

**Diocesan Finance Council Highlights-Approved
Thursday, September 14, 2017**

Present were Bishop Robert Vasa, nine members of the Finance Council and four staff members. The Minutes and Highlights of the May meeting were approved.

1. **Comments of Bishop Vasa:** Bishop Vasa introduced two new members, Marty McCormick and Steve Imboden. He expressed his gratitude to the members and encouraged all to speak their minds strongly. We are present to hear opinions and arguments and to learn from members' experience. We count on the members to speak up and ask difficult questions. We do not want to do what we do, simply because we have always done it or done it a certain way.
 2. **Report of Diocesan Finance Officer:** Dave Adams reviewed the Monthly Finance Officers Report which shows a picture of the cash and investments of the Chancery administrative offices rather than the entire Diocese. The Plant and Equipment fund increased from proceeds of the sale of the Fountaingrove property. Dave also reviewed the Accounts Receivable Summary report with past due balances from a school. He has spoken with both the Pastor and Principal of the school and some payments are being made. Bishop Vasa was pleased that the report, showing balances over 60 days was sparsely populated.
 3. **Report of Legal Counsel:** In the absence of Dan Galvin, Dave Adams explained that Dan was on vacation and Adrienne Moran was working on the wrap up of a trial. She had filed motions to dismiss, and all of the testimony is done as of September 14th. The Diocese is named as a defendant in the Archbishop Hanna High School lawsuit. The attorneys are also working on a Hanna employment related case. Dan has been reviewing new contracts for building and maintenance work. Adrienne has been working on employee issues and the new employee handbook has been completed and is posted on the website. Bishop Vasa said that even after following proper procedures and working with our attorneys, there will still be employment related lawsuits. We need to be more astute and have better training and support for the Pastors and Parish Councils.
Bishop Vasa asked Dave about parish audits. Dave replied that with help from Bishop and Monsignor Whelton we would soon have an accounting manual. Monsignor needs to review the draft, then it will go to the Audit Committee, then to the priests at the November Clergy meeting. After that, Monsignor and Dave will do trainings for parish finance councils and bookkeepers, possibly by deanery. Dave plans to have all of the parishes and elementary schools transition to QuickBooks in the cloud, with a standard chart of accounts. Then local CPA firms would be contracted to audit the entities.
4. **Committee Reports**
- A. **Budget and Cash Flow Committee:** Dan Prince reported that the committee had met and reviewed the Budget versus Actual Cashflow reports for June, July and August. Marty McCormick asked if the budget was amended throughout the year or set. Dave replied that it was set, but variances are reported.

- B. Membership:** Bishop Vasa said that another new member of the Council, who would be at the November meeting, is Joseph Barrera of St. Aloysius. Bishop Vasa thanked the out-going members: Father Shaw, John Schultz, Bob Fish and Frank Dahl for their service to the Church.
- C. Communications:** Chris Lyford reported that the Communications Committee is currently a hybrid Evangelization/Communications Committee to assist with the launch and support of the "33 Days to Morning Glory", the Marian Consecration preparation process made famous by St. Louis Marie de Montfort. The video series has been made available to the Diocese via Formed.org for a trial period of two months. All of this is part of the preparation of the consecration of the diocese on the weekend of December 9-10 as part of the celebration of the 100 year anniversary of the apparitions of Mary of Fatima. Chris also said that the committee had also been working on increasing Bishop Vasa's social media presence, and has created Bishop Vasa's twitter account (@BishopVasa). The committee will be starting an advertising drive to increase ads in the NCC. The Bishop thanked Chris and the Communications Committee for their assistance with the 33 Days To Morning Glory Campaign.
- D. Investment:** Daniel Catone reported that Hirtle Callaghan (HC) had done extremely well investing the four funds for the Diocese, each with their own investment policies and all using socially responsible investment guidelines. The four funds include Lay Pension, Priests Retirement, the Chancery/Insurance funds and the Catholic Community Foundation (CCF). The CCF will now offer investments at a lower potential risk, with a lower potential return. Phil Myers mentioned that the new investment option has less potential risk than the original investment, but offers a better potential return than a bank savings account. Daniel also stated that if funds are not properly invested, their value decreases due to inflation over time, and the parishes become poorer. Steve Imboden asked if the parishes have the ability to move money in and out of their CCF accounts. Bishop Vasa stated that there is an investment agreement that indicates they can withdraw up to \$50,000 at any time and greater than \$50,000 with more notice. Dave said that when he discusses a parish or school depositing funds into the CCF, he does not recommend depositing funds if there is a need for an upcoming project because of short term investment volatility.
- E. Audit:** Deacon Frank Dahl said that there was no report, but that the Audit Committee was scheduled to meet in late October to review the audit.
- F. Property:** Bishop Vasa stated that we still have the Snake Ranch property in Mendocino that we need to sell. We own 25% of an undivided interest in some land. The Bishop asked Marty to assist in selling the property as it may be a liability. Bishop Vasa also reviewed the status of 547 B Street, the old Chancery. It is currently vacant and gutted. The Bishop would like this property to be a retired Priest home with four suites upstairs and the kitchen, dining room, living area for two Sisters and the chapel downstairs. Proceeds from the sale of the Fountaingrove property and the old Bishops residence on Hermit Way would be used to start the project. Once the current capital campaign is finished the Bishop would like to have a series of single target campaigns, first for Priests Retirement, then Seminarians, and then other ongoing needs. The Bishop said that with a single target campaign, Deacon John Norris could run the campaign himself and it would be quite transparent and simple.
- G. Building and Construction:** Bishop Vasa asked if there were projects. Deacon Frank Dahl replied that at St. Apollinaris Church there was much cosmetic earthquake work to

be done, but that Father Govindu wanted to get all of the information on the costs of the work and the funds available before beginning the project. Dave Adams said that there was normal roof work at the parishes, but nothing over \$50,000. St. John the Baptist School in Healdsburg is scheduled to present their project to the committee next week.

- H. Insurance and Human Resources:** Dave Adams reported that this was a quiet period until the Workers Compensation renewal in January. Bishop Vasa asked about earthquake insurance coverage within the Diocese. Dave replied that approximately \$260 million in property is currently covered. Some of the schools have opted out as some schools have earthquake coverage under FEMA. Steve asked how property is covered with the separate incorporations of the parishes? Bishop Vasa replied that the parishes were recently appraised and are included with the Diocesan policy and that there is a diocese/parish service agreement that covers these details.
- I. Development:** Deacon John Norris reported that the Capital Campaign is now two-thirds complete. He had been concerned about payments decreasing, but so far, the payments have been steady. Dave also reviewed the Professing Our Faith legal size sheet from June 30, including all of the payments received and paid for every parish. Dave also reviewed the gold Capital Campaign Parish Payment Detail report. Bishop Vasa also reviewed the Annual Appeal handout. He said that the targets had been updated this year, with some of the changes phased-in over three years. Deacon John said that two-thirds have made their goals and one-third not. Bishop Vasa also stated that this year 80% of target was required from each parish, next year (2018) 85% of target would be required, with 5% increases annually until the entire target is a required payment. Bishop Vasa stated that the annual appeal proceeds from the current year are used to develop the budget for the next year.
- 5. Other Business:** Dave Adams reviewed the school financial summary for the fiscal year ending June 30, 2016. He explained that Canon Law requires financial oversight of all diocesan entities by the Finance Council. Dave also reported that 38 of 45 parishes/missions have incorporated. The next step is to obtain new Federal Employer Identification Numbers (FEIN) for each parish. This project will be done in mass with a specific contact at the IRS in order to protect the tax status and reporting exemption. The Diocese and parishes currently file no 990 forms and would like to continue this exemption. The USCCB will apply for the non-profit status for the newly incorporated parishes.
- 6. Tentative Dates for meetings** were set and the meeting adjourned.