

## FINANCE COMMITTEE MINUTES

October 17, 2018

**Finance Members: Jack Barry, Keith Dawson, Jim Fisher, Jim Hooper, Evelyn Nadler, Ben Parks, Kathie Tiedeman, Libby Wilson, Rev. Dr. Charlie Lee (via video conference), Rev. Dr. Kathryn Campbell** (Members present are in bold).

### Opening Prayer - Jack

### September, 2018 Financial Results – Libby

Pledges for the month were a little over budget, bringing the year-to-date total for pledges to a positive variance of \$5,359 due to picking up some new pledges during the year and not having any significant losses of pledgers. Miscellaneous Income – General Fund has a positive variance of \$4,356 due primarily to receiving \$2,850 from Visa in August for rebates for multiple years. Overall Operating Income is favorable by \$8,316 and year-to-date total Revenues are favorable by \$8,778. Faith Formation Committee expenses are \$1,760 over budget due to additional programs, however the intent is to pull funds from designated money at the end of the year to make up for the shortfall. This line item is one that we may want to increase when building the budget for next year as we are wanting to expand in the education areas. All other Committee expense lines continue to be under budget year-to-date. Some of the favorable variances may be consumed during the remainder of the year due to unforeseen costs, however many of them will continue to be favorable. Year-to-date there is a total net budget surplus of \$25,917. The Balance Sheet continues to show a strong, liquid position.

In the Schedule of Designated Funds, in September we received an annual gift that was split with the majority of it going for 2018, but with a small amount being for 2019. Because of this, the Advance Pledges & Gifts line item has been split into 2 lines; one for 2018, and one for 2019. The income for the Music Fund and the Mission Gifts/Other Fund were additional memorials for George Carpenter. There was a negative number in the revenue for Designated Gifts-Misc which was a reclass of funds from this account into the Refugee/Emergency Assistance Fund for some collections to help move some refugee families. They were mistakenly originally posted to Designated Gifts-Misc and needed to be moved.

In the Schedule of Restricted Funds, the quarterly adjustment to market was booked and the Steele Bequest itself had approximately \$7,500 in dividends and income, and another \$20,000+ in increase in market value. In total, the Temporarily Restricted adjustments were up \$37,549, and the Permanently Restricted adjustments were up \$59,743. Some of these gains have been reversed in the 4<sup>th</sup> quarter with the recent market corrections but we should still net positive.

The Preschool Program has finished the 2<sup>nd</sup> month of their fiscal year. Year-to-date they have a net excess over budget of \$239. There was one, 5 day attendee who withdrew in October, but there have been a couple of additions in the toddler class to somewhat make up the difference.

## **Other Discussion Items and Potential Action Items to Session**

The committee discussed the coming budget process and how we really want to have committee input and buy-in for the budget. In years past, spreadsheets showing prior year totals for each account have been used to budget. For the coming year, the intent is for the committees to get these spreadsheet and to add in the budget numbers for 2019. We also intend to include at the bottom of each schedule any designated funds that each committee has available so that they are aware of all of the funds they have at their disposal. The hope is that with this overall picture, each committee will look forward for the year and plan their budget based on what their overall goals are as opposed to simply putting the same budget numbers as last year.

The budget discussion moved into a discussion on the presentation to Session of the Lillian Steele Bequest original plan and life-to-date expenditures. The committee chair briefly went over the responses to the presentation which were for the most part favorable and that with all of the information, the Session member seemed more comfortable with how the Steele funds have been allocated. The committee discussed how this sharing of information in some form may be needed with the congregation as well in order to be transparent and to answer any questions that are lingering.

The discussion then moved to the possibility of changing the way Endowments are used. Historically the philosophy of how Starmount has treated the distributions from Endowment is that they were for expenses over and above the normal operations of the church. The committee discussed that going forward it might be prudent to modify this philosophy so that the Endowment distributions may be used for operations as well. The Endowments have had significant growth in the past few years and this may be a way to limit the amount of Lillian Steele funds used for operations on a yearly basis.

### **ACTION ITEMS TO SESSION \*\*\***

1. None.

### **Closing Prayer - Charlie**