



The Catholic Community of
St. Francis of Assisi

Finance Council Minutes

Date: 2/28/23

Time: 7:00 p.m.

Attendance:

| Members | Present | Members | Present | Members | Present | Members | Present |
|------------------|---------|----------------|---------|-------------|---------|--------------------|---------|
| Steve Vebber | X | Sarah Hoffman | X | David Nerz | X | Msgr. Michael Clay | X |
| | | Reji John | X | Peter Russo | X | Fr. Alex Gonzalez | X |
| Delynn Alexander | | Steve Joseph | X | Kathy Sales | X | | |
| Julio de la Rosa | X | Bill Laxton | X | Dawn Smith | X | Chris Damico | |
| Steve Dilger | X | Tom Mense | X | | | Jacob House | X |
| Paul Fedorkowicz | X | Rob Neppel | X | | | | |
| Heidi Hobler | X | Esperanza Neri | X | | | | |

AGENDA:

Opening Prayer

Accept Minutes of 12/11/22 Meeting

School Updates – TFS & Pre-School

Offertory Update

Endowment Update

Columbarium Expansion Update

Maintenance Oversight Committee Recommendations

-Vote for Approval

2023-2024 School Budget Update

Q & A

Meeting Schedule for Remainder of 2022-23 Fiscal Year

Closing Prayer

OLD BUSINESS:

- Steve Vebber discussed “One-Wake” and encouraged the members to review his note of 2/9/23 on this grassroots community organization. They will be holding a listening session at Baptist grove Church on March 16 about the organization for those interested. In addition, he encouraged members to consider volunteering to participate at an RCIA meeting in the late April, May timeframe where Steve will be providing a Finance Council overview for prospective parishioners going through the RCIA program.
- It was announced that Steve Dilger will be retiring from the Finance Council after this meeting. Steve will still be involved with the Parish and plans to stay on the Maintenance Committee. We are very grateful and thankful for his years of service on the Council.
- Steve requested feedback on the Finance Council Meeting Minutes of 12/1/22.
- There were no changes requested.
- **Vote Taken** – A motion to approve the Finance Council Meeting Minutes from 12/1/22, was made and approved.

NEW BUSINESS:

School Updates:

TFS Update:

- Dawn Smith provided a view of the registration status for the next school year. Compared to the last 2 years, enrollment is lagging. Existing families have until March 22nd to re-enroll. We believe that part of the delay is because this is the first year we are requiring families to complete a stewardship form. Msgr. Clay noted that there have been some grumblings and reluctance from the families. Rob said each family has to be reviewed by the Church and then a call has to be made on whether the family qualifies for the Steward rate. Currently Kindergarten and Fourth grade have a waiting list.
- Dawn noted that we currently have 131 families that have requested tuition assistance for the upcoming school year. In past years we have been averaging about 90 or so. The current ask is \$850K, this represents the total initial amount people have requested in aide. Each request is being reviewed for need.
- Recommendation: It was requested that Dawn provide an enrollment update to the Council as soon as possible after the March 22nd registration close date. She agreed to do that.

Pre-School Update:

- Heidi Hobler noted that Pre-School staffing is back to normal. The teacher that was out due to health reasons, is back. In addition, we have current staff personnel filling in for the position that was opened up in December.
- An update was provided on registration for next year. Currently we have filled 141 of the 174 slots filled. All age levels have at least 1 class with a waitlist.
- We have added a new Toddler/Mom's Morning Out class. This class is a one day/week class for 2.5 hours. This class has a cap of 12, and we have 6 enrolled already.
- Heidi also noted that we received a very generous donation of \$5000 from a Pre-School family recently.
- She also shared that some of our old playground equipment has been renovated and re-purposed for a playground that will soon be opened in the Dominican Republic.

Offertory Update:

- Rob Neppel reviewed that Offertory has improved as a result of our Offertory Appeal.
- November, December, and January have all exceeded expectations
- Current Year to Year, Month to Month comparisons exceed plan expectations
- Year to date January 2023, we are \$150,058 ahead of YTD January 2022. This is a 6.7% growth over YTY actuals and 4.7% better than plan. This YTY growth equates to 3.9% over last year's total Offertory.
- Preliminary February collections showed a slight drop for the month compared to February 2022.
- Faith Direct is averaging 57.5% of Total Offertory collections.

Endowment Update – 4Q 2022:

- A chart was reviewed that provided the results of the quarter ending 12/31/22 for our 14 endowments.
- In the quarter we had growth of \$272,406 which is a 6.5% growth. We contributed \$13,000 into the endowments in the quarter (all donations). We did not withdraw any funds.

- We currently have one endowment for the Columbarium. We are thinking of re-defining it as Perpetual Care, so that we are able to easily distinguish for the Diocese the amount we have set aside for that purpose. Perpetual Care is a focus item for the Diocese. We would then designate the new endowment to fund future expansion.
- The total value of our endowments at the end of the quarter was \$4,284,913. In total, we have available for withdrawal \$190,785.

Columbarium Expansion Project Update:

- Construction is complete. We are waiting for final permit approval from the City of Raleigh.
- From the time the Columbarium Committee started identifying potential locations on our site to where we are today, it has been 3 years.
- Niche pre-sales have taken place with the new pricing model that began January, 2023. We have already sold out the original Columbarium and have begun selling in the new section. We have about 60 families that are interested since we re-opened for sales.
- In summary, we had funding approval of \$1,293,376 for the project. We have spent \$1,283,285. We still expect to make payments of about \$94,317. This means we will have a project overrun of \$84,317.
- We borrowed about \$270,000 from our Contingency Reserve Savings Account. We plan to pay that back with the income from niche sales.
- Rob then went on to list some lessons learned from the project. He recommended that that we insist on complete 3D drawings during the planning/design phase that include surrounding structures in the drawings; We should request that all the areas are staked out and lined prior to any actual construction being initiated. This will make it easier for us to visualize what has been proposed and how everything aligns with existing structures. This will also help us to identify design flaws prior to construction that may require change orders to correct; We should insist that the lead Architect be on site prior to the start of any major construction phase; We should not hesitate to escalate issues or problems with the management of the Architectural or General Contractor firms; We should also insist that our landscape contractor be involved with all discussions related to site preparation, drainage, and plant selection; We should be bold in reminding the Architects and General Contractor that they are working for us.
- Rob felt that most of the problems encountered were a result of our lead Architect's lack of involvement in the project. Asked if we would use Little again, he said he would have a serious conversation with the Diocese and ask if there other alternatives they would recommend.
- Rob reviewed the new niche prices that became effective January 1, 2023. They can be found in the Finance Council Meeting package he sent to the Council in his note of 2/24/23.

Maintenance Oversight Committee Recommendations:

- Rob Neppel reviewed the recommendations made by the Maintenance Oversight Committee at their meeting held on January 26, 2023. Steve Vebber is the chair of that committee and both Rob and Steve Dilger are members.
- Charts were shown listing all the projects that have been completed this fiscal year. (See Rob Neppel's meeting package sent out in note of 2/24/23 for the detailed listing of projects completed).
- So far this fiscal year, we have spent \$662,444 in projects that have been completed. We have drawn \$239,000 from the Maintenance Reserve Savings Account to fund these projects. We will need to pull out another \$423,444 from the savings to cover this liability.
- Our Maintenance Reserve Savings Account has a current balance of \$1,018,366. The Church still has to meet its share of funding the Reserve for this fiscal year. So we expect a deposit of \$100,000 by June

this year. After we pull out the \$423,444 to cover our current liability, it is projected we will have a balance of \$694,922 at the end of this fiscal year in June.

- With planned deposits of \$710,000 to take place over the course of the next fiscal year, we expect our working balance to total about \$1,404,902. This does not include potential additional contributions of \$280,000. This potential is made up of surpluses generated from operations this fiscal year and Maintenance Reserve Sunday collections.
- The Committee identified \$192,370 in additional new projects to take place between now and the end of this fiscal year and another \$758,471 that will take place in the new fiscal year. Approval of these projects will be voted on, in today's meeting.
- Rob reviewed the detail of the new projects at the meeting and is shown below.
- The Proposed Project list to hit in 2022-23 include (vote to take place):

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|---|----------|
| • Fill Cracks, Seal, & Strip Church Parking Lot | \$38,355 |
| • Security Enhancements | \$25,000 |
| • Golf Cart Replacement | \$11,470 |
| • Chapel Carpet | \$7,500 |
| • Founders Room AV Upgrades | \$25,000 |
| • Parlor Renovation | \$20,000 |
| • Server UPS Upgrades | \$10,000 |
| • Modular Unit on Field | \$18,045 |
| • Siding, ramps, skirting | |
| • Modular HVAC Replacement | \$8,000 |
| • Fr. Jim's Bathroom Renovation | \$29,000 |

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| Additional project total to hit this year's budget | \$192,370 |
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- The Proposed list to hit in 2023-24 include (vote to take place):

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| • Repaving & Stripe TFS Parking Lot | \$330,445 |
| • TFS Bell/Communications System (Replace/Upgrade) | \$219,000 |
| • Paint Siena Offices | \$20,000 |
| • Clare Hall Carpet | \$15,000 |
| • Fellowship Hall Carpet | \$15,000 |
| • Jacoba AV Upgrades | \$35,000 |
| • Modular Classrooms Ramps | \$35,000 |
| • Replace Siena Hallway Lights | \$6,000 |
| • Replace TFS Courtyard gutters | \$15,000 |
| • Juniper Painting (inside) | \$26,126 |
| • Adding Roof over Thea Entry | \$15,000 |
| • Elizabeth Reception Area Paint | \$6,900 |
| • Elizabeth Interior Paint | \$20,000 |

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| Additional project total to hit next year's budget | \$758,471 |
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- When you factor all of the above deposits and withdrawals from the Maintenance Reserve discussed above, we expect to end the next fiscal year with a reserve balance of about \$436K. Here is a summary:

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|---|----------------------|
| • Maintenance Reserve Balance (01/31/23) | \$1,018,366 |
| • Outstanding Planned Deposits (Church) | \$100,000 |
| • <u>Subtotal 2022-2023 Balance</u> | <u>\$1,118,366</u> |
| • Current outstanding Liabilities | (\$423,444) |
| • Current projects yet to be invoiced @ | (\$18,000) |
| • Projected 2022-2023 Working Balance | \$676,922 |
| • Request Additional 2022-2023 Funding =====>vote | (\$192,370) * |
| • 2022-2023 Carry-over Balance | \$484,552 |
| • Planned 2023-2024 Deposits | \$710,000 |
| • <u>Planned Working balance through August</u> | <u>\$1,194,552</u> |
| • Request 2023-2024 Project Funding =====>vote | (\$758,471) * |
| • Remaining 2023-2024 Planned Balance | \$436,081 |
| • 2022-2023 Potential Add'l YE Deposits (Surplus & Donations) | \$220,000 |
| • 2023-2024 Maintenance Reserve Sunday Add'l | \$60,000 |

- There are some other pending projects that may also come down the pipeline in the future, that are not included above. This includes re-furbishing the church pews, screens in the sanctuary and phone system replacement. These projects will cost well north of \$300K.
- **Vote Taken** – A motion to approve the request for additional funding for the remaining maintenance projects in fiscal year 2022-23 of \$192,370 and for projects in 2023-24 of \$758,471, was made and approved.

Budget Planning Updates for Schools:

- Rob Neppel noted that we expect annual budget guidance letter from the Diocese around March 15th.
- Early indications are the Diocese will be recommending base salary increases of 5%. Our preliminary budgets assumed 3%.
- Feedback from the Priest Council indicates schools will be challenged to get their teachers to 100% of the teacher scale published by the Diocese, as soon as affordable. The Diocese uses the North Carolina State Teacher salary scale. Wake County uses a separate scale, which is higher than the State scale.
- Our preliminary TFS budget targeted getting to 95% this year. We are currently looking to see if we can get to 97% or more by reducing planned surpluses and reserve investment. We are limited on how far we can go due to our approved & published tuition rates for the upcoming school year, only being increased by 3%.
- Striving to get to 100% and remaining at that level, will require future tuition increases to be higher than 3%.

Other:

- Msgr. Clay accepted all the recommendations and votes taken during this meeting.

RECOMMENDATIONS/ACTION ITEMS:

- It was requested that Dawn Smith provide an enrollment update to the Council as soon as possible after the March 22nd registration close date. She agreed to do that.

VOTES TAKEN:

- A motion to approve the Finance Council Meeting Minutes from 12/1/22, was made and approved.
- A motion to approve the request for additional funding for the remaining maintenance projects in fiscal year 2022-23 of \$192,370 and for projects in 2023-24 of \$758,471, was made and approved.

FUTURE MEETINGS:

- Schedule for 2022-23 Finance Council Meetings – All meetings start at 7:00 p.m.
Tuesday April 25, 2023; Tuesday May 30, 2023;