

## FINANCE COMMITTEE MINUTES

December 13, 2018

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

Non-Finance Member: **Barbara Newbauer**

### Opening Prayer - Charlie

### November, 2018 Financial Results – Libby

Pledges for the month were a little under budget, bringing the year-to-date total for pledges to a positive variance of \$5,731. After reviewing the new pledges that have come in during the year compared to the normal loss of pledges, it is currently projected that revenues should at least meet budget at year-end. There was a large non-pledge contribution in November and typically some are received in December as well so that line item should end the year very close to budget as well. Undesignated Memorials/Gifts continues to be a little under budget (\$1,975), but this is more than offset by the positive variance in Miscellaneous Income – General Fund (\$4,368). Overall Operating Income is favorable by \$10,528 and year-to-date total Revenues are favorable by \$7,109. Personnel Committee expenses have a favorable variance due primarily to not replacing the Parish Visitor position. Faith Formation Committee expenses are \$1,649 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. The Youth Committee has a favorable variance due to obtaining unbudgeted scholarships for Montreat. The Caring Committee has an unfavorable variance due to more flowers being purchased during the year than budgeted, but as with the Faith Formation overage, there are designated funds to pull from to cover the overage. Building and Grounds has a favorable variance of \$4,669 however in December they are purchasing 2 floor cleaning machines which will take most of the surplus. All other Committee expense lines continue to be under budget year-to-date. Year-to-date there is a total net budget surplus of \$27,019. The Balance Sheet continues to show a strong, liquid position.

In the Schedule of Designated Funds, during November we continued to receive annual gifts that were advance pledges for 2019. The only other significant transaction was the regular transfer out of funds from Lillian Steele.

The Preschool Program continues to be right on budget for their fiscal year. Year-to-date they have a net excess over budget of \$361. There was one, 5 day attendee who withdrew in October, but there have been a few additions in the toddler class to make up the difference.

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

In continuation from the discussion we began last month, the Committee discussed the request from the Admin Committee that Starmount obtain a Financial Audit or Review of the financials. Barb Newbauer attended the meeting as a representative from the Admin Committee to join in the discussion. Jim Hooper addressed the work, challenges, and costs that would be entailed with contracting a 3<sup>rd</sup> party CPA firm to do an audit or review. He also

mentioned that because it is being proposed that this only be done every few years, we may find it difficult to find a firm that would be willing to do the work. It was also discussed that the primary deliverables from an audit is a Balance Sheet, which we have already, and an internal control letter. This letter would state any best practices internal controls that are not present or are not as strong as they could be. As a church, we are already aware of those internal control issues and they are due to the relatively small size of our organization, and would be found in most, if not all, of organizations our size. We also discussed that the most effective internal control available to us is the budget, and that in our review of the monthly financials compared to budget, we would quickly find any significant errors or irregularities in the numbers. In the end, the committee still feels that engaging a CPA firm to do this work is not the most effective use of the funds it would take to pay for this. It was also stated that while this is the belief of the committee, we all trust the Session and if it is decided that we absolutely need to have a 3<sup>rd</sup> party come in, we will willingly work with them to do whatever needs to be done. Barb stated that she would report back to the Admin Committee on what we discussed.

The committee then discussed the preliminary budget that includes the budgeted expenses received from other committees. Finance discussed using endowment and/or designated monies to fund expenses that fit the designation of the gifts. For example, the Youth Committee is requesting an increase in scholarships for Montreat Youth Conference. The Dockery Educational Trust is for Christian education for church members under the age of 25. The Montreat conference falls exactly within that description and the committee feels that the available funds from the Dockery trust should be used for that.

The last item of discussion concerned an issue that arose with the renovation of the entry to the fellowship hall. The new flooring was originally planned to be installed over the existing flooring. However, when the existing floor was prepped, there were some tiles that were coming loose due to the adhesive failing and therefore it was determined that the old floor needed to be removed. The issue with this is that the old floor contains asbestos and therefore would need abatement. The committee voted and approved the additional work and suggested that it be funded by the remaining money in the Capital fund, supplemented by funds from the General Endowment receipts for any excess.

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

1. None.

### **Closing Prayer - Charlie**