

## **Minutes of the regular monthly meeting of the Saint Cecilia Parish Finance Committee**

Date: November 14, 2006

Location: Rectory Living Room

Members Present: Joel Thilges, Jerry Greving, Pat Halbur, John Nelson, Father Nienhaus, Lisa Underhill-Schmidt and Randy Dalhoff (chairperson)

Meeting started at 7:05pm

John reviewed the October bank statements.

Minutes were approved.

Principal Siepkner was concerned about the glycol mixture being diluted too much since the boilers needed to be refilled with water after Proctor forgot to do that last time it was serviced. Jerry is working with Proctor to make sure the glycol level is at an acceptable level. There will hopefully be no expense to the parish for this additional work.

Jerry found that in the past too many children envelopes were being ordered. The next order will likely be for only 250 envelopes and they will be handed out directly to school and RE students.

Work on streamlining the ACH process continues. Randy has received bank NACHA files and converted them to a spreadsheet file that Jerry can use. There are still some programming and inconsistencies to iron out. Once done the spreadsheet will be the master record from which other files will be produced to do the ACH transfers with the bank, import ACH contributions directly into ACS Contributions records and hopefully import directly into the school's QuickBooks program tracking school tuition.

Accumulated PTO pay will be paid to the last retired educator yet this week (by November 17).

Duane and Jerry have agreed on a sick leave/vacation schedule for school staff. It will be sent to the archdiocese for review. After approval it will be used in future school staff contracts and work agreements. This new policy should take care of the work schedule differences between school staff (normally nine months) and the rest of the church staff (normally 12 months). Other church staff will still fall under the existing employee handbook.

The archdiocesan audit was held from November 7 through 10. It was another successful audit of the parish finances and procedures. A report should be received in mid-February which will detail findings. Some known adjustments: any person compensated more than \$108.28 will need to file a W-4 to work for the parish; the offertory money count sheet will be slightly revamped; personnel records need to be more coordinated; and look at possibly more segregation of duties.

Jerry noted that after January 1, IRS rules stipulate that contributions will need documentation to be included as a charitable deduction on Federal taxes. **Jerry will place an article in the church bulletin notifying parishioners of the tax law change.** Those using church provided envelopes and ACH will be unaffected since the parish does document those contributions. However, there is no way to document loose money collections. [See Appendix A below]

**Jerry will begin notifying parishioners through the bulletin that contributions must be received in the parish office by a certain time on December 31 to be counted as a 2006 contribution.**

The restricted money from the now defunct Saint Patty fundraiser will be transferred to the Gala-operating

restricted account.

There have been two suggestions concerning the verbiage in the annual report. There is a desire for a better explanation of what is included in the Personnel expense line. In a department with one main employee the expense might imply to some that the main employee receives all that money, when in effect the personnel expense covers parts of many other staff salaries that are partially involved with the department. The other suggestion was to include the average weekly loose collection amount and state that some of these contributions may be attributable to the registered households that show up on the graph chart as contributing nothing. **An annual financial talk to the parishioners will be done rather than just when the parish is in trouble.**

After a lengthy discussion concerning subsidies and developing a balanced budget, **a special Finance meeting will be held November 27, 2006, at 7pm to set and define a subsidy cap policy for School, RE and YM.** The School Expansion Exploration report will be sent after the November 16 SEE meeting to the Finance Committee for review and discussion at the special meeting.

Meeting adjourned at 9:37pm

Submitted by Randy Dalhoff

#### **Appendix A:**

The new law effectively ends deductions for out-of-pocket cash donations unless a receipt is obtained from the recipient organization. For example, a client who simply drops a \$20 bill in the Sunday collection plate will no longer be able to deduct it.

Under prior rules, a deduction for a cash donation had to be substantiated by one of the following:

1. A cancelled check.
2. A receipt (or a letter or other written communication) from the recipient organization showing the name of the recipient, the date of the contribution, and the amount of the contribution.
3. In the absence of a cancelled check or a receipt, other reliable written records showing the name of the recipient, the date of the contribution, and the amount of the contribution.

So, under (3), clients who put cash in the Sunday collection plate or in Christmas kettles outside department stores could claim a deduction as long as they kept a log or other written record of their contributions.

The new law bars this practice by eliminating the third method of substantiation. Starting with 2007, a deduction for any cash donation is disallowed unless the donor retains a bank record or a written communication from the recipient organization showing the name of the organization and the date and amount of the donation [IRC Sec. 170(f)(17), as amended by 2006 Pension Protection Act].