

CATHOLIC DIOCESE OF SALT LAKE CITY
DIOCESAN FINANCE COUNCIL
Meeting Minutes of May 24, 2022
Pastoral Center, 27 C Street, Salt Lake City, Utah

PRESENT

Most Reverend Oscar A. Solis	Darcie Costello (Zoom)
Reverend Monsignor Colin F. Bircumshaw	Mark Longe
Reverend John Evans	Kathie Roberts (Zoom)
Deacon George Reade	Andrea Steenburgh
Fred Strasser (Zoom)	Candice Greenwald
Doug Black	Sarah Niemann, Secretary

NOT PRESENT

Reverend Clarence J. Sandoval (Retiring)

CALL TO ORDER AND OPENING PRAYER

The meeting was called to order at 2:44 pm with opening prayer led by Bishop Solis.

APPROVAL OF OCTOBER 19, 2021 MINUTES

Msgr Colin Bircumshaw mentioned that due to the cancellation and postponement of the January, 2022 board meetings due to Covid, the October 19, 2021, minutes were sent out and approved by email.

BUDGET REVIEW AND APPROVAL FOR FYE JULY 1, 2022 – JUNE 30, 2023

Candy confirmed that everyone received the link sent out with the budget proposal for those attending via Zoom. A copy was provided for those attending in person. Provided is a copy of the comparison of prior year's approved budget FYE 2021-2022 and the proposed budget for FYE 2022 – 2023. This budget includes:

- 4% salary and wage increase for the lay employees,
- 5% increase in health insurance for all employees including clergy,
- addition of three retired priests,
- commitment to the schools by hiring of an Associate Superintendent which is funded by the schools' budget,

- support for our seminarians – last year’s budget included 10 seminarians, this year we will have 9. Currently we are at 8 with one pending approval, but that is also offset by the increase in the stipends paid out to the seminarians.
- commitment to ParishSOFT, which is the accounting system used by all our parishes, schools and missions – it is the system that we have all our Sacramental records on, our DDD, Annual appeals is on that, and hopefully in the next few months our Catholic Foundation will be as well.
- commitment to the Intermountain Catholic newspaper
- increase in cost related to the contractual cost of property insurance, auto insurance,
- our diocesan investment
- our support medical, Sabbatical for one of our existing priests.

This budget is funded by:

- holding a couple of unfilled positions that have been held for a couple of years
- savings of 5 individuals that do not accept the health insurance
- variant savings and re-allocation throughout the budget
- anticipated savings, reserves, and temporary endowments to provide for a balanced budget

Candy went over the changes between 2021-2022 and 2022-2023 budgets in each of the categories.

- Educational Services – increase in expenses is predominantly from the hiring of the Associate Superintendent; the funding is coming from the school fees and school assessments, and will continue to do so into the future.
- Pastoral Services – savings from open positions, seminarians going from 10 to 9
- Public Services – biggest increase is from rising costs of the Intermountain Catholic Newspaper hitting the operation budget and at this point we might want to look at the annual subscription or quota that goes to the parishes
- Administrative Services – the additional cost of the three newly retired priests was reduced by the savings found in the audit fees.

Father Evans made an inquiry about the substantial increases in both the support for the Missions and the subsidies for the retirement for priests. Candy explained that in the Missions area, there was a priest that was budgeted in a different category – so increase is a net zero.

Msgr Colin spoke about:

- the challenges we face at this time in hiring bookkeepers or accountants to help with the finances of the parishes. We explored the idea of having accountants trained at the diocese who can service 3-4 parishes but so far the plan has not been successful.
- he also suggested that the subscription fee for the Intermountain Catholic newspaper which has not been raised from \$25/year for maybe 10 years, that perhaps it needs to be raised to \$30/yr.
- another suggestion to help pay for the seminarians’ education after what is available from DDD is received, is maybe to take some of the temporary endowments, or dividends from the

Catholic Foundation to help with the seminarians' education and as a way of balancing the budget.

- Msgr Colin also mentioned that the PPP funding and getting that forgiven is what got us through. Many parishes were also able to get some PPP funding to help them through with the pandemic. It seems like ordinary income is slowly going up.

Father Evans mentioned that his parish's emergency fund has gone down to about half of what it was. He shared his concern of parishes that are barely getting by even with PPP money. Even with increases in some parishes, it will not be nearly enough in the long run. He suspects that when PPP money runs out, most parishes will be drawing down on their savings as well if they are going to make good on their loan payments, and not default. The parishes without loans, probably can get by.

Bishop Solis spoke with regards to the DDD last year as being very successful – in comparison with the past 5-6 years.

Msgr Colin explained that the \$100,000 shortage in DDD was paid for by the parishes as their Shortfall. Parishes understood that shortfalls have to be paid either out of their savings or by getting a loan. He spoke of how many years ago when the cost of building was relatively inexpensive, parishes had taken out loans to build. In this time where everything is expensive, it is not advisable to build even a garage due to the inflation.

Candy added that in the FYE 2023 budget it is proposed for all employees on staff by May 1, a 4% increase for FYE 2023. It does not include the priests.

Father Evans moved to approve the budget as presented and Mark Longe second it. All were in favor.

AUDIT RFP UPDATE – This is for both the Diocesan Finance Council and the Capital Corp

Candy acknowledged Doug Black and Darcie Costello for being on call and Zoom for the Audit RFP Committee that sought, reviewed, approved, and recommended for our new auditors. Also in the Committee were Msgr Colin, Candy Greenwald, Sarah Niemann, Yvonne Martinez from Finance and Patrick Porter from the Catholic Foundation. Also, part of the committee was Dixie Egan, former colleague of Candy from Westminster College who did an Audit RFP with Candy at her former position.

Five different proposals were received from firms. Team calls were done with each one where pre-determined questions were posed to each firm for committee's analysis. Committee further narrowed it down to Tanner, LLC. They will be starting with this next audit.

The committee chose Tanner because in their presentation they talked "with us", as opposed to "to us". It felt like they really wanted to partner with us. Of the three, Tanner was obviously more of the local firm but they do have access to resources of other mid-sized firms all around the nation. We were able

to check on one of their references, Episcopal Diocese of Utah, who gave them a glowing review. They had been with Tanner for a long time and would absolutely want them to bid again if they were to do another RFP.

The Engagement Letter has been signed and we are moving forward. Our first meeting with them will be sometime in June. Former long-time auditors, KPMG, gave us a courtesy call to let us know that Anfisa (who presented the audit last year), who is their Non-profit Specialist in the Utah office had left the firm and that it would cost the diocese an additional \$10-15,000 to their regular billing to bring a Non-profit Specialist in from their east coast office.

Msgr Colin mentioned he was impressed with the whole process of the Audit RFP. He commented how all the preparatory work that was done before hand by Candy and Dixie made the process smooth and very professional – in all the questions that were asked and how everything was evaluated. Everyone was given points for different aspects of their firm. He thought it was the most objective way of looking at what each firm offers.

D&L SUMMARY

Msgr Colin talked about the D&L decrease in Total Loan Balance now below \$6 million. In more detail he mentioned:

- St Thomas More – under Fr Evans amazing management was able to reduce the loan balance
- St Joseph the Worker, St Francis of Assisi and Choir School were also able to reduce their loans
- St Francis Xavier School were able to pay off their loans

Msgr Colin then went on to talk about the savings:

- St Olaf School Savings will be used for projects to add to their school. They will actually need more than that.
- St Lawrence Thrift Store – generates funds for the new church to be built in Heber

OTHER BUSINESS

Msgr Colin mentioned about Fr Clarence Sandoval's upcoming retirement from the parish and the board. It was suggested that another priest, maybe younger should be given the opportunity to serve on the board to gain some financial experience. If anyone has any recommendations.

Doug Black asked if any of the parishes' excess funds in the D&L are invested. Candy answered we have all the funds invested in the Diocesan Capital Corp.

Msgr Colin also reminded all that in 2008, when we experienced that terrible dip in the market, and all a sudden we did not have the savings that parishes thought they had in the D&L. We decided in 2008 to build up a cushion to protect the D&L. Even when the market goes down, we will keep enough cushion in there so that if the parishes needed the money, it will be available. In the last few years, we have been able to raise that cushion. So besides the savings, we have the cushion in our overall diocesan assets that is dedicated to protect the savings.

Father Evans acknowledged that Tanner, LLC will be used for audit services for all corps: CFU, DREC, RCB and DCC.

BISHOP SOLIS' COMMENTS

Bishop Solis thanked everyone for their hard work. He noted that the Diocese is committed to practicing fiscal responsibility & transparency while respecting the privacy of our board members.

NEXT MEETING AND ADJOURNMENT

The scheduling of the next meeting will be sometime in October, 2022. It will be dependent on the audit schedule. This meeting was adjourned at 3:32 PM. Father Evans said the closing prayers.

Respectfully submitted,

Sarah Niemann