

Palmer Memorial Episcopal Church
Finance Committee Meeting
Minutes of March 11, 2021

A. Opening

1. Attendance: Jessica Evans, Bet Hunter, Burdette Keeland, Davis Maxey, Tara McConathy, Lynn Morestead, Mike Murphy, Posey Saenz, Mike Soika, Dick Sylvan, Cindy Tharpe, Laura Van Ness, Dick Viebig, Kirk Waldron, Rev. David Wantland, Shannon Westin, Larry Wood
2. Dick V. opened the meeting with a prayer and turned the meeting over to Larry W.
3. The minutes of the February 2021 meeting of the Finance Committee were moved for approval by Dick V., seconded by Dave M. and approved by all.

B. Financial Reports

1. Larry W. led the committee in a discussion of the February financial statements.
2. Larry W. noted that we had an excellent month and our revenues exceeded budget and we had a surplus of 80K for the month. Jessica E. added that we had a couple of large pledge payments come in that helped make that possible. Larry W. also noted that the pledges prior year has exceeded our budgeted amount. Jessica E. replied that the year end statements went out recently and since then we have had a boost to that line.
3. Larry W. asked if we are still expecting to receive the assessment relief check from the Diocese. Jessica E. replied that we have the application for that ready to submit and are just waiting on a signature from Fr. Willard. It should go out no later than next week.
4. Posey S. moved to approve submission of the February financial statements to the Vestry. The motion was seconded by Dave M. and approved by all.

C. Other Discussion Items

1. The Endowment Board is attending the meeting and introduced themselves to the Finance Committee. Larry W. thanked them for coming to this meeting and said how nice it is to finally meet them. He would like to discuss what has been done historically and what we hope to see going forward.
 - a) Mike S. began by asking what the Finance Committee thinks the endowment funds are supposed to be used for? Are they an operating budget plug or a place to look for help with capital expenditures? He confirmed that 3-5% per year is their standard. Dick V. said that he has been encouraging this meeting because he didn't know everyone on the Endowment Board and his happy to meet them all. I was on the E.B. 15 years ago and we were being asked the same questions – operating vs. capital. He added that the church has been relying on the E.B. for our operating budget for 20+ years and we hope that they will keep that in mind going forward. The more we understand about each other's roles, the better we can meet the needs of the parish.
 - b) Kirk W. shared that some years ago, the E.B. used to fund the entire Building Maintenance line and it was 100K and it slowly shifted towards generic operating line and as that shifted, the maintenance line started shrinking. We will send the E.B. our list of deferred maintenance items because it will show you the extent of what needs to happen.
 - c) Larry W. said that what he is hearing is that we can rely on a fund of 3-5% but we need to decide where it gets spent. Kirk W. said he thinks they need to hear from Dick V. regarding that percent. Dick V. shared that in his profession as a CPA, they work with several large non-profits and have had some time with lawyers about guidelines and there is nothing sacred or legal about the 3-5% range. It might be the common practice, but not a legal requirement.
 - d) Mike S. said that Laura V. has done some research and while 3-5% is their guide, the actual has been closer to 8%. Another consideration they would like the F.C. to think about is

that we want to avoid going past the 3-5% by planning and budgeting for those large capital expenses. Larry W. replied by suggesting we send the E.B. the list of deferred maintenance items and then a smaller group can get together to discuss further. Mike M. asked if we know how long we have been doing the 3-5% goal with an actual of 8%? Lara V. said that they have been working on gathering data comparing revenue and the amount going to the parish has been growing every year. 3-5% is the withdrawal rate and when you compare that to the revenue of the parish it is actually 8-9% of the total parish revenue. It begs the question, is the parish too reliant on the E.B. and there are some parishes that don't think churches should have an E.B. because of that dependence.

e) Larry W. thanked the E.B. for joining us and we will look towards more communication between our groups. He then welcomed them to stay for the rest of the meeting if they wished to.

2. April Meeting – our next meeting will be on April 15, not the 8th because of the way the dates fall and when the Vestry meets. Also, it's not final yet but there is a possibility of a hybrid meeting next month.
3. Restricted Account – Tara M. and Kirk W. asked if there was a final decision made about the possibility of opening a restricted account to use like a savings account for capital repairs. It was suggested at the last meeting that we use some of the surplus cash from last year to put as a starting amount (20-50K). Dick V. said that the more pockets a church has, the harder it gets to know where expenses are actually going to or coming from. Tara M. gave the suggestion of just using any surplus left in December into that restricted account. Dick V. replied that we are trying to keep things simple for auditors and what we are talking about are still operating expenses and to run them through a restricted account just complicates things. Kirk W. said that the problem is, we just don't do stuff because we don't want to go over the budgeted amount. Dave M. said would it be an easier solution to just increase the building maintenance line? Procedurally, once the budget is set, can we do that? Dick V. said if we do, then we have to ask the Vestry to second that change. Kirk W. suggested having a sub-committee that looks at the deferred maintenance projects and picks out one or two and then we agree to a set project. Dave M. added that typically, restricted funds are separate contributions by parishioners. Tara M. will email Larry W. and Kirk W. to schedule a meeting to discuss these deferred maintenance items.

D. Closing

1. Bet H. thanked the E.B. members who stayed through the conclusion of the meeting.
2. The F.C. took a picture of everyone on the zoom call to update the photo on the Palmer website.
3. Mike M. closed the meeting with a prayer.