

I N T E R I M R E P O R T

TO: DIOCESAN COUNCIL

August 30, 1975

FROM: WAYS & MEANS COMMITTEE

During its first meeting, on February 13, 1975, the Ways & Means Committee estimated budgetary gaps of the Diocese to be in the order of \$ 50,000 in 1975 and \$ 100,000 in 1976. Twelve items have been selected from the budget and assigned to sub-committees for study, recommendations and initiation of individual programs. The enclosed review and the corresponding remarks summarize the status and our anticipation for 1975 and 1976.

Now that the first stage of our work (study and planning) nears completion, the committee is about to begin the last stage of its assignment, namely the initiation of the implementation of these programs.

The Diocesan Council is being respectfully requested to review our interim report during its meeting on September 9th and to give us its comments and recommendations in time to consider during the Ways & Means Committee meeting on Wednesday, September 10, 1975.

Furthermore, the committee requests the Diocesan Council to review the enclosed, estimated and proposed 1976 budget. After making your own adjustments and/or recommendations, please forward them to the 1976 Budget Committee.

Submitted by

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CC: Col. George Juskalian, Liaison to D.C.
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REVIEW OF WAYS AND MEANS COMMITTEE WORK AS OF AUGUST 30, 1975.

Budgetary gaps tentatively estimated by W. & M. Committee on February 13, 1975:		1975	1976	
		\$ 48,000	\$ 107,000	
Budget Items Selected for Committee's consideration or new items added:	Original Goals set as increments over 1974 figures:	Present anticipation of increments for closing budgetary gaps in:		See attached remarks #
	+ to increase - to save ? to investigate	1975	1976	
EXPENSE ITEMS:				
Payroll	?	per budget	- 30,000	# 5
Publications	?	- 7,000	- 12,000	# 2
Building Utilities	- 25,000	0	- 12,000	# 1
Administrative Procedures & Controls	?	?	?	# 3
INCOME ITEMS:				
Stewardship Program	?	0	0	# 6
Center Management	+ 10,000	+ 5,000	+ 18,000	# 7
Book Store	+ 10,000	+ 2,000	+ 10,000	# 8
Special Spring Event	+ 10,000	0	+ 15,000	# 9
Social & Cultural Events	+ 10,000	+ 8,000	+ 16,000	# 10
Businesses	+ 40,000	0	+ 3,000	# 11
Donations & Bequests	?	+ 48,000	?	# 4
FINANCIAL STATEMENTS ?		?	?	# 12
TOTAL OF INCREMENTS		\$ 105,000	\$ 70,000	\$ 116,000

REMARKS TO THE AUGUST 30, 1975 REVIEW OF THE WAYS & MEANS COMMITTEE WORK:

- #1. On June 10, 1975, the Diocesan Council authorized the purchase of a steam generating plant to replace the present purchases of steam from Con Edison. If plans for this installation are completed on time, the new plant will start operating by January 1, 1976. During the first few years the Diocese will not fully benefit from this improvement because the cash saved will be used to pay interests and the amortization of the loan. Consequently, we anticipate for 1976 savings of only \$ 12,000 which reduce the expenses accountingwise but do not resolve the Diocesan cash flow problem.
- #2. As a result of the Diocesan Council's decision on July 9, 1975, the two publications will be reduced from 10 issues per year (actual cost estimated by us at \$ 29,750 but shown in 1974 financial statement as \$ 22,399) to only 4 issues per year. The expected cash savings alone are \$ 7,000 in 1975 and \$ 12,000 in 1976.
- #3. It is impossible to forecast the actual benefits of tighter controls and procedures in purchasing, inventory and supervision of expenditures. We are confident, however, that if our recommendation # 3 dated June 23, 1975, ~~is~~ accepted by the Diocesan Council and effectively enforced, several thousand dollars per year could be saved without adverse effects on the operations of the Diocese.
- #4. Donations is one budget item which is impossible to predict. In 1975 the Diocese will receive in excess of \$ 48,000 from two estates (one in Brooklyn and one in California). On August 5, 1975, the Diocesan Council authorized to enter the proceeds from these two estates into 1975 budget.
- #5. There are 25 staff members on the payroll of the Diocese: 17 on full time basis and 8 on part time basis. Payroll was budgeted for \$ 212,000 in 1975. We expect the actual expenditure to be within that amount. The 1976 tentative budget set the payroll at \$ 255,000 to include salary adjustments and hiring of additional personnel. After screening the recommendations with the Primate, the Executive Director and the Building Superintendent, we recommended against hiring of additional personnel. As a result of our analysis and recommendations only \$ 225,000 will be required for 1976. This is less than 5% increase over 1975 and will result in a saving of \$ 30,000 as compared with the 1976 tentative budget presented to the Diocesan Assembly in May 1975.
- #6. The Stewardship Program is being promoted not to close the budgetary gap but solely as a relief to parishes. For each steward recruited, the parish will deduct \$ 100 from its annual dues. At the start of our activity there were only 80 paid-up stewards in 1975 (out of some 10,000 registered members in the parishes). The goal of this program is to reach at least 500 stewards. If fulfilled, it would reduce parish dues by \$ 50,000. Unfortunately, so far, the program encounters apathy on the parish level. The program is chaired by Zaven Dadekian, a capable, methodical and dedicated volunteer. He will continue his campaign through follow ups in writing and in person. However, the job of the Ways & Means Committee is not to run Diocesan programs but only to recommend and initiate them. Unless the Diocesan Council takes this project into its hands and puts its prestige behind the campaigns, we do not see reaching the goal in foreseeable future.

#7. In 1974 the Center Management reported an income of \$ 59,182 (see Financial Statement of 12.31.1974). This gross amount included some \$ 4,453 realized from the New Year's Eve event. The latter, we believe, belongs into the income from "Social Events" rather than "Rentals". Consequently, we eliminated this item from 1975 and 1976 "Center Management" income and, in our review table, are showing the expected \$ 5,000 proceeds under "Social & Cultural Events". The additional income (in 1975 and in 1976) under Center Management is generated by the new lease signed in August 1975 with a private school for the use of Diocesan class room during week days.

#8. In 1974 Book Store realized \$ 18,443. We have initiated programs within this activity which, in our estimate, should add some \$ 10,000 in net proceeds in 1976. Here again, The Ways & Means Committee analyzed operations, presented proposals and ideas and initiated the implementation of some of these programs. The Book Store, although serviced by a very devoted staff member, is in bad need of an active committee to implement all of the proposed programs. Without it, the goals will not be reached in 1976 nor higher profits maintained in the future.

#9. A special event is being planned now for the spring of 1976. It will replace the "bazaar" or the "raffles" of the past years. Its timing is important: to yield readily available cash in the spring i.e. in time to ameliorate the perennial summer cash flow squeeze. For 1976 the Ways & Means Committee has initiated this event and has secured the consent of Souren Allaledjian to chair it. However, here again, a recommendation is made that the Diocesan Council organize the program on a continuous yearly basis in the future.

#10. The Diocese is running a number of social and cultural events. Some of them do produce income. We anticipate the following net proceeds

actual net proceeds included in 1974 statement:		e s t i m a t e d f o r	
		1975	1976
\$ 4,099	Auxiliary(theatre,October)	\$ 5,000	\$ 6,000
4,453	New Year's Eve	5,000	5,000
3,705	One World Festival	6,000	8,000
0	Friday Night Open House	5,000	10,000
<u>\$12,257</u>	T o t a l s	<u>\$ 21,000</u>	<u>\$ 29,000</u>

Therefore, anticipated increment over 1974 8,000 16,000

#11. The long range goal of this project is to create several income producing businesses. Asbed B.Zakarian is in charge of this project and is working on several ideas. He is assisted by a sub-committee of a few friends in Worcester. The biggest obstacle to this idea is the availability of reliable, businessminded people, capable of devoting time to actually running such enterprises. Meanwhile Eleanora Ordjanian initiated an active committee and opened the Diocesan Gift Shop which is being ran on an experimental basis. If the matter of reliable and businessminded volunteers is resolved, we anticipate this Gift Shop to eventually yield net yearly proceeds in excess of \$ 20,000. In 1975 the proceeds are being retained by the committee to build up its working capital. In 1976 we anticipate proceeds in the order of \$ 3,000.

REMARKS: 8-30-1975
page 3.

- # 12. The yearly Diocesan financial statement is presented as 4 separate operations:
- the cathedral building fund
 - the endowment fund
 - special funds
 - general fund (the actual Diocesan operations)

While the jurisdiction of the Ways & Means Committee has been clearly defined within the activities of the "General Fund" and only for the years 1975 and 1976, we feel that all 4 are interconnected and future work of this committee can be fruitful only if all concerned fully understand the details of all 4 operations. Therefore, Jon D. Simonian, is undertaking an analysis of the financial statements of all 4 operations. We dont know, at the present time, what benefit this analysis may bring. However, we intend to submit our findings and our recommendations to the Diocesan Council, in due course.

1 9 7 5 R E P O R T

TO: THE PRIMATE AND THE DIOCESAN COUNCIL

FROM: WAYS AND MEANS COMMITTEE

I. COMMITTEE'S ASSIGNMENT: on February 5, 1975, the Diocesan Council defined and limited the work of this committee "to the search, recommendations and initiation of the ways and means to balance the current (1975) and next year's (1976) budgets"

II. 1975 GOAL AND RESULTS: the 1975 Diocesan Assembly approved the budget of \$ 431,900 with a \$ 49,000 gap assigned to the Ways and Means Committee. We are happy to report that the 1975 Diocesan operations will show a surplus, provided accounts receivable (parish dues, bequests and similar items still outstanding) are remitted and entered into 1975 budget as scheduled. The anticipated surplus is the result of:

- The Diocesan Council's decision of August 5, 1975, to enter the bequests of two estates (Brooklyn and California) into 1975 general operating budget.
- Income from several budget items exceeded the 1975 budgeted figures
- Expenditures for several budget items were lower than the budgeted figures.

Our original intention of presenting this report with actual 1975 figures for each budget item would have delayed this report til end of February. We have decided to present it without further delays "as is" because immediate decisions and actual steps by the Diocesan Council are imperative if the work initiated by this committee is to bear fruit in 1976.

III. DETAILS OF THE 1975 WORK OF THE WAYS AND MEANS COMMITTEE: in its first year of operations, the committee concentrated its work in 11 areas selected from the official Diocesan financial statement:

(1) PAYROLL has been studied and salaries of the 25 staff members compared with wages paid in New York City for similar positions. The actual yearly payroll expenditure for 1975 is expected to be well within the \$ 212,000 budgeted by the Diocesan Assembly.

For 1976: salary adjustments of 5% to 10% have been recommended. If adopted, the total payroll should be \$ 225,000 instead of the \$ 255,000 tentatively proposed in May 1975 or a saving of \$ 30,000.

(2) BUILDING UTILITIES: one of our major projects in 1975 was to start our own generation of steam instead of purchasing it from Con Edison. If this project would have been completed on schedule (by December 15, 1975) the Diocese would have saved \$ 12,000 in 1976 and substantially more in subsequent years.

In June 1975 the Ways and Means Committee completed its study of the project, made the recommendation to the Diocesan Council, arranged the financing and finally initiated a special "Steam Plant Committee" to implement the June 10th decision of the Diocesan Council.

Unfortunately the project failed because both: the consulting engineer hired to do the job and the Project Manager appointed by the Steam Plant Committee failed to meet a single deadline of the step-by-step work schedule to which both initially agreed. Frequent and regular follow-ups with both, by the Executive Director of the Diocese as well as by the Chairman of the Ways and Means Committee proved futile.

If the Diocesan Council decides to pursue this important money saving project, we recommend that a new attempt be made early in 1976, using a different approach than the present committee of volunteers.

(3) PUBLICATIONS: the committee's study of this item resulted in the recommendation to reduce the number of issues from 10 to 4 per year. The Diocesan Council approved the recommendation on July 9, 1975. As a result there will be a saving of some \$ 7,000 in 1975 and \$ 12,000 in 1976.

(4) ADMINISTRATIVE PROCEDURES AND CONTROLS in purchasing, inventory and general supervision of expenditures have been studied and recommendations made to the Diocesan Council on June 23, 1975.

(5) STEWARDSHIP PROGRAM. In an attempt to reduce the annual dues of individual parishes, the Ways and Means Committee initiated a campaign of revitalizing the Diocesan program of Stewards. A series of letters addressed to clergy, Diocesan Delegates and Parish Council Chairmen, inspite follow-ups, demonstrated an overwhelming apathy on the parochial level. The number of Stewards was 80 at the beginning of our campaign and is now 128.

(6) CENTER MANAGEMENT. Income from rentals has substantially increased in 1975 over 1974. The anticipated income for 1976 is in excess of \$ 82,000. The Executive Director, Stephen Kambourian, and the Building Superintendent, Arnold Schmidt, did an outstanding job in this area.

(7) BOOK STORE will show an income in excess of the 1975 budgeted figure of \$ 25,000. However, the following points should be considered in analyzing this activity:

The accounting in the Book Store seems to be on a cash basis. Therefore the cost of printing new books in 1975 may off-set part of the income figure, distorting the excellent results of this income producing activity.

The Ways and Means Committee made a study of possible improvements and expansion of the Book Store operations and then initiated a special "Book Store Committee" to implement the proposed program. Herewith the work of the Ways and Means Committee, in this area, has been completed.

The activities of the Book Store represent an important income to the Diocese and an outstanding service to the community. We highly recommend that the Diocesan Council do not let the proposed improvement program idle but appoint an active liaison to follow up, supervise and, if necessary, to manage the Book Store Committee. There is a potential of doubling the store's present income. So far the major credit for the success of the store operations goes to the Store Manager, Krikor Ozbirman. The Book Store Committee, helas, failed to move beyond the original planning of the improvement program.

(8) SPECIAL EVENTS: it was too late for the 1975 Ways and Means Committee to plan a special spring event for the same year. However, such a special event is being now planned for the spring of 1976. Its timing (spring) is important: to yield readily available cash for the summer months and, at the same time, not to interfere with the main money raising season of individual parishes. For 1976 the Ways and Means Committee secured the chairmanship of Zaven Dedikian, whose special committee is active and expects to raise a net of \$ 15,000 by May 1976 through the Bicentennial Raffle. An active support of the Diocesan Council is essential to insure the success of this project.

(9) SOCIAL AND CULTURAL ACTIVITIES have produced a substantial income in 1975. Further increases in 1976 are possible if the Diocesan Council lends its full support by delegating one of its members to be an active participant and guide to the individual committees. As an exemple: the revenues from the Friday Night Open House could eventually be doubled with a vigorous and systematic campaign in local media, which

is still lacking. The 1975 approximate net proceeds from these social and cultural events were:

Auxiliary (theatre in October)	\$ 6,000
One World Festival	10,000
Friday Night Open House	5,000
New Year's Eve	2,250

The total sum of \$ 23,250 of the above 4 activities was partly off-set by the costs of some \$ 14,000 of the 60-th Anniversary of April 1915. Thus the total yield of all cultural and social events of 1975 is in the order of \$ 9,000.

(10) INCOME PRODUCING BUSINESS: there is no lack of ideas on this subject. Where all these ideas stumble is the lack of qualified volunteers. In 1975 the Ways and Means Committee studied and initiated one such idea:

THE DIOCESAN GIFT SHOP. This very active committee, under the chairmanship of Eleanora Ordjanian, has demonstrated the feasibility of such a project on a continuous basis. Yet the successful continuation of this project in 1976 and beyond will entirely depend on the Diocesan ability to secure long-term commitments of qualified volunteers. This project has promising potential (similar to that of the Book Store and Friday Night Open House). We recommend that the Diocesan Council provide an active support for the continuation of this project.

Due to lack of better classification, we are listing under this group, also the idea of:

B I N G O, which has been approved in principle by the Diocesan Council on October 14, 1975. Since that day, we have discussed the matter with the volunteers of the Holy Martyrs Church (NY) and its priest. Contrary to our first impressions of October, we now are fairly convinced that it will not be possible to have one of the 7 churches in the New York metropolitan area consent to delegate one of its auxiliaries to manage bingo for the benefit of the Diocese. However, we have located one person, who is willing to chair such activity for the Diocese and who has some ten names of volunteers (from various parishes) who may agree to serve on a regular weekly basis. No further steps are being undertaken pending further directives from the Diocesan Council.

Another half a dozen ideas for income producing projects have been submitted to the 1975 Ways and Means Committee. Their further study would be warranted only if and when qualified volunteers become available.

(11) DONATIONS AND BEQUESTS in 1975 amounted to a total of approximately \$ 55,000 namely: some \$ 40,000 from the Kazar Estate (Brooklyn) and some \$ 10,000 from the Kayajanian Estate (California) plus some \$ 5,000 in miscellaneous donations. The bulk of this item is still in the Accounts Receivable.

IV. 1 9 7 6 B U D G E T. The Ways and Means Committee studied the tentative budget of \$ 520,000 proposed for 1976 during the May 1975 Diocesan Assembly. On the basis of its newly gained understanding of the Diocesan operations, increased 1975 income and decreased 1975 expenses, the committee submitted to the Diocesan Council, on September 9, 1975, its revised and balanced 1976 budget of \$ 470,000.

V. 1975 CONCLUSIONS AND 1976 RECOMMENDATIONS. The results of the year 1975 were not uniform and may be classified into 3 groups:

(1) SUCCESSFUL PROJECTS in which 1975 goals have been met or exceeded:

- payroll management
- expenses in publications
- income of the Center Management
- income from the Cultural and Social Events

(2) ACTIVE PROJECTS requiring full attention of the Diocesan Council to become successful in 1976:

- Book Store Committee
- Diocesan Gift Shop
- Administrative Controls and Procedures
- Special 1976 Spring Event
- new business ventures

(3) PROJECTS FAILED IN 1975, requiring fundamental reappraisal or entirely new approaches:

- steam generation
- Stewardship Program
- Bingo

For 1976 this committee recommends that the Diocesan Council actually take over the various programs and projects listed in this report and keep them active by delegating its members to serve as a c t i v e liaison and supervisors. If this is not feasible, we recommend the hiring of a full time manager. We are convinced that without such commitment, many of the promising programs will gradually fade out.

January 1976

Respectfully submitted,

1975 WAYS AND MEANS COMMITTEE

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