

Diocesan Finance Council Highlights-Approved
Thursday, January 11, 2018

Present were Bishop Robert Vasa, seven members of the Finance Council, three guests from Catholic Charities and three staff members. The minutes and highlights of the November meeting were approved without exception.

1. **Bishop Vasa called the meeting to order at 4:00 p.m. and led an opening prayer.** He introduced Len Marabella, Denise Dixon and Marilyn Stuart from Catholic Charities, present to review the Catholic Charities Financial Statements for the fiscal year ended June 30, 2017. The Bishop said that he was quite impressed with the staff and boards of Cardinal Newman High School and St. Rose Catholic School in their response and contributions in arranging alternative classroom locations and restoring school sessions promptly. Both schools are planning to return to their own campuses on January 22. There was discussion of the fire damage at the schools and the excellent insurance coverage provided by Catholic Mutual. The insurance company has been quite responsive. There is an issue with "Property in the open" which will need to be evaluated for future coverage. The synthetic athletic fields and lighting standards are very expensive and are insured except for \$600,000. The temporary portable classrooms have rental coverage through insurance for 18 months and Newman will be contacting FEMA to try to obtain additional rental relief. The Bishop said that Newman will likely do a campaign to raise funds for a campus renovation in order to replace the portable classrooms.
2. **Report of Diocesan Finance Officer:** Dave Adams reviewed the Monthly Finance Officers Report and noted that the balances had increased by \$1 million in Restricted Funds, mostly from the donations for Fire Relief. The balance in the Insurance Fund had increased by \$280,000 from premium payments by the parishes and schools. Dave also reviewed the Accounts Receivable Summary- Balances Over 60 Days. Our Lady of Perpetual Help in Calistoga has been struggling financially and has \$5936 past due for Property/Liability Insurance. Father Angelito Peries has written a letter requesting debt forgiveness for insurances totaling \$20,000, including last years' past due and this years' current billing. Dave explained that the parish, while not destroyed by the fire, was likely impacted by the disaster. Questions were raised concerning second collections, notification to parishioners of the financial situation, finance council oversite and other assistance. Dave then suggested that the past due insurance billing in the amount of \$5936 be forgiven. Bishop Vasa concurred with the additional stipulation that Dave Adams meet with the parish finance council to provide assistance and obtain additional information. **Phil Myers made the motion that the past due insurances of Our Lady of Perpetual Help Church in the amount of \$5936 be forgiven, Dan Prince seconded the motion and all approved.**
3. **Report of Legal Counsel:** Dan Galvin reported that the attorneys had been working on reviewing construction documents related to the Cardinal Newman High School and St. Rose School fires. The three lawsuits concerning misconduct at Hanna are in discovery. Dan and Russ Ferriera are scheduling Estate Planning seminars at Star of the Valley, St. Helena and St. Francis Solano Parishes. The attorneys are almost finished with separately incorporating

the parishes. The first property transfer from the Roman Catholic Bishop of Santa Rosa into a separately incorporated parish in Napa is proceeding.

4. Committee Reports

- A. **Budget and Cash Flow Committee:** Dan Prince reported that the committee had met and thoroughly reviewed the Budget versus Cash report through December 31, and there were no significant variances to report.
- B. **Membership:** Bishop Vasa reported that there is no membership committee in place, however, there are three members that have terms ending in 2018 and so we will need to add at least another member within the next year.
- C. **Communications:** In the absence of Chris Lyford, Dave Adams reported the communications committee continues to meet monthly. North Coast Catholic increases its distribution rate each month as more people donate to the Annual Appeal. A new advertising promotion for the paper will be launched in the upcoming 6 issues of NCC. Over one thousand prospective advertisers have been identified and will be invited to begin advertising in the paper at a promotional rate. Annual subscriptions for the North Coast Catholic will begin to be offered to anyone not currently donating to the Annual Ministry Appeal starting with the March/April publishing cycle. We currently have over 1000 followers on Facebook, and will be making a push through targeted Facebook ads to at least double that amount by the end of the year. Bishop Vasa mentioned that he told Chris that the Finance Council was more interested in the monetary aspects of the Communications Department, such as cost per issue and overall income and expenses.
- D. **Investment:** In the absence of Daniel Catone, Dave Adams, with assistance from Phil Myers reviewed the Hirtle Callaghan investment performance report showing portfolio versus benchmark performance which has been very good. This portfolio is currently 64% fixed assets and 32% equities. Phil and Dave also mentioned that our two portfolio managers had left Hirtle Callaghan (HC) and while this causes some concern, the overall strategy team and upper management team at HC had not changed. The new managers will be coming to meet with the Investment Committee on February 7th.
- E. **Audit:** Dave Adams reported that the Audit Committee had provided assistance in reviewing the new Parish Financial Management Handbook. Bishop Vasa emphasized that the handbook outlines the “co-responsibility” between the Pastors and Parishioners, including the stewardship of the physical elements of the parish buildings as well as the financial resources. Bishop Vasa will discuss the new handbook with the Pastors again next week and it should be implemented effective July 1. Dave Adams and Monsignor Whelton will be conducting trainings at the deanery level, and there will be changes in reporting for the 2018-2019 fiscal year. At the end of June 2018 we should implement a new, standard, chart of accounts and the parishes will need to move into QuickBooks in the Cloud, rather than the current QuickBooks Pro used in many parishes. There will be contracted audits next year. Dave also mentioned that there is additional staffing needed to implement the many changes. Dan Prince remarked on how this is a great positive change, assisting the parishes with better educated finance councils and internal controls.
- F. **Property:** Dave Adams reported that the Diocese had been offered an undeveloped lot in Lake County, but he was hesitant to accept the donation as it might not be saleable property. Marty McCormick will meet with Dave to review the property value.

G. Building and Construction: Dave Adams reported that, as a result of time constraints, most of the building and construction work had been done for Cardinal Newman High School and St. Rose School without committee assistance but there would be a return to the bid process for future projects.

H. Insurance and Human Resources: Dave Adams reported there was a preliminary meeting with the Reta Trust. It appears that rates will increase by 8 to 10 percent. Last year employees paid \$25 per month towards their premium, this year they would be asked to pay \$50 per month. The Workers Compensation policy for the calendar year was renewed with no increase in premium. Property/Liability premiums, effective July 1, will likely increase substantially due to the fire damages.

I. Development: Bishop Vasa reported that the Capital Campaign now has two years remaining and reported pledges of \$21 million and payments of \$14 million. The Campaign has helped the parishes and the diocesan ministries. Marty McCormick asked why there was no information on St. Francis Solano Parish. Dave explained that at the beginning of the Campaign St. Francis was in the midst of their own Campaign and could not do both. St. Francis could do a makeup capital campaign, or pay some portion as an assessed amount. Bishop Vasa also reviewed the Annual Ministry Appeal handout for the 2017 appeal showing \$1,191,462 in pledges and \$1,064,658 in payments received as of December 31st. Even with \$132,000 to be returned to the parishes there is an increase in funds available to subsidize our ministries. The target calculation methodology for the appeal had been updated to recognize all parish income and with 5% increases annually until the entire target is a required payment.

8. Other Business: Dave Adams stated that the group from Catholic Charities would review their financial statements for the fiscal year ending June 30, 2017. Marilyn Stuart reviewed significant changes in the Statement of Financial Position and the Statement of Activities. She also spoke about changes in staffing with their two new grants. Marilyn stated that cash will continue to be tight, but not negative overall.

Bishop Vasa announced that through December 31 the Diocese had received over \$920,000 in fire relief donations from the other (Arch)Dioceses, organizations and individuals. Larger diocesan donations include: Archdiocese of San Francisco \$251,984.64, Diocese of Reno \$34,095.84, Diocese of Oakland \$167,361.24, Diocese of San Jose \$171,754.75 and Diocese of Stockton \$23,562.80. Bishop Vasa believes that an equitable way to distribute these funds is to present each school with \$4,500 for per student who had lost their home. The funds would not be restricted at the school level, but Bishop Vasa expressed his hope that at least some of the funds would be used for tuition assistance. Residual funds will also be distributed to Catholic Charities, and St. Vincent De Paul Society (for their home-in-a-box program.)

Dave Adams reviewed the yellow Annual Parish Report Summary for the fiscal year ending June 30, 2017. Please email questions to him prior to the March 8 Finance Council meeting. Kim will email a detail listing of the revenue and disbursement categories.

9. Tentative Dates for meetings were set and the meeting adjourned.