

CATHOLIC DIOCESE OF SALT LAKE CITY REAL ESTATE CORPORATION
BOARD OF DIRECTORS MEETING
Meeting Minutes of October 26, 2022
Pastoral Center, 27 C Street, Salt Lake City, Utah

PRESENT

Reverend Monsignor Colin F. Bircumshaw, Director	Michael Kladis, Director (Zoom)
Reverend Monsignor Joseph M Mayo, Director	Mark Longe, Director (Zoom)
Deacon George Reade, Director (Zoom)	Candice Greenwald, Treasurer
Fred Strasser, Director	Sarah Niemann, Secretary

NOT PRESENT

Most Reverend Oscar A. Solis

CALL TO ORDER AND OPENING PRAYER:

The meeting was called to order at 2:05 PM with opening prayer by Msgr. Mayo.

APPROVAL OF May 24, 2022 MINUTES

Msgr Mayo made the move to approve the minutes. Father Evans seconded. Msgr. Colin asked for the vote on the motion to approve the minutes. The motion to approve passed unanimously.

Since Tanner, LLC, our auditors are to present the Audited Fiscal Year End June 30, 2022 Financial Statements, Msgr. Colin suggested that all business be discussed prior to the auditors' presentation.

OTHER BUSINESS

- **Feasibility Studies** - Deacon George mentioned that Bishop Solis had requested the formation of a Strategic Planning Committee of 6-8 people to help with the ABC's on the decision making on the building, developing of the diocesan properties. With Monsignor's approval, a feasibility study was ordered for the entire diocese. This decision was brought on by the idea of new churches and selecting the locations. Our need of good information on possibility of building new churches based on new demographics.

A good recommendation was to conduct a data and demographic study of the entire diocese to assist the Bishop and the Strategic Planning Committee on their decision for building and locations of the new churches. Study will provide information and activities surrounding each of

our current parishes taking into consideration the special needs and circumstances. The study should provide us with a better idea of where the Catholic population is growing or not growing, we will have the latest census figures to give us an idea of what is going on in all of these areas so we can decide where to build or not build.

- **JMCHS** - We are on the market now. Realtor with Collier, shared there's been about 75 international and national inquiries, mainly asking the actual price of the property. The way the realtor has listed the property is not so much from the standpoint on exact price or what we need, but rather giving the interested party an idea of what the project is about from the standpoint of the need of the students to go to school where they are for a couple of years.

Fundraising is also being talked about – how much will be done through fundraising. The realtor is letting them know how much we will need for the down payment. We are more interested in going into a bidding process. We have some interested parties – the University of Utah, and some big developers that understand what our needs are.

The Principal at Judge, has some serious gifts on school's side that he needs to pursue now to go towards the sale of the property.

As we go forward and go into a contract on our terms, we do have a disclaimer in all of this:

- 1) we get the price we want for the school,
- 2) we raise the funds needed to finish the build at cost,
- 3) we have to be in position that we do not get stuck.

There are three phases to consider for the planning of this build project: 1) construction costs, 2) Fundraising & Donors and 3) Down payment off the sale of the existing property. We had to go ahead with the architect to see what estimate cost might be. Msgr. Colin asked to confirm his understanding that there is a donor to pay for the initial costs. Deacon confirmed that there is a donor at Judge that is involved and is paying for the initial studies and initial fundraising. Msgr. Colin asked to confirm that this donor is made aware that should this project not go forward, that money spent should be considered as a donation – he will not be refunded. Deacon George confirmed that donor is very involved in the planning and is aware of the possibility of plans not materializing.

Mark Longe added that *"timing is crucial. Once we know what a solid offer is, then we can plan to go to the big donors to ask if they can cover the difference between the estimated cost and what we were able to raise."* Those major donors will be crucial to getting an acceptable number. If we do not get a high enough number, then Leadership will obviously have to make a decision about the project moving forward. The goal is we get the top end of the sale, coupled with our regular capital campaign and then with our major donors, we will be able to hit the target."

Msg. Mayo asked if we need a single buyer to buy the whole property package to make a sale, or multiple buyers. Deacon George answered that although it would be nice to have all the properties be sold intact, we are open to different options. The value of the land is in keeping it all together going to one buyer. Deacon shared that there are a couple of institutions that are interested and is looking at partnering with another developer to possibly purchase the property.

DRAFT AUDIT REVIEW AND APPROVAL FOR FISCAL YEAR JULY 1, 2021 – JUNE 30, 2022

Since there will be overlap on the audit presentation, Candy suggested that the auditors be allowed to present all three audits in this meeting. However, the Audit report of each corporation will be presented in their respective corporate minutes. Candy introduced our new Auditors from Tanner Accountants & Advisors – Doug Hansen and Devan Romano.

Doug Hansen, Audit Partner, introduce himself and Devan Romano, Managing Partner from Tanner Accountants and Advisors as having many years of experience doing audits for Non-Profit Organizations.

Doug Hansen

“During the course of the audit we take a lot of time from your accounting team. We appreciate all the effort Candy and her team put above and beyond what they normally have to do each day to pull lots of information for us. We select a lot of samples of underlying documentation to review, and I can report back that they were very cooperative and provided us all the information that we needed.”

Auditors provided stamped draft for review towards approval. *“The draft are the financial statements. From our perspective, these statements have gone through the entire review process and we are ready to issue these upon approval.*

*The Independent Auditors’ Report located in first and second page, indicates that we will be issuing what is referred to as **Unmodified Report**. Based on all the testing that we did in accordance with the generally accepted auditing standards, the financial statements are fairly presented on all material respects. In layman’s term, what you have is a **“clean opinion”** on the financial statements.*

The format of the Independent Auditors’ Report maybe different than previous years’. For a lot of organizations, this is the first year that this particular format and layout of the Independent Auditors’ Report is being adopted. It is in accordance with the new guidelines.

One of the major changes in the financial statements is in the Investment portfolio – Unrealized losses, which should not be a surprise with how the market has been lately. No new accounting principles were required to be adapted this year – 2022. In 2023, there will be some new accounting principles to be considered - lease standard that requires any lease is to be recorded on your balance sheet.”

Devan Romano

Addressed the contents of the Independent Auditors' Report:

“Section 1 Qualitative aspects of the accounting – talks about significant estimates (ie. Useful lives, fixed assets, long-lived assets), some allowances, health plan – estimates incurred but not recorded. They were all audited and did not have any finding.

Section 2 Difficulties Encountered in Performing the Audit - there were none. There are always lessons to be learned in first year audits.

Section 3 Corrected and Uncorrected Misstatements – There were no uncorrected misstatements. In RCB, there were 2 relatively minor items that were found during the audit, that has since been corrected:

- 1) Timing of payroll - funds were drawn from bank account last day of the year, and
- 2) making sure that the Chancery fee is being recorded

No indications of real issues there. We think that between changing the accounting software and the team being down one in accounting team member, somethings were overlooked. Those misstatements have been corrected in the financial statements as they are presented in the stamped draft financials.

Section 4 Disagreements with Management – there were none.

Section 5 Management Consultation – “shopping” for an opinion did not happen

Section 6 Segregation of Duties – comment on management letter with recommendation to have a different person preparing the entry, approving the entry as the one entering and posting the entry. Candy’s team has already corrected this with the implementation of updates of new system. During the year, the team was also down one person, so segregation of duties was not able to be maintained. That has been corrected since.”

Doug Hansen

In closing, he said that “there will be separate Management letter for each of the corporations, where it talks about the 3 levels of 1) deficiency, 2) **significant deficiency** – deficiency that is not material weakness but important enough to be brought to the attention of the management, and 3) material weakness. Our letter will comment on significant deficiency which requires the auditors to inform management of the existence of the deficiency. Fortunately, corrections have been made since.”

Devan Romano

“Overall the engagement went really well. Team was easy to work with, files were clean and organized.”

Msgr. Mayo made motion to accept the financials as presented. Fred Strasser seconded. Msgr. Colin asked for the vote on the motion to accept the audited financials as presented. Motion to pass was unanimous.

NEXT MEETING DATE AND ADJOURNMENT

The next meeting is scheduled for Wednesday, January 25, 2023. This meeting was adjourned at 3:03 pm. Closing prayers were skipped to get to Diocesan Capital Corporation Meeting.

Respectfully submitted by

Sarah Niemann