

## St Francis by the Sea Church

Finance Council Special Budget Meeting Minutes

Date: 6-10-09

Time: 3:00 PM

Members present: Leigh Bullen, Marty Gleason, Bob Grassi, Joe McGovern, Bob Oppenheimer and Jean Schneiderwind

In Attendance: Terry Conway

Excused: Father Michael Oenbrink, and Mike Pope

The meeting was opened at 3:00 PM with a prayer by Jean Schneiderwind.

Prior to a discussion of the 2009/2010 fiscal year budget, Terry presented a request from Father Mike regarding \$260,000 of Church funds invested with the diocese and presently placed in a stock/bond mutual fund. Our investments have taken serious hits in the ongoing economic downturn and could suffer further declines. These funds may be needed at the tail end of the multi-purpose building construction for timely payment. Father is concerned that "it is possible that we could weaken our financial position by remaining invested" in a long term, market sensitive fund. He asks the Finance Council to specifically advise "...on whether it is prudent to liquidate all investments and go to CDs or MM to insure we have funds on hand". After full discussion, all council members were in agreement that the funds be liquidated and placed in safe, short-term earning bank accounts.

Council members were previously provided with preliminary budgets for the Church, school and Thrift Shop. The Church budget incorporated budgets submitted by major ministries (music, youth, adult and youth religious education programs). The Hispanic Ministry budget was not usable and Terry utilized the 2008/2009 budget as a substitute.

Leigh distributed a handout with suggested adjustments and areas for further discussion.

The school budget was determined to be acceptable as presented. It is based on an enrollment of 210 students and continued receipt of \$120,000 in planned gifts from the Thrift Shop. The projected bottom line is a fairly

modest \$11,577 net loss and no further belt tightening was deemed necessary in order to present a fully balanced budget.

The Thrift Shop budget projects net income of \$18,476, with the assumption that planned giving to the school would be reduced to \$100,000, planned giving to the community would be \$50,000 and Apple Appliance would continue to rent for the full fiscal year providing rental income of \$46,044. Father Mike had previously indicated that there could possibly be relief for the school subsidy, on a one year temporary basis, if adequate funds were available to make up the shortfall. This was not viewed as a viable option. The Apple Appliance rental renewal is out of our hands and at this stage we will assume they will continue to operate at the present site at the rent we proposed to them. Finance Council members are now considering a revised Thrift Shop budget that reflects full funding for the school (\$120,000) subsidy and a \$10,000 cushion. Thrift management and the Thrift Council would need to focus planning and efforts towards improving the budget for this coming year. Further discussion will take place with both Father Mike and the Thrift Shop Council to finalize this issue.

The preliminary Church budget was basically a flat line revenue budget. The bottom line was projected as a loss of \$32,962, including major ministry budgets as submitted. Leigh's suggested adjustments included discontinuance of the practice of treating all columbarium income as restricted. Given the strength of columbarium revenues and the overabundance of columbarium reserves, it may not be necessary to treat all such revenue as restricted. Restricting 50% of these revenues (\$45M projected, \$22.5M restricted) would result in net available income (loss) of (\$55,462). Assuming a need for at least a \$25,000 revenue cushion, we will have to find an additional \$80,462 (\$55,462 plus \$25M) in revenues to provide a revised net income of \$47,500. Jean will need to follow up with the Youth Group to determine if additional fees can be raised to increase their budgeted expense base.

Terry distributed a revised budget, similar to the preliminary budget, but adjusted for some program over exuberance from two ministries. These adjustments bring the projected bottom line to a positive \$36,688. All council members recognized the efficacy of a more frugal program for these two ministries.

Discussion concluded with a review of the decision to project a basically flat revenue budget. In view of this year's collections holding their own despite an unprecedented economic decline and signs of an initial rebound, a projected 2% increase in collections would not be unwarranted. Terry will prepare a further revised budget reflecting a 2% increase which will project net income exceeding the \$47,500 minimum offered by Leigh as an appropriate target.

Following a closing prayer the meeting adjourned at 5:30 PM.

Respectfully submitted,

Joe McGovern