

**Diocesan Finance Council Highlights-Approved
Thursday, March 14, 2019**

Present were Bishop Robert Vasa, nine members of the Finance Council and three staff members. The minutes and highlights of the January meeting were approved with a correction of the name of the group of priests consulted from the Presbyteral Council to the Diocesan Consultors in Bishop Vasa's comments and in Dave Adams' report. The Highlights were also amended to remove a comment.

1. Bishop Vasa called the meeting to order at 4:00 p.m. and led an opening prayer. He thanked the Council for their oversight and guidance in moving the Diocese forward. He was pleased with the introduction of QuickBooks to the parishes and the standard chart of accounts. Bishop Vasa also mentioned that Dan Galvin and Russ Ferreira had presented a Graceful Farewell Estate Planning Seminar at St. Francis Parish.
2. **Report of Diocesan Finance Officer:** Dave Adams reviewed the Monthly Finance Officers Report and noted a slight decline in the balances between January 31 and February 28. Dave also reviewed the Accounts Receivable Summary – Balances over 60 days. He mentioned that at the last meeting the Council decided to try to incentivize a parish to pay some past due insurance. The plan was quite successful and the previous years' balance has been paid. St. Helena Parish still has a problem with the construction project of its Parish Life Center and now has some interior water intrusion from the recent rains.
3. **Report of Legal Counsel:** Dan Galvin reported that the St. Helena contractor has filed a claim, but we have not yet been served. The attorneys plan to file a cross complaint and move forward in the process as appropriate. Dan and Dave Adams met with the title company yesterday and the transfer of properties to the parishes may be more difficult than anticipated. When the Diocese was formed in 1962 the Archdiocese of San Francisco and the Diocese of Sacramento deeded all properties in total to the Diocese of Santa Rosa using a global deed by county. The attorneys are also working with the title company to obtain information on the Snake Ranch property. The bill to reopen the statute of limitations (for both public and private institutions) on misconduct is likely to be signed into law by the new Governor. There is other legislation on mandated reporting proposed to remove the exclusion for penitential confessions. The cases against the Hanna Boys Center and the Diocese are scheduled for trial in June. Bishop also thanked Dan and Adrienne for the excellent service they provide and their prompt responsiveness.

4. Committee Reports

- A. **Budget and Cash Flow Committee:** Dan Prince reported that the committee met and there was a positive variance through February 28 of \$321,000. Of this \$190,000 is due to having six rather than the nine seminarians as budgeted. Other contributing factors are less employees in youth ministry than budgeted and having several people out on leave due to health issues.
- B. **Membership:** Bishop Vasa mentioned that a member had been suggested but not reviewed yet.

- C. Communications:** In the absence of Chris Lyford, Dave Adams reported that the committee had been in contact with Manny Ortiz from Trinity Direct, a data list management and information service for possible solutions to our database problem. They have also been working with Deacon Gary Moore and Sister Caritas Marie on this project. The NCC is also seeking funding from the FADICA Network of eleven Catholic Foundations. The group is also looking to update the website to a cloud based system through Ecatholic.
- D. Investment:** Daniel Catone reported that the committee met with Hirtle Callaghan a couple of weeks ago. HC suggested the diocese invest in hedge funds. This was rejected, as we would be unable to have Socially Responsible Investing in the hedge market. Daniel also mentioned that the portfolio had declined 19.6 percent in December, but January was one of the best ever. The investment managers are performing well.
- E. Audit:** Steve Imboden reported that the Audit Committee had met via telephone yesterday. The move to QuickBooks in the cloud, hosted by Right Networks is going well with almost 95% completed. The committee reviewed the proposed standard chart of accounts for the parishes, to be implemented effective July 1. There was also discussion of the value to place on parish assets as they are transferred to the new corporations. With the difficulty in obtaining good title information, the asset transfers may not be in place soon. Bishop Vasa asked that the insured value be noted in the financial statements or general ledger. Dave said that the committee would meet to report on the QuickBooks progress and move forward with the parish audit program and plans.
- F. Property:** Bishop Vasa reported that 547 B Street had been surveyed and there was a proposed lot line adjustment so that the associated parking structure would be included on the Priests Retirement home property.
- G. Building and Construction:** Dave Adams reported St. Joseph Church in Cotati was starting a HVAC project. St. James Church in Petaluma is also getting a new a HVAC system and work on their Parish Hall. The rebuilding of the Cardinal Newman High School Humanities building was under way and could be completed by May or June.
- H. Insurance and Human Resources:** Dave Adams reported that open enrollment for health insurance starts in May. The health rates overall declined slightly. The Newman fire insurance claim is almost completely paid. Dave is continuing to work with the property insurance carrier as we seem to be under insured. He would like the carrier to use a more local appraiser that understands the market here.
- I. Development:** Bishop Vasa reviewed the spreadsheet that Sister Caritas Marie had done on the Capital Campaign showing balances receivable and payments received over the past four months. He would like to declare the campaign ended as of December 31, 2019. He also reviewed the Annual Ministry Appeal, comparing the 2018 appeal to the 2019 appeal. There is a problem in comparing the appeals because the timing on the in-pew solicitations varies each year. This year the parishes will be required to obtain 90% of their targets and this should guarantee the ministries a subsidy of \$1,000,000. Father Govindu suggested that in heavily Spanish speaking parishes the in-pew appeal might need to be done more than once because of their cash based donation history.

- 5. Other Business:** Dave reviewed the School Financial Summary for the fiscal year ending June 30, 2018. He stated that the normal capacity for a school was 360 students and that as the number of students declined the cost per student increased. Bishop Vasa asked Monsignor Whelton to clarify the canonical requirement for review of diocesan entity financial statements. The overall consensus of the Council was that the school financial statements had been reviewed and accepted.
- 6. Tentative Dates for meetings were set and the meeting adjourned.** The November meeting is scheduled a week later than usual as a result of a date conflict with a national Bishops meeting.