



The Catholic Community of  
St. Francis of Assisi

## Finance Council Minutes

Date: 5/31/22

Time: 7:00 p.m.

Attendance:

Members	Present	Members	Present	Members	Present	Members	Present
Steve Vebber	X	Heidi Hobler	X	Esperanza Neri	X	Msgr. Michael Clay	X
		Sarah Hoffman	X	David Nerz		Fr. Jairo Maldonado	X
Delynn Alexander	X	Reji John	X	Peter Russo		Cong Le (Seminarist)	X
Susan Debender		Steve Joseph		Kathy Sales	X		
Julio de la Rosa	X	Bill Laxton	X	Tim Thronson		Jacob House	X
Steve Dilger	X	Tom Mense		Mike Watson	X	Dawn Smith	X
Paul Fedorkowicz	X	Rob Neppel	X				

### **AGENDA:**

Opening Prayer

Accept Minutes of 4/26/22 Meeting

School Updates – TFS & Pre-School

Presentation of 2022-23 Church & Columbarium Budgets

-Church – Vote

-Columbarium - Vote

YE Update

Columbarium Update

Maintenance Projects Update

Q & A

Meeting Schedule for 2022-23 Fiscal Year

Closing Prayer

### **OLD BUSINESS:**

- Steve Vebber requested feedback on the Finance Council Meeting Minutes of 4/26/22.
- There were no changes identified.
- **Vote Taken** – A motion to approve the Finance Council Meeting Minutes from 4/26/22, was made and approved.

### **NEW BUSINESS:**

**School Updates:**

**TFS Update:**

- Dawn Smith was introduced and welcomed as the new Principal of TFS.

- Mike Watson provided a TFS registration update. As of the meeting, we have 675 students that have enrolled for the upcoming 2022-23 school year. The budget was built with an assumption of 646 students. Overall, we are in a good position.

#### **Pre-School Update:**

- Heidi Hobler provided an update on the registration for school year 2022-23. As of this meeting, we have 169 spots filled. We have capacity for 174. Our budget for next year assumes 160. So we are in good shape for next year. Most classes are closed and we only have 5 spots available (2 in the 2's, 1 in the 4's and 2 in the 5's).
- Heidi also said she expects a donation of \$700 from the Knight of Columbus to be made into the newly created Arlene Straight Endowment.

#### **Budget Reviews:**

##### **2022-23 Church Budget Assumptions:**

- Rob Neppel noted that budget for the next Fiscal Year assumes that offertory will increase by 2% (approximately \$78K).
- The base salaries are increasing by 5%. This adds an additional \$41K above our initial 3% increase.
- With Father Jairo leaving, the new priest adds about \$9K since he will be coming in with more years of service.
- Health insurance, per the Diocesan guidance, is going up 10% (this adds about \$1K the year to year plan).
- Property & Liability insurance, per the Diocesan guidance, is going up 10% (this added about \$16K from last year's plan).
- As a result of hitting our Offertory target this year, assessments and Tithes for next year went up by about \$103K.
- The plan still assumes that we will contribute \$200K into the Maintenance Reserve.
- Some of the other line items were reset based on current year actuals or our best revised estimates.
- To absorb the personnel, assessment, and tithe increases, we will delay by 6 months the additional mortgage principal subsidy payments made by the church to TFS. It was noted that the delayed payments could be offset if TFS and Church were to make additional payments in June using unallocated operational surpluses they will have generated this year. We will discuss this later in this meeting.
- A review of the Church budget for the 2022-23 fiscal year was conducted during the meeting by Rob Neppel, and summarized here:

Revenue =	\$4,873,442
Expense =	<u>4,873,442</u>
Net from Operations =	<u>0</u>

- Offertory makes up \$3.9M of the \$4.8M revenue. Personnel related expenses make up the \$2.2M of the expenses.
- It was noted that the actual number of staff personnel in next year's budget is down year to year, even though the dollars are up. The dollar increase is because we have dollars in next year's budget for the currently unfilled Faith Formation and Stewardship leaders.
- Pastoral Council Chair, Jacob House, raised a concern that the proposed annual budget total for K-12 faith formation and youth ministry of \$36K (versus prior Y/E forecast of \$48K and prior year budget of \$107K) was inadequate and out of step with the parishioner voices heard unanimously through all 16 of the recent parish Synodal Listening Sessions that youth disengagement and disaffiliation within our parish is a major crisis that must urgently be addressed. Weekly attendance of high school youth registered for Cross Road faith formation had consistently dwindled throughout the year down to 50-60% of registered individuals. The response was that budgeted spend for K-12 faith formation/youth

ministry went unconsumed for multiple consecutive years, so this proposed budget amount was more in line with these actual historical expense trends.

- There was discussion around how are staffing compares against other churches. It was noted that it would be difficult to compare as each church would have different focus priorities. Rob did say that he would try to connect with other churches and see if he can get some data.
- For detailed Church budget numbers, see the file “Church 2022-23 Proposed Budget.xls” sent out to the Finance Council via email on 5/27/22 by Rob Neppel.
- **Follow Up** - Rob to see if he can get some data on staffing at other churches.
- **Vote Taken** – A motion to approve the Church Budget for Fiscal Year 2022-23, as presented, was made and approved.

#### **2022-23 Columbarium Budget:**

- The budget for the Columbarium is basically the same as this year.
- As of this meeting, we do not have a date for when the expansion will be completed.
- When completed, the Niche price will go up 20%.
- The plan assumes a \$15K contribution into the Maintenance Reserve.
- We will contribute 15% of all sales into the Endowment for Perpetual Care. As revenue increases, we expect to make larger contributions to this endowment.
- In the past, the Columbarium has absorbed the Parish’s landscaping overages caused by storms or other needs. This will be closely monitored and the Church and TFS may have to take a heavier burden depending on how the year goes.
- A review of the Columbarium budget for the 2022-23 fiscal year was conducted during the meeting by Rob Neppel, and summarized here:

Revenue =	\$84,000
<u>Expense =</u>	<u>54,444</u>
<u>Net from Operations =</u>	<u>+ 29,556</u>
Less: Balance Sheet Transactions covered by Net Operations:	
Net Add to Perpetual Care Endowment =	\$12,600
<u>Net Add to Maintenance Reserve =</u>	<u>15,000</u>
<u>Total Balance Sheet Transactions Covered by Net Ops=</u>	<u>\$27,600</u>
<u>Net Remaining =</u>	<u>\$ 1,956</u>

- For detailed Columbarium budget numbers, see the file “Proposed Columbarium Budget for 2022-23.xls” sent out to the Finance Council via email on 5/27/22 by Rob Neppel.
- **Vote Taken** – A motion to approve the Columbarium Budget for Fiscal Year 2022-23, as presented, was made and approved.

#### **YE Closing Outlook:**

- Rob Neppel noted that we expect to close all the Parish budgets with significant unallocated surpluses.
- He gave a view of outlooks for all of our entities with two options:  
Option 1: Assumes the projected Operational Net Balance minus the committed balance sheet transactions (Maintenance Reserve contributions and loan principal payments). In this option, we assume that we will NOT bring in additional funds to recover for eligible expenses for Capital Maintenance projects, COVID related expenses, and for which we were planning to cover with Endowment funds.  
Option 2: Same as above, but this assumes we will bring in funds to recover for those eligible expenses.

- The following outlooks were shown:

Church: Current view forecasts that we will have \$194K in unallocated surplus (Option 1). This will grow to \$388K if we bring in funds for Maintenance, COVID, and Endowments (Option 2).

TFS: Current view forecasts that we will have \$225K in unallocated surplus (Option 1). This will grow to \$387K if we bring in funds for Maintenance, COVID, and Endowments (Option 2).

Pre-School: Current view forecasts that we will have \$219K in unallocated surplus

Columbarium: Current view forecasts that we will have \$2K in unallocated surplus.

- There was much discussion on what option to pursue, and also what we should do with the surplus.
- It was decided that we would follow option 2 where we would bring in funds to cover eligible expenses, but we should not take any of the planned withdrawals from the Endowment funds.
- As for what to do with the surplus, nothing definitive was decided. We may decide to make extra principal payments or move funds to general savings or the maintenance reserve or a combination of all of them. Once we get the final numbers, then a decision will be made.

#### **Columbarium Project Update:**

- Rob Neppel stated that we are still waiting for final permit approval from the City of Raleigh. Storm water Security Bond has been submitted. We have paid \$13,920 for Storm water replacement contribution.
- Work to install the storm water piping is scheduled for June 6th (pending permit approval) A portion of the parking lot will be roped off for storage of materials and equipment. The work is estimated to take 1-2 weeks to complete.
- Bore samples have been taken this week. This evaluation will ensure the footing will have a sound base upon which to build.
- The best current estimate is for major construction to start in August pending permit approvals and material lead times. It will take about 6 months after that to complete the project.
- Once we have firm construction dates, Eickhof will be ready to deliver Niches when needed.

#### **Discussion & Questions:**

- Msgr. Clay accepted all the recommendations and votes taken during this meeting.
- He then noted that this meeting would be the last for Father Jairo, Cong Le and Mike Watson. He thanked all of them for their support and wished them all the very best.

#### **VOTES TAKEN:**

- A motion to approve the Finance Council Meeting Minutes from 4/26/22, was made and approved.
- A motion to approve the Church Budget for Fiscal Year 2022-23, as presented, was made and approved.
- A motion to approve the Columbarium Budget for Fiscal Year 2022-23, as presented, was made and approved.

#### **FUTURE MEETINGS:**

- Schedule for 2022-23 Finance Council Meetings – All meetings are on Tuesdays and start at 7:00 p.m. August 9, 2022; October 11, 2022; January 10, 2023; February 28, 2023; April 25, 2023; May 30 2023
- It was noted that an additional meeting will be needed around November, to review and approve the tuition rates for School Year 2023-24. The exact date is to be determined.