



ARCHDIOCESE
OF
SAINT PAUL &
MINNEAPOLIS

*United in Faith,
Hope and Love*

CFO Annual Update

Thomas Mertens

CFO of Archdiocese of Saint Paul and Minneapolis

September 2021

Annual Update



- Welcome
- Review of Zoom Meetings
- Past Year in Review
- Recognition of Presenters

- Review of Zoom Meetings

- September 21

- Thomas Mertens: CFO Annual Update
- Father Bambenek: Synod Update – The Church Engages
- Timothy O’Malley: Project Isaiah – Leadership and Culture
- Joseph Kueppers: Church Involvement in Politics and Policy Updates

- September 22

- Susan Mulheron: Archdiocesan Policies
- Stephanie Bernhardt, Paycor: Preparing You for Success with Paycor
- Mary Jo Jungwirth and Mary Breault: Financial Standards Roadmap
- Mary Ellen Moe and George Vander Weit: Benefits 2022 – Employee Well-Being

- Review of Zoom Meetings

- September 28

- Patrick Menke: AMBP Plan Update
 - Mark Joerger: Lay and Priest Pension Plan and 403(b) Updates
 - Bryan Zimmerman: General Insurance Program Update
 - Paula Petke-McCarty and John Urlaub, Catholic Mutual: PACE & PRISM Life Cycle and New Standards

- September 29

- Paula Petke-McCarty, Catholic Mutual: Cyber Security Standards
 - Mark Trapp, Lawinger Consulting, Inc.: Multi-Factor Authentication
 - Mary Ellen Moe and Paula Petke-McCarty, Catholic Mutual: Standardized Job Descriptions
 - Scott Blake, Felhaber Larson: Remote and Hybrid Working Benefits and Liabilities
 - Peter Durand, Imagine IT: Remote & Hybrid Work Cybersecurity

- Past Year in Review
 - How did Plate and Envelope Giving do through the Pandemic?
 - Plate and Envelope Giving of 132 ParishSOFT Entities
 - FY 2019 - \$91.7 Million
 - FY 2020 - \$91.2 Million (0.5% decrease)
 - FY 2021 - \$89.2 Million (2.2% decrease)
 - Decrease of 2.7% over the two year period
 - Decrease of \$2.5 Million
 - Extrapolated to all 186 parishes approximates a \$3.9 Million decrease

- Past Year in Review

- How has Pandemic impacted Plate and Envelope Giving across the Archdiocese?

<u>Change from FY 2020 to FY 2021</u>	<u># of Parishes</u>	<u>% of Total</u>
Decrease of 15% or greater	5	4%
Flat to Decrease of 14.9%	74	56%
Increase of up to 14.9%	45	34%
Increase of 15% or greater	8	6%
Total	132	100%

- Past Year in Review

- Financial Assistance available to parishes and schools:

- Parishes and schools applied for PPP1, PPP2, and EIDL loans (180+)
 - Parishes and schools filed for the Employee Retention Credits (70+)
 - Schools applied for Education Stabilization Funds
 - Catholic Community Foundation created the Minnesota Catholic Relief Fund to assist parishes and schools in need
 - Emergency Assistance for Non-Public Schools (EANS) Funds (we were allocated \$20 Million by the state of Minnesota)
 - All were significant in allowing parishes and schools to avoid and or delay layoffs, furloughs and terminations as we navigated an unknown and unprecedented period in our history

- Past Year in Review

- How did we do outside the numbers?

- Truly impressed with the response of the parishes, schools and the APBA
 - Amazing all that you as Parish Business Administrators, Pastors and staff juggled through the pandemic
 - Archdiocese and parishes came together to educate one another on the programs available to financially assist the parishes and schools
 - Archdiocese provided a discount of 25% on the Assessment billing at the start of the pandemic
 - General Insurance program provided a discount as well to the insurance billing at the start of the pandemic
 - Improved communication through introduction of the Parish Leadership Update (PLU)

- Past Year in Review
 - Outcomes of the Economic Impact Task Force
 - Created ETF at the start of the pandemic which included leaders from Catholic and non-Catholic entities
 - Creation of the Assessment Task Force (more to come later)
 - Cash flow monitoring of ParishSOFT parishes and non-ParishSOFT parishes who elected to participate
 - This was instrumental during the pandemic to gauge the overall financial health of those parishes who participated
 - Proposal to Archbishop and COO regarding future reporting on parishes
 - Comparing like size and locations so parishes can see where they stand amongst peers
 - Will vet this initiative through the Presbyteral Council, Deaneries, and APBA
 - Participation anticipated to be voluntary with results shared with those who elect to participate

- Formation of the Assessment Task Force in FY 2021
 - This was the result of the Economic Impact Task Force in FY 2020
 - Kick-off meeting in June of 2021
 - Task Force consists of the following members:
 - Norm Olafson (APBA Rep)
 - Deacon Mickey Redfearn (APBA Rep)
 - Father Tom Wilson (Priest Rep)
 - Chris Dietzen (AFCCB Rep)
 - Paul Chestovich (AFCCB Rep)
 - Tim Levi (Archdiocese Rep)
 - Tom Mertens (Archdiocese Rep)
 - Tasked with reviewing the current assessment formula and rates and modifying as the Task Force deems necessary
 - Goal is to present to Archbishop and COO for approval prior to start of FY 2023
 - Input will be received by AFCCB, Presbyteral Council, Deaneries and APBA

- Past Year in Review
 - Assessment Collections continue to remain strong
 - Collected 103% of what was billed during FY 2021
 - Billed \$15.8M and collected \$16.5M
 - Assessment AR Balance now under \$6M as compared to \$12M in 2012
 - Both the Lay Pension and Priest Pension Collected more than Invoiced
 - Lay Pension Billed \$6.6M and Collected \$7.3M
 - Priest Pension Billed \$4.0M and Collected \$4.1M
 - Irrevocable Trust (General Insurance)
 - Billed \$7.5M and Collected \$7.65M
 - Strong Parishes makes for a Strong Archdiocese

- Past Year in Review
 - APBA opened its membership to all parishes at no cost and held meetings more frequently to assist and educate its members on the pressing topics of the pandemic
 - As a result, APBA Membership increased during FY 2021
 - I strongly encourage you to join the APBA if your parish is not already a member
 - Meetings in FY 2022 will be a mixture of virtual and in-person

- Past Year in Review
 - New 403(b) Plan Changes rolled out effective January 1, 2020
 - Goal was to make the Plan easy to understand and increase the participation-level in the retirement Plan
 - Move from an employer contribution to an employer match
 - Results to date have been positive
 - New Resource Guide developed
 - Enhanced educational resources by Transamerica
 - TA on-site presentations and on-line webinars to employees
 - Employee Handbook Project
 - 98% of parishes and schools have updated their handbook
 - Extremely successful initiative

- Past Year in Review
 - PACE/PRISM rebates continue to remain high as a % of revenue
 - FY 2020 was an all-time high at \$1.6M or 19.3% of revenue
 - FY 2021 was \$1.4M or 18.3% of revenue
 - General Insurance Program analyzed and reviewed post bankruptcy with rate decreases in workers' compensation and property coverage and an increase in liability rates
 - Overall decrease in billings after taking into account the increase in property valuations of almost 38% in aggregate as a result of the appraisals performed was approximately 10%

- Past Year in Review

- AMBP rates effective January 1, 2022 to increase by 4.75%
 - This follows a 4%, 2% and no increase over the past three years
 - We continue to have lower than market rate increases
 - This year many dioceses and for-profit entities saw double digit increases
- Adequate financial reserves exist in the AMBP
- Funded status of both the Lay and Priest Pension Plans improved from January 2020 to January 2021

- Past Year in Review
 - Electronic invoicing rolled-out related to all Archdiocesan and Trust billings
 - Next step is to expand the on-line payment portal for Archdiocese and Trusts invoicing
 - AMBP began invoicing under the new Points North platform on January 1, 2021
 - Feedback to date has been very positive
 - Resources focused on accurate invoicing and timely corrections
 - Enhancement to the AMBP invoice format started roll out over the summer
 - Mental Health/Wellbeing Resources
 - Important especially during these times of uncertainty
 - Focus in FY 2022 on employee wellbeing – physical, mental and financial

- Past Year in Review

- Archbishop Hebda announced the beginning of an Archdiocesan Synod process in FY 2019 – Father Bambenek will provide us with a Synod Update as the Church Engages
- Policy Committee was formed in FY 2019 and continues to review existing and new policies, including several pertaining to Administration and Finance
 - Policy #207 - Parish Finance Council Requirements (7/4/20)
 - Policy #216 – Required Approvals for Parish Corporate Actions (Proxies) (1/21/20)
 - Policy #405 – Annual Representation Letter (10/11/19)
 - Policy #406 – Audit, Review and Agreed Upon Procedures (10/23/19)
 - Policy #407 – Parish Financial Requirements (September 2020)

*Joe Kueppers will provide some updates on amendments made to these policies since releasing

- Past Year in Review

- I would like to review what has been accomplished over the past several years due to our focus on standardization, centralization and training:

- Office of Financial Standards and Parish Accounting

- Development of Parish Finance Manual and subsequent updates released
- APFR Handbook
 - Focused on Assessment and leadership review
- COVID-19 Accounting Handbook
 - Accounting treatment of CARES Act initiatives
- Enhanced AUP Program with detailed audit procedures
- GAAP Compliance Reporting
- New Parochial School Entity – transparent reporting between parishes and schools
- Added Payroll and Benefits Services
- Added On-site Administration Services
- On-going Lunch and Learn Trainings (formerly User Groups)
- Creation of a Resource Library

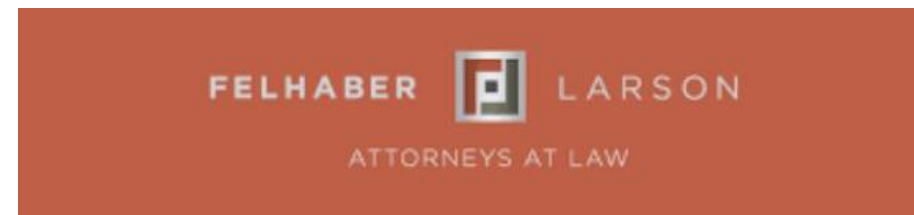
- Past Year in Review
 - Implementation of Paycor and requirement to utilize for AMBP and 403(b)
 - Automating benefit enrollment process and employee information portal (Benefitfocus)
 - Employee Handbook
 - On-boarding User Guide
 - Job Description Standardization
 - Comprehensive “Who’s Where” User Guide (for AMBP Billing)
 - Parishes currently utilizing ParishSOFT is approximately 150 (80% participation)
 - Policy #407 requires use of ParishSOFT unless approved by CFO and now COO
 - We continue to focus on developing manuals and training which will improve the efficiency, consistency and quality of the work of the Parish Business Administrators

- Past Year in Review
 - The challenges and stress of the pandemic have been enormous
 - Your feedback and collaboration has been instrumental in moving forward in a positive way
 - We (Parishes, schools, Archdiocese, CFC, CMG, APBA) all worked and continue to work collaboratively to assist each other for the benefit of the entire Archdiocese
 - **Strong Parishes make for a Strong Archdiocese**

Annual Update



- Recognition of Presenters
 - Catholic Mutual Group
 - Felhaber Larson
 - ImagineIT
 - Lawinger Consulting, Inc.
 - OneDigital
 - Paycor





**Thank You
For All You Do
For This
Local Church
In These Most Difficult And
Challenging Times!**

You have persevered!