

St. Jerome Finance Committee Minutes Meeting of August 2, 2011

In attendance: Jim Alvord, Father David Blanchfield, Bill Groener, Dan Loch, Skip Vincent, Dick Vincenzi, and Dom Vento. Guests: Karen Christensen and Stephan Grozinger.

Fr. David began the meeting at 7:35 pm with a prayer for the parish and for the work of the committee.

June 1, 2011 Minutes

Minutes of the June 1 Finance Committee meeting were approved via e-mail by June 21 and were posted shortly thereafter on the parish web site and hard copy on the Pastoral Council bulletin board in the church hallway.

Parish Raffle Results

Karen Christensen presented a financial report of the income and expenses of the June 25th parish raffle.

Karen reported that expenses were cut because the parish dinner at the All Saints School gym was replaced by a simpler, hot dogs and hamburgers parish picnic at the church hall.

This year 1,100 cash-prize raffle tickets were sold at \$50.00 each for \$55,500. After expenses of \$18,420.18, the parish realized income of \$37,079.82 on the parish raffle and another \$735 on the 50/50 at the parish picnic for a total of \$37,814.82. This was an increase of \$9,563.32 over 2010's parish raffle when 611 automobile first-prize raffle tickets were sold at \$100.00 each for \$61,100 and after expenses, the parish realized income of \$28,251.50.

Karen related another fundraising idea on which she is working: an early November (possibly November 7-9) weekday evening parish dinner at Aitoro's Appliances with tickets costing \$50.00 each. She reported that All Saints School made \$5,000 with such an event at Aitoro's.

Daycare Rental Developments

Fr. David explained that the original August 2003 lease with Busybodies Daycare called for a 3% increase over whatever the then-current, stepped-up rent payment would be at the time when the lease was to be renewed. That 3% increase was not applied correctly when the lease actually was renewed in September 2008 on a lease that runs through August 2013. The 3% lease-renewal increase was applied incorrectly to the starting (base) rent of August 2003 which was \$5,481.00 and not to the then-current, stepped-up August 2008 rent of \$6,323.00. The September 2008 lease began, then, with a rent that was \$1,030 a month less it contractually should have been.

Then, in October 2009 Fr. David agreed to take back one classroom and reduce the rent by \$1,000 because of financial difficulties Busybodies was encountering. Fr. David verbally agreed to a monthly rent of \$4,000.

Stephan Grozinger, a parishioner and our *pro bono* real estate lawyer, pointed out that Busybodies was delinquent by \$12,000 in rent payments at the end of 2010 and would have been much more delinquent had the 3% lease-renewal increase been applied correctly.

Fr. David said the Busybodies had made rent payments of \$5,700 for July and June and has offered free winter snowplowing to make up for their \$12,000 delinquency. The parish will take that offer.

An inconclusive discussion ensued among the Finance Committee members present when Mr. Grozinger asked what they thought the Busybodies rent should be. One Finance Committee member suggested that the parish itself run a daycare facility.

Fr. David maintained that a new lease will have Busybodies pay rent plus property taxes with a tax escalation clause and for electricity usage with an electricity usage escalation clause.

The discussion concluded with a decision by the members present to bring in a broker known to Mr. Grozinger to advise the Finance Committee on the possibilities for an alternative daycare tenant and on alternative (non-daycare) uses for the space.

Fiscal Year 2010-2011 Budget Analysis

Two weeks before the meeting Fr. Dave mailed all Finance Committee members for their examination, copies of the

- July 1, 2010 through June 30, 2011 Profit & Loss Budget vs. Actual
- Balance Sheets for June 30, 2010 and for June 30, 2011
- Capital Improvements financial detail for 2010-2011

Essentially, last fiscal year (2010-2011) the parish ended over \$34,000 in the red.

- Weekend Offertory giving was down by almost \$20,500 from budget.
- Daycare rent was delinquent.
- Expenses were more than \$28,000 over budget.

Many of the following points echo explanations from past Quarterly Budget Analyses as found in the March 2010 through May 2011 Finance Committee minutes. Detail in addition to those explanations follows below:

- Expense Item 5042, Pension-Clergy, \$5,733.33 vs. a budgeted \$600 is a result of a budgeting mistake.
- Expense Item 5313, Catering, \$5,176.81 vs. a budgeted \$700 is in large part due to the cost of using Jeff's Cuisine as the 2010 parish festival caterer to conclude the parish's 50th Anniversary celebrations.
- Liturgical Consumables (#5314) and Liturgical Flowers and Decorations (#5315) were each simply about \$2,000 over budget, perhaps again due to the parish's 50th Anniversary year.

- Expense Item 5357, Other Services, was \$4,000 over budget due to necessary repairs and maintenance.
- Expense Item 5473, Oil, was \$4,800 over budget due to the need for more heat this past winter.

Proposed Fiscal Year Budget, July 1, 2011 to June 30, 2012

Two weeks before the meeting Fr. Dave surface-mailed all Finance Committee members for their examination, copies of the proposed budget for fiscal year 2011-2012.

Fr. David explained the proposed new fiscal year budget.

- As was stated, last fiscal year (2010-2011) the parish ended just over \$34,000 in the red.
- The diocese has underfunded lay pensions by 33%. This 2011-2012 fiscal year each diocesan institution was originally being billed 5.9% of their lay payroll to make up the deficit, but that now is down to 3%. That means an extra \$7,800 for St. Jerome's.
- The proposed budget assumes flat Offertory giving (i.e., the same as fiscal year 2010-2011).
- The proposed budget assumes no salary increases for parish staff.
- Fr. David is taking a \$1,200 pay cut; Fr. Joe, a \$2,000 cut.
- Significant budget cuts are made in Charitable Gifts, Retreats, Food & Beverage, Catering, Landscaping, and Snow Removal
- Replacing part-time (20 hours a week) Youth Minister Pat Olson with fulltime Youth Ministers Joe and Daniela O'Callaghan results in an increase of \$10,000 in lay salaries.
- In this bare bones budget the parish ends the new fiscal year a mere \$271 to the good.

Members present voiced these concerns with the proposed fiscal year 2011-2012 budget:

- How valid is the proposed \$60,700 budget amount (Income Item 4160) in daycare rental income given the situation with Busybodies?
- The Lay Employees amount (Expense Item 5011) needs to be changed to reflect the increased \$10,000 for the fulltime Youth Ministers.
- Expense Item 5047, Lay Pension Catch Up must be lowered from \$15,500 to \$7,800 to reflect the diocese's reduced catch-up percentage.
- Expense Item 5351, Subscriptions seems much too low at \$750 compared to last year's \$2,400, and may include Music subscription (music scores) costs that need to be funded.

Fr. David agreed to make these changes to the proposed fiscal year 2011-2012 budget and to send the Finance Committee a revised proposed budget which they will approve or disapprove by an e-mail vote.

Even more importantly, the significant concluding questions discussed were:

- Do we hang on as planned so we can have our Fall 2012 combined capital improvement (church addition) and increased Offertory giving campaign (as outlined in the June 1, 2011 Finance Committee Minutes)?
- Or do we opt for an increased Offertory giving campaign right away, this October?

A full discussion ensued. Several Finance Committee members present felt that any October increased Offertory giving campaign should be a low-key, in-house effort, one with parishioner speakers at weekend Masses and one that would not use a hired fundraising firm.

One member present opted strongly for an October increased Offertory giving campaign. Three preferred the “hang-on” strategy. Two members were undecided. The unanimous decision was to table the decision until another, soon-to-be-called Finance Committee meeting after a revised proposed fiscal year 2011-2012 budget could be prepared and after the planned meeting with a real estate broker to ascertain alternative uses for the school building classroom space.

Other

PARISH OIL TANKS

Bob Olson arranged for Tyree (<http://www.tyreeorg.com/>), a licensed petroleum environmental services company managed by his firm, to perform an inspection of the two parish in-ground oil tanks. The inspection took place on June 21 and the parish oil tanks were found to be intact, not leaking, and in stable condition.

The meeting ended at 9:17 pm.

Submitted by:

Dan Loch, Finance Committee Secretary

September 18, 2011