entity is a function of the ability to elect a majority of the members of the governing board of that entity, as was promulgated in FSP SOP 94-3-1 (now superseded). The APC commented that in international organizations, including certain church-related not-for-profit entities, this might not always be true. Church-related organizations may have internal laws, for instance Canon Law, that more accurately and consistently express their internal structures. In these instances, the code of internal law would be a better gauge of control when it clearly stipulates the power of one entity in relation to another.

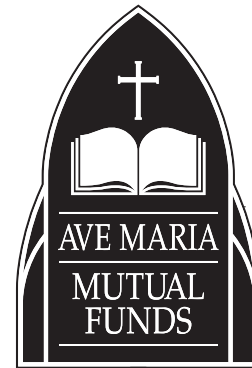
The APC commented that the definition of a *combined report* is too narrowly restricted in the Exposure Draft. The Exposure Draft indicates that a combined report would only be appropriate in the case of subsidiaries reporting, without including the parent or controlling entity. The APC noted that combined reports are sometimes issued by a group of entities that are not necessarily subsidiaries of a common parent, but rather have other common denominators, e.g., doing similar work, having a common mission, common funding sources, etc. in order to report the totality of activity of the entities sharing the common denominator.

The APC also commented that it is inclined to agree with the proposal included in the Exposure Draft to elevate concept statements to authoritative status, but believes this is too significant a decision to be made without a due-process evaluation by all FASB constituents.

The APC recognizes that the conceptual framework for the financial reporting entity is extremely important and the Exposure Draft provides a strong indication on the FASB's thinking regarding the reporting entity. The APC also recognizes the uniqueness of Church institutions and church-related entities and is concerned where Church organizations will fit within the reporting entity framework under consideration by the FASB.†

Duly Noted

Fiscal Officer appointments, Member retirements, awards and deaths are four examples of events and occasions of special notice that occur in our local churches that are often appreciated by other Members when shared within our national DFMC community. In years past, *The Herald* often included a “*Duly Noted*” section which served to facilitate this purpose, and hence we would like to reinstitute the publication of “*Duly Noted*” with availability starting in Fall, 2010’s issue. Please feel free to submit such recent appointments and notices for inclusion in *The Herald* to the National Office!



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Diocesan Financial Issues

The document *Diocesan Financial Issues* was developed by the Committee on Budget and Finance of the United States Conference of Catholic Bishops (USCCB). It was approved by the full body of the U.S. Catholic Bishops at its November 2002 General Meeting and has been authorized for publication by the undersigned.

Msgr. William P. Fay

General Secretary, USCCB

Available for download:

www.usccb.org/finance/Dioc_Fin_Issues_2009.doc

Tax Court Concludes Contributions to Non-U.S. Catholic Church Not Deductible under Section 170

Husband and wife taxpayers (petitioners) timely filed a joint tax return for taxable year 2006 on which they claimed charitable contribution deductions of \$25,100. IRS disallowed deductions for the wife's donations to and expenses for charitable work benefiting Catholic churches located outside the United States.

There is a tragic background to these particular donations. The wife had been born in a foreign country to devout Catholic parents. Her uncle was a Catholic priest. When guerilla forces seized her hometown, she witnessed over 400 fellow Catholics, including her uncle and other citizens of her hometown, being buried alive. Guerilla forces destroyed much of her hometown, including its Catholic church and seminary. The wife and her family escaped to the United States, where she met and married her husband, completed her college education, and was hired as an engineer at an international corporation. She is a member of a Catholic parish near her home in Texas.

As an adult, the wife returned to her native country, witnessed its extreme poverty and need, and was motivated to contribute money to help rebuild its Catholic churches. Fearing reprisal by the local police, who had been monitoring her activities in country, the wife devised a plan to disguise her contributions by wiring funds to the personal bank account of a cousin, who then transferred the funds to selected Catholic churches in the country. During 2006, she wired the following amounts to her cousin's account -- \$8,025, \$4,000, \$5,000 and \$8,025, all of which were claimed as charitable contributions on the joint 2006 tax return. An additional contribution of \$1,025, the cost of the wife's plane ticket to her native country to provide services to local Catholic churches, was also deducted. During this visit, the wife was not working on behalf of her Texas parish or diocese, although she had informed her pastor of her work and contributions. In November 2007, the wife joined a section 501(c)(3) organization that supports missionary work in her native country.

The court concluded that none of the contributions for the benefit of the Catholic churches in the wife's native country qualified as deductible charitable contributions because these churches were not qualified donees under section 170. Section 170 defines charitable contribution as a gift to or for the use of an organization "created or organized in the United States...or under the law of the United States." The wife did not make wire transfers to or for the use of an organization created or organized in the United States or under the law of the United States. Therefore, these wire transfers were not deductible as charitable contributions. Likewise, the airfare was not deductible under section 170 since the wife had not traveled to provide services for qualified donee organizations.

The court rejected the argument that the wife was providing missionary services on behalf of her local Catholic diocese, which had no control over her services for Catholic churches in the foreign country. Further, there was no evidence that the wife was providing services during 2006 on behalf of the section 501(c)(3) organization she did not join until the following year. Finally, the petitioners argued that because the Catholic Church

is a universal organization, Catholic churches in the wife's native country were qualified donees under section 170. On the basis of the record, the court found no evidence that these foreign churches had been created or organized in the United States or under the law of the United States.

Although the court was sympathetic to the sincerity of the wife's "brave and heartfelt" actions, it had no choice but to hold that the petitioners were not entitled to their claimed charitable contribution deductions for 2006.

This case did not reach the issue of the adequacy of substantiation required by section 170. The record was sealed pursuant to Rule 103 because of the risk of extreme physical harm to the petitioners.

See: *Anonymous v. Commissioner*, T.C. Memo. 2010-87 (April 22, 2010), <http://www.ustaxcourt.gov/InOpHistoric/anonymous.TCM.WPD.pdf>

Federal Law Requiring President Each Year to Proclaim National Day of Prayer on Which Americans "May Turn to God in Prayer" Violates Establishment Clause

In 1952, Congress passed a statute requiring the President each year to declare a National Day of Prayer. Since then, every President annually has issued a proclamation designating a National Day of Prayer. The purpose of the proclamation is stated in the text of the statute, which, in its current form, reads as follows: "The President shall issue each year a proclamation designating the first Thursday in May as a National Day of Prayer on which the people of the United States may turn to God in prayer and meditation at churches, in groups, and as individuals." 36 U.S.C. § 119.

An organization devoted to promoting church-state separation, and several of its individual members, sued President Obama and his press secretary to have section 119 and presidential prayer proclamations declared unconstitutional and enjoined.

A federal district judge in Wisconsin held that plaintiff had standing to challenge section 119, but not to challenge presidential proclamations generally. The case proceeded strictly as an Establishment Clause challenge to section 119.

The court has now declared section 119 unconstitutional and enjoined its enforcement. On its face, the statute does more than merely acknowledge the role of religion or prayer in the nation's life, the court reasoned. It is a call for religious action in the form of encouragement to pray. Indeed, the statute even defines prayer as "turn[ing] to God." Its purpose and effect therefore is to endorse religion, which is what the Establishment Clause forbids. Even if section 119 does not endorse any particular religion – a question that the court found to be not

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free from dispute given section 119's reference only to "churches" – the Establishment Clause is not limited to discrimination among religious sects.

Section 119 is distinguishable from national holidays such as Christmas and Thanksgiving. Those holidays "have religious origins," the court wrote, but "their celebration by the government does not connote endorsement in the eyes of the reasonable observer because of the significant secular meaning the holidays now have." Similarly, the government can acknowledge the role of religion in American life, as in the case of certain displays that include the text of the Ten Commandments, but section 119 goes beyond that by urging citizens to perform a particular religious exercise. Opening a legislative session with a brief invocation, a practice upheld by the Supreme Court, serves a secular purpose by, for example, reminding legislators of the importance of their task. Section 119, however, cannot be justified on similar grounds; it endorses prayer for its own sake.

Finally, Section 119 cannot be viewed as an accommodation because there is no burden on religious exercise that Section 119 can reasonably be said to accommodate. "With or without a statute, private citizens are free to pray at any time."

The government has filed a notice of appeal.

Practice point: Regardless of one's views of the merits, in its immediate consequences this case may be something of a tempest in a teapot in that the injunction pertains only to the statute and not the actual issuance of presidential proclamations for a day of prayer, as plaintiffs lacked standing to challenge that practice. It also would seem that the statute could be rewritten to take into account the court's objections by, for example, requiring the President to proclaim a day for recognizing and celebrating Americans' freedom to engage in prayer and worship (as opposed to affirmatively encouraging people to pray).

See: *Freedom From Religion Foundation v. Obama*, No. 08-cv-588-bbc, 2010 WL 1499451 (W.D. Wis. April 15, 2010).

AAO Decides That Director of Music Ministry in Catholic Parish is a Religious Worker

On January 13, 2010, the Administrative Appeals Office ("AAO"), U.S. Citizenship and Immigration Services ("USCIS"), overturned a denial by the California Service Center ("CSC") of an employment-based immigration religious worker petition submitted by the Archdiocese of Indianapolis.

The Archdiocese submitted a special immigrant religious worker petition for the position of Director of Music Ministry at St. Bartholomew Catholic Parish. CSC had determined that the position of Director of Music Ministry did not qualify as a religious occupation because it did not meet the definition of religious occupation under current regulation, and the Archdiocese did not submit specific verifiable evidence regarding salary.

AAO began its discussion of the appeal by citing the statutory provisions covering special immigrant religious workers as an employment-based preference category under the Immigration

and Nationality Act ("INA"). INA §§ 203(b)(4), 101(a)(27)(C). AAO then cited the regulations governing eligibility for special immigrant religious workers generally, and for religious occupation in particular. To qualify for special immigrant religious worker classification, the foreign national must have at least two years' experience in the religious vocation or occupation and be coming to the United States to work in a full-time (average of 35 hours per week) compensated position. 8 C.F.R. § 204.5(m). To qualify as a religious occupation, the position must meet all of the regulatory requirements: (1) the duties must primarily relate to a traditional religious function and be recognized as a religious occupation within the denomination; (2) the duties must be primarily related to, and must clearly involve, inculcating or carrying out the religious creed and beliefs of the denomination; (3) the duties do not include positions that are primarily administrative or support in nature such as janitors, maintenance workers, clerical employees, fund raisers, persons solely involved in the solicitation of donations, or similar positions, although limited administrative duties that are only incidental to religious functions are permissible; and (4) religious study or training for religious work does not constitute a religious occupation, but a religious worker may pursue study or training incident to status. 8 C.F.R. § 204.5(m)(5).

The Archdiocese submitted a letter supporting the petition with a description of the proffered position of Director of Music Ministry. However, the job description did not satisfy CSC, and a request for additional evidence was sent to the Archdiocese to "[p]rovide a detailed description of the religious denomination's requirements for the proffered religious professional position." In other words, no documentation had been submitted to establish that the position of music director was primarily related to a traditional religious function and recognized as a religious occupation within the denomination and that the duties primarily related to, and clearly involved, inculcating or carrying out the religious creed and beliefs of the denomination. These are critical elements in the definition of religious occupation stated above.

In response to the request for additional evidence, the Archdiocese provided a copy of "A Parish Guide for Carrying Out Mission and Ministry," published by the Archdiocese in January 1999. The guide identifies the music director as part of the pastoral staff. In addition, the Archdiocese provided to CSC "*Sing to the Lord: Music in Divine Worship*," issued by the United States Conference of Catholic Bishops in November 2007. The latter document lists the Director of Music Ministries as one of the "Ministers of Liturgical Music," and states: "[a] professional director of music ministries, or music director, provides a major service by working with the bishop or pastor to oversee the planning, coordination, and ministries of the parish or diocesan liturgical music program. The director of music ministries fosters the active participation of the liturgical assembly in singing, coordinates the preparation of music to be sung at various liturgical celebrations; and promotes the ministries of choirs, psalmists, cantors, organists, and all who play instruments that serve the Liturgy. In the present day, many potential directors of music are not of our faith tradition. It is significant as we go forward that directors of music are properly trained to express

CONTINUED ON PAGE 18

Executive Director of Catholic Family Service, Inc., Diocese of Lubbock, Texas (Catholic Charities) (Posted 08-04-10)

DUTIES

Serve as CFS's primary representative. Assume primary responsibility for grant writing, fund raising and acquisition of program funds. Oversee and coordinate the day-to-day operations and administration of agency programs. Supervise 5 program directors.

Catholic Family Service, Inc., Diocese of Lubbock, TX
102 Ave. J
Lubbock, Texas 79401
806-765-8475

Associate Director of Finance RCRI (Posted 07-16-10)

DUTIES

The Associate Director advises and works with leadership and financial managers of institutes/societies; prepares written materials for RCRI publications; gives presentations at conferences, workshops and individual institutes/societies; and works collaboratively with other national organizations serving institutes and societies. Based upon experience, the Associate Director may assume management responsibilities within RCRI.

Send letter of interest, resume, and 2 letters of reference to Daniel Ward, OSB, 8824 Cameron Street, Silver Spring, MD 20910 <http://www.trcri.org/>

CONTINUED FROM PAGE 17

our faith traditions effectively and with pastoral sensitivity." Sing to the Lord, ¶ 45.

The additional evidence convinced AAO that the position of director of music ministry within the Catholic Church relates to a traditional religious function, is recognized as a religious occupation by the Catholic Church, and is involved in carrying out the religious creed and beliefs of the denomination, thus meeting the definition of religious occupation. The case was remanded to CSC for further action and consideration of the denial, including seeking additional evidence on the issue of qualifying employment experience and compensation.

Practice point: AAO's decision should settle the issue whether music directors in Catholic parishes fall under the category of religious workers in a religious occupation. A proper job description that meets all the elements of the definition of religious occupation should be included in petitions for such foreign nationals (the USCCB Office of General Counsel assisted Archdiocesan counsel in preparing for the AAO appeal). As for evidence stipulating compensation and qualifying employment experience for religious workers, USCIS will no longer accept letters from business managers or financial officers in lieu of IRS documentation when IRS documentation is available.

See: *In re Roman Catholic Archdiocese of Indianapolis/Bogdan Andrei Minut*, Administrative Appeals Office, United States Citizenship and Immigration Services, No. WAC 08 223 51046 (Jan. 13, 2010).

Executive Director, Orange Catholic Foundation

(Posted 05-28-10)

DUTIES

Reporting to the Board of Directors of the Foundation and working closely with the Bishop of Orange and his staff, the Executive Director will lead and manage all aspects of the Orange Catholic Foundation which includes the development activities of the Diocese. The ED will also oversee the investment of the assets of the Foundation in support of the Vision and Mission of the organization. The ED will serve as part of the Bishop's Executive Committee.

Interested parties should forward resume and cover letter expressing interest to Morris & Berger at mb@morrisberger.com

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What would you like to see in The Herald?

Members are encouraged to submit items as well as articles for consideration in *The Herald*. Notices of Employment Opportunities are published on the web site as they are received in the National Office, as well as in the upcoming edition of *The Herald*.

The Herald Publication Schedule

DFMC Herald will accept notices and articles for future issues according to the following schedule:

<u>Deadline Date</u>		<u>Publication Date</u>
April 30	<i>Spring Issue</i>	May 31
July 30	<i>Summer Issue</i>	August 30
October 31	<i>Fall Issue</i>	November 30
January 31	<i>Winter Issue</i>	February 28

We would appreciate your comments & input on items for future issues.

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September 29, 2010		
September 25, 2011	Minneapolis, MN	Hyatt Regency Minneapolis
September 28, 2011		
September 23, 2012	Houston, TX	Hilton Americas - Houston
September 26, 2012		

Canon Law Society of America (CLSA)

October 11, 2010	Buffalo, NY	Hyatt Regency Buffalo
October 14, 2010		
October 10, 2011	Jacksonville, FL	Hyatt Regency Jacksonville Riverfront
October 13, 2011		
October 08, 2012	Chicago, IL	Hyatt Regency Ohare
October 11, 2012		

The Resource Center for Religious Institutes (RCRI)

September 14, 2010	Anaheim, CA	Anaheim Marriott
September 17, 2010		

International Catholic Stewardship Council (ICSC)

September 19, 2010	San Diego, CA	Marriott Hotel
September 22, 2010		

National Association of Church Personnel Administrators (NACPA)

To Be Announced

Conference for Catholic Facility Management (CCFM)

May 1, 2011	St. Louis, MO	The Millennium Hotel
May 4, 2011		
April 2012	Covington, KY	To Be Determined

Diocesan Information Systems Conference (DISC)

June 1, 2011	Boise, ID	Boise Hampton Inn & Suites
June 3, 2011		

National Federation of Priests' Councils (NFPC)

May 2, 2011	Albuquerque, NM	Hyatt Regency Albuquerque
May 5, 2011		