

New St. Monica Finance Open Forums October 9, 2008

Combined Attendance: (Finance Committee: John DeMott, Margaret Manley, John Seebach); David Hartman (accountant), Fr. Ray Fleming, Jerry DeGroot, Kim May, Mary Miller, Mary Seebach, Sue Staropoli, Charlene Witkowicz ; Scribe: John Curran

Unable to Attend: Marlo Santini; Brendalyn Bynoe; Jim Kernan Emeritus: Mario DeMasi

The Meeting began with a reading of the *Parish Vision and Mission* statement.

Reference Document: *New St. Monica Parish Finance Open Forum* (dated 10/3/08)

Format: A presentation on: 1. Parish Operations

- Operating Revenues
- Operating Expenses
- Non-operating Revenues and Expenses

2. Savings & Investments

- Unrestricted Reserves
- Restricted Funds:
 - for Buildings ; for Special Purposes

3. Messages, Recommendations, Comments

- The report is similar in presentation and content with previous years.
- The information summarized the financial operations for the 12-month fiscal year ended June 30, 2008 with a budget projection for the current 2008-2009 year that started July 1, 2008.

A. Operating Revenues for 2007-8: \$364,404.

Explanations of highlights from *Financial Operations Report*; *not a complete listing here*

- Regular Collections (weekly) (2007-8) account for about one-half of revenues: \$185, 968
- Based on a 3-year pattern the weekly amount per attendee (man, woman & child) is: \$7.70
 - This figure compares favorably with wealthier suburban parishes.
 - New St. Monica parishioners are generous.
- Auxiliary Revenues for 2007-8 include flowers , Vigil and *Courier*: \$6,629
- CYO (Catholic Youth Organization) is a fairly large revenue source (2007-2008: \$19,003) but this very closely balances with the expenses associated with operating the program. (See *Expenses*)
 - It is neither a profit-generator nor a financial loss. It does not diminish parish funds.
- Gifts, Donations & Bequests: (2007-8: \$75,506)
 - largest amount: Bernard Dailey Fund (@ 5% per year it amounts to approx. \$80,000)
 - some of the funds from this segment cover building -related expenses; some used as capital.
 - due to timing cycles, the Dailey Fund was tapped 3 times this year; next year will be twice.
- Fund-Raising: New St. Monica Parish does a good job of raising additional funds most notably through the *Wrap & Run* (Christmas gift-wrapping) and the *40-Week Club* (incl. Silent Auction). Combined Amount for all fundraising for 2007-8: \$18, 446.
 - Due to heavy competition, the Entertainment Books sale will be discontinued.
- Rental of School and Gym: 2007-2008 marked the last year of operation under the Monroe County Catholic Schools. St. Monica School closed in June 2008. 2007-8 rental: **\$39,999** per year.
Note: 2008-9 Rental to the Rochester Academy of Math & Science : **\$122,633** (a 10 month amount)

(Operating Revenues: highlights continued)

- Rectory Rental: Emmanuel Church of the Deaf pays \$100 per month rental
- Fellowship Table (2007-2008) donations: \$215.00
- Other Operating Revenues: The 3-year *Partners in Faith* Diocesan appeal continued to bring funds to the parish during 2007-8 : \$4, 845). Donations on behalf of Fr. Ray's 25th Anniversary of His Ordination (\$5,100) were added to Parish Revenue for 2007-8

B. Operating Expenses for 2007-8: \$419,941

Explanations of highlights from *Financial Operations Report*; not a complete listing here

- Salaries: a) Full-time employees: Fr. Ray Fleming, pastor(St. Monica pays 80% of this); David Divers (Facilities Manager); Vivian Jones (Administrative Assistant); Marlo Santini (BusinessMgr)
b) Part-Time Employees: Mary Ellen Fischer (Pastoral Care); Debbie Diederich (Communications); Jennifer Lafler (Music Minister); Karen Snyder (Music Minister).
Total Salaries (2007-2008: \$145,899.
- Benefits for Employees plus Pastor: \$48,911.
- the Salaries plus Benefits account for almost one-half of the Operating Expenses.
- Insurance, Property Taxes: Total for 2007-8: \$48,750.
Note: The insurance will rise significantly in 2008-9 (approx. \$20,000 increase). In addition to rising insurance costs in general, the Diocese is making a "5-year loss recovery" for all its parishes. This increase was not anticipated and hopefully will be a one time adjustment.
- Buildings Operations: Rolled together here are the church, rectory, school and campus grounds. Included here are repairs, equipment, and utilities. Expenses for utilities for 2007-8 were "modest". Total Building Operations for 2007-8: \$86,364.
- Catholic Schools Assessment: For 2007-8: \$30,196
For 2008-9: **\$50,000** (this high increase was unexpected.)
- Fees & Memberships: For 2007-8 Total: \$5,714.
(includes \$418 bank fees plus \$5,278 (2-years membership) to Interfaith Action.

C. Non-Operating Deficit:

- **There was a deficit of \$55,000 for 2007-8** (we spent more than we took in)
It must be noted, however, that a *Planned Deficit* of \$77,000 had been projected for 2007-8.
The lower deficit is attributable to good management & third payment from the Bernard Dailey Fund

D. Non-Operating Revenue for 2007-8: \$81,405

- Major factors: \$11,000 from Mirabella Scholarship fund (paid out eleven \$1,000 scholarships and \$69, 571 from Bernard Dailey Trust Fund.

E. Non-Operating & Capital Expenses for 2007-8: \$230,312

- Highlights:
- | | |
|--------------------------------------|---|
| - Installation of the Hearing Loop | - Church boiler room rebuilt |
| - Repair of 13 Stained Glass Windows | - Mechanical work |
| - Pointing bricks (masonry repairs) | |
| - School Chimney removal; | - Gym chimney removal |
| - Roof hatch on school repaired | Church door upgrades (mechanical and refinishing) |

- Payment to LaBella Architects for services rendered
- *These are just some examples; additional information is available through Business Manager.*

NOTE: There was \$167,000 worth of deferred maintenance work performed last year.

F. Non-Operating Net Deficit: (\$148,906)

NOTE: This was a Planned Deficit that was paid from the Buildings Fund (money set aside for the Building Renovation Process; this phase addressed deferred maintenance)

G. Comments & Questions:

(GD) • *Does the parish have a programmable thermostat for the church?*

Yes. Current one will be upgraded to an energy-saving thermostat has a 7-day per week, 365-day per year system that is responsive to Daylight Savings / Standard Time changes.

(GD) • *What about the CMA (Catholic Ministries Appeal)? The bulletin "thermometer" indicating level of contributions was ineffective.*

There was a problem for the CMA assessment for 2007-8 and again for 2008-9 regarding the *actual number of parish households* upon which the assessment was based. The Diocese uses a number of around 600 households based on 2005 parish registry data for the four faith communities (St. Augustine, Our Lady of Good Counsel, Ss. Peter & Paul and St. Monica). The data was outdated even then. The Diocese simply added the number of households listed in the obsolete registries when the parish amalgamated. With the "600 household" figure it appears that only about 23% of the households contributed when, in fact, the level of contributors was much higher. When the 300 household figure is applied, the St. Monica contribution level ranks well compared with other parishes. Father Ray has protested both assessment levels (2007-08 & 2008-9). He has had a limited degree of success of getting the new assessment lowered.

St. Monica paid the \$11,029 shortfall resulting from failure to meet our 2007-8 CMA target

There is the need to address the positive work performed by the the CMA funds in the bulletin in the future. Fr. Ray did address the good work of CMA within a homily format last year. Parishioners need to avoid withholding support for CMA as a protest for some Diocesan policies.

(GM) • *Does the Parish tithe itself at present? Parish tithing could be a model for family tithing.*

The parish does not have a self-tithing program at the present. The topic did come up this past year at a Parish Meeting but there was not enough support to create an interest group. At present tithing is done on an individual and private basis.

(GM) • *What about income from investments? (interest earned)*

The Finance Committee wanted to avoid overwhelming parishioners with too much detail within the *St. Monica Parish Financial Operations Report*. This information is available and will be shared by the Finance Team on parishioner request. Under the current Peachtree accounting system used by the Diocese, the earnings on investments information is entered into the system. The Diocese is aware of this information.

There are still five sets of books reflecting the faith communities pre-amalgamation bookkeeping and the Diocese has access to this information as well.

Finance Team comment: New St. Monica is striving for a balanced budget in the years ahead. At the present, if there is a deficit, the shortfall is paid from the Reserve account.

(GD) • *Is the new parish still OK after the auditing done in 2005?*

Yes, the measures suggested by the audit have been met. Monitoring is now on a procedural basis by the Diocese's auditing firm. DOR's Fioravanti Martusciello monitors the results.

H. NEXT YEAR'S BUDGET (2008-9) Fiscal Year began 7/1/08

- Collections: Projected to stay about the same (based on patterns of the past three years).
 - The third installment from the Dailey Fund in 2007-8 will make the 2008-9 installment less in comparison.
 - Biggest change for next year will be the funds gained from the rental of the school. It was Provident that St. Monica Parish was able to get its school open for the 2008-9 school year. Otherwise there would've been major heating bills for an unused building. Some other parishes were able to rent their schools but the school programs don't begin until 2009-2010. The school rental earnings will reflect a 10-month period for the first year due to a September (versus July 1st) start.

It is a three-year lease. The parish needs to start considering what to do with the school after the third year. It is hoped that the charter school will succeed but the parish needs to consider the success rate for new charter schools.
 - Partners in Faith: It is anticipated that the parish will receive \$5,000 in 2008-9
 - Salary increases will be very modest next year.
 - The Finance Committee is skeptical about the projected modest rise in Benefits costs.
 - Insurance (PSIP) Parish Self-Insurance Program : The parish will be paying \$20,000 more for insurance because the Diocese is correcting an insurance underestimate over the past five years and will do a "loss recovery".
 - Monroe County Catholic Schools Assessment: This will have a major increase over the previous year due to the lowering of tuition costs. The Diocese assesses the parishes based on a formula (not yet disclosed).
- Catholic Schools Assessment for 2008-9: \$50,000** (was \$30,196 in 2007-8)

• **Note: In spite of the \$122,633 the parish earns from the leasing of the school during the fiscal year , there will still be a deficit of \$27,000 for 2008-9. This is due largely to the Monroe County Catholic school assessment and the insurance increase (PSIP) .**

- The new lease with the charter school operates similarly to the former arrangement with Monroe County Catholic Schools: The tenant pays the utilities.

I. Account Activity

- New St. Monica maintains four basic types of accounts:

1. Reserve Account: this involves a) Growth Fund intended to produce income and b) America Bond Fund
Balance 6/30/08 : \$964,063 (both accounts included)
2. Building Account: funds set aside for deferred maintenance and buildings renovation
a) Treasury Fund and b) Money Market Fund
Balance 6/30/08 : \$863,732 (both accounts included)
3. Restricted Account: (Mirabella Scholarship Fund and Portuguese Fund)
Balance 6/30/08 : \$82,301 (both accounts included)
4. Operating Account: separate yet accessible accounts “Wrap & Run”; CYO; 40-Week Club)
Balance 6/30/08 : \$113,515

Combined Total of Four Account Types: (Balance 6/30/08): \$2,023,611.

Comparison: Starting Balance 9/19/07: \$2,151,186

J. Activity *within* the Parish Accounts: highlights only. *This is activity within the accounts above*)

1. **Growth Fund** : (from Reserve) As to be expected with the economic climate over the past fiscal year, the fund experienced a loss of \$54, 173. It began with a 7/1/07 balance of \$847, 932. Additional deposits and large regular payroll withdrawal accounted for activity.
Balance for 6/30/08 : \$964, 063 (a deposit of \$180,000 from other investments creates the higher figure in spite of the Growth Fund loss)
2. **Treasury fund**: (from Building Account)
During the 7/1/07 to 6/30/08 time frame there was some growth here;
Withdrawals here applied to deferred maintenance..
Balance for 6/30/08 : \$449,706
3. **Money Market fund**: (from Building Account)
During the 7/1/07 to 6/30/08 time frame there was some growth here. Withdrawals from this fund paid for deferred maintenance with some applied to Growth Fund
Balance for 6/30/08 : \$414,026
4. **Scholarship Fund**: 7/1/07: \$97, 464; lost \$5,580; \$11,000 scholarship withdrawal.
Balance for 6/30/08 : \$81,007

K. Consolidation of Accounts:

The New St. Monica Parish had submitted at the start of the calendar year the complete paperwork involving the official amalgamation of the former faith communities (St. Augustine, Our Lady of Good Counsel, Ss. Peter & Paul, Saint Monica) into the New St. Monica Parish. The documents are processed through the State Attorney General's Office involving a lengthy resolution.

The Business Manager and the Finance Committee have worked steadily to close and consolidate the many separate accounts from the former faith communities to simplify and streamline financial operations.

L. Financial Status (In light of severe downturn in economy over the past weeks)

Buildings Funds: These funds are in "Treasuries" and Money Markets.

- "They are not affected by the mayhem on Wall Street."
- They are fixed assets and are considered safe.
- The Growth Fund (in Reserve Account) is used to cover operating losses.
 - The bulk of the money will stay there but draw as needed.
 - *Anticipate that this will need to happen next year.*
 - This funds our Ministries and we hope it will grow.
 - *Anticipate that there will be a decline* in this fund but that it is "likely to average out" over an extended time period.
- The Finance Committee expressed its appreciation for David Hartman's work.

M. Additional Questions and Comments Comments:

(KM) *What about the parish funds in Wachovia? (currently embattled due to real estate market)*
Parish investments were NOT in real estate. There is the usual risk associated with stocks and bonds but parish funds are not involved in property confiscations.
David Hartman says the parish funds in Wachovia are "OK".

(MS) Praised the work of the Finance Committee for their easy-to-grasp documentation.

(GM) *Could we possibly highlight the gifts and bequests? (get lost in the weekly bulletin list for contributions). This might encourage others to make gifts and bequests.*
Consider highlighting by periodic announcements from the pulpit"

(MM) *Observation & Suggestion:* There was no parishioner support for using Electronic Funds Transfer (EFT) as a means of regularly facilitating parish contributions. Depending on one's personal commercial bank, it may still be possible to have a regular EFT withdrawal made and forwarded to the parish.

(GM) *Observation:* The largest source of parish revenue actually comes from investments and not from the parishioner weekly contributions.

N. Closing Comments (afternoon session)

- The biggest opportunity to improve parish finances and overall vitality is through growth. Over the past three years there has not been appreciable parish growth.
 - “People are leaving the parish as fast as they are coming.” Deaths and transitions play a role.
- There is an initiative underway to create a part-time Parish Growth Coordinator whose role involves personal growth for existing parishioners through increased involvement in parish ministries, activities and interest groups. Additionally, the role will involve outreach to persons unseen in awhile and outreach to persons in the neighborhood and throughout the county (e.g. attendees at Adult faith Formation activities held at New St. Monica).
 - As mentioned at the recent Parish Meeting, this part-time staff person’s job involves having the parish undertake financial risk. The Finance Committee supports this role but only with the adoption of measurable outcomes to assess progress.
 - The parish is actively pursuing this part-time role and will consult further with the Diocese.
 - weekly contributions from new parishioners will help to sustain this role.
 - Simultaneous to this process is an effort underway by the parish Grantwriting Interest Group to seek funds from the Raskob Foundation with the intent of funding additional hours to make the Parish Growth Coordinator more of a full-time position over the course of the grant. “Sticking our necks out” by initiating this role on a part-time basis will, hopefully, position the parish favorably to merit additional funds for the role. The measurable outcomes cited above will help this process.

At the evening Parish Finance Forum there was an opportunity to discuss parish finances and vitality over the next few years.

- There is a need to put the rectory basement to use. The sacred artifacts from the former faith communities had been stored there until just recently. Mold eradication in the basement has left it in a gutted condition.
 - the “Ideal Campus Model”, which played a pivotal role in the selection of St. Monica as the amalgamated parish site, called for the ability to conduct five simultaneous meetings on campus and to have a room designated for the parish youth. Accessibility issues need to be addressed.

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