

Diocesan Finance Council Highlights

Thursday, January 11, 2007

Present were Bishop Daniel Walsh, ten members of the Finance Council, three staff members and two guests. Following an opening prayer and approval of the agenda and past minutes, Bishop Walsh offered his comments.

1. Call to Order:

2. Bishop Walsh:

- The Religious Education Department has been working with thirteen parishes on the “Generations of Faith” program. The program has been enthusiastically received, and five more parishes are waiting to begin the program.
- The Department of Catholic Schools will sponsor a program on 2/1 on Catholic Identity in our schools. A tuition assistance program is also being developed.
- One seminarian has dropped out (leaving four still in the program).
- Msgr. Whelton, Vicar for Priests, has been visiting all priests in the northern and coastal parts of the Diocese, as well as those in Lake and Mendocino counties.
- The Capital Campaign has received and distributed \$11 million of the total nearly \$17 million pledged. The Annual Ministry Appeal will begin next week with deanery meetings to be followed by the receptions around the Diocese, and an “In-Pew” kick-off in February.
- As of January 1, 2007, there is a new IRS Qualified Plan for the benefit of the retired priests.
- The vacant position at the Chancery has now been filled with a bilingual person who will be assisting three departments.
- The prayer cards have been very well received.

3. Report of Diocesan Finance Officer:

Mike Urick reviewed the balances in the accounts as of December 31st. The trends for the receipt of funds for the Capital Campaign are following the trends of the past. Following the scheduled distribution from last quarter, there will be only \$9,500 left to completely reimburse the schools and parishes. Msgr. Brenkle made the motion, seconded by Deacon Hercher to pay the remaining debt now by borrowing \$9,500 from the Consolidated Recovery Account, to be repaid as the funds are received. Following some discussion about the prudence of borrowing from another (internal) account, a vote was taken and the motion was approved unanimously. The checks will be mailed mid-January. Mike emphasized that this does not mean that the campaign is finished, only that the first goal of repaying the lost funds to the schools and parishes has been achieved.

Committee Report for Communications was moved to this point on the Agenda. Deirdre Frontczak reported that a Press Release had been prepared for completing the repayment of the lost funds to Parishes and Schools. She also reported that NPR is having a special program looking back at the sex scandal of the church, and there were some good points brought out. Deirdre also reported that the updating of the website is going well, though it is not yet finished. It will be more user friendly when completed.

4. Report of Legal Counsel:

Dan Galvin was in Burbank with Msgr. Whelton & Julie Sparacio attending a workshop for our upcoming Charter audit. Bishop Walsh updated the members on the status of the cases.

5. Cash Flow and Budget Committee:

Cash Flow: Kim Sampietro reviewed the November and December Budget versus Actual Cash Flow. There were several timing variances for programs, including Schools and Victims Assistance programs. The second collection for Communications was transferred to that account, but less was received than was budgeted. All parishes are current with the operating assessments.

Budget Report: No report.

6. Committee Reports

A. *Property:* No report.

B. Building and Construction:

Bill Cornelison reported that Our Lady Queen of Peace will build a separate building for the parish hall at a cost of \$240,000. Cardinal Newman High School wants to build an athletic complex on campus of 5,500 square feet to be used for wrestling, weight training, etc. The cost is 1.6 million and they were approved to go to bid once they have the money on hand. They hope to begin this spring. The Newman Retreat Center roof repair was approved and a bid has come in from Roofing Services Inc. for \$114,000 plus \$2,700 for upgrading the slope. There may be some repairs needed that will be an additional cost, but that remains unknown until the project begins.

Bill reported that the SSU Newman Center in Cotati will be required to hook up to city sewers within the next two years. This gives the Diocese time to decide how this will be used.

C. *Insurance and Human Resources:* No report.

D. Development:

Deacon Hercher reported that the Annual Ministry Appeal needs more people participating, even if only a one time donation. People need to realize that the ministries are part of the Diocese and need to be supported if programs are going to function. Bishop Walsh said that what is received through March 31st of the current year is the amount that will be used for the budget for the next fiscal year. There was discussion of the Hispanic understanding of the appeal, and Msgr. Brenkle said the Hispanic priests met and decided to explain it with the word "promesa", a promise.

E. Membership:

Deacon Hercher reported that he will be contacting those members whose terms will expire in June.

F. Banking Oversight:

The committee will meet before March to discuss the 403B funds for non-incardinated priests working in the Diocese.

G. *Communications:* Moved to bottom of Finance Officer Report

H. Audit Committee:

Joe Schunk reported on new FASB rules that require the employer to show under funded pension liabilities on the Balance Sheet. Once this is implemented, we will be required to use a plan year for pension plans that coincides with the fiscal year. There is also a change effective January 1st for cash received weekly by the parishes, which must be documented regardless of the amount. Mike Urick has sent out a notice to pastors so they will notify their parishioners. Beginning in 2007, individuals will no longer be able to deduct cash contributions without a specific letter of receipt from the organization.

Joe Schunk also reported that the parish audits have been ongoing with 39 audits in 4-1/2 years. There have been 209 items pointed out in several categories such as payroll taxes and care of internal resources. Also there are some parishes that under-report the funds they receive. The committee will monitor and address these items as the audits continue. Mike Urick also reported that the USCCB has asked for information from the Dioceses about how internal audits are handled. Bishop Walsh is chairman of the Fiscal Management Committee of USCCB. By the end of June his committee plans to make a recommendation to the USCCB for adoption next fall. Bishop stated that the laity have a right to know that the funds they donate are being properly handled. If every parish has their Finance Committee on board, this will be an easier task for the parishes.

7. Other Business:

Paul LeSage asked to discuss a media story about embezzlement in the church. Mike Urick responded that the number was not considered accurate because only about 7% of the parishes responded to the survey. He also pointed out that though the number reported who had experienced some sort of embezzlement was high in proportion the dollar amounts were very small. The cost of an external audit for each parish would be far greater than the amount of funds being lost.

8. Adjournment:

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