

Palmer Memorial Episcopal Church
Finance Committee Meeting
Minutes of June 8, 2017

A. Opening

1. Attendance: Jessica Evans, Dave Maxey, Tara McConathy, Jim Mercurio, Dick Sylvan, Kirk Waldron and representatives from Blazek & Vetterling.
2. Jim M. opened the meeting with prayer at 5:30 p.m.
3. The minutes of the May 2017 meeting of the Finance Committee were reviewed and approved through a motion made by Jim M. and seconded by Kirk W.

B. Audit Report

1. The auditors opened with introductions and a summary of reports.
 - a. In the "Auditor's Communications" report, the recommend that our property should be considered an asset. Would be a serious process to figure out depreciation values and the fact that the diocese technically owns it but we use and maintain it. However, we have been operating this way for years and it has not been a major issue with bankers and all agreed that it is impractical to pursue.
 - b. Supplementary information is under control.
 - c. Corrected misstatements:
 - i. Endowment activity needs to be tracked and recorded in a formal accounting system
 - a. Dick S asked if we have adequate controls over our endowment. Do they feel our system is adequate? Mimi mentioned that it is a deficiency – we need to review who is authorized to make transactions and decisions
 - b. Dave M asked if they have any suggestions based on what other churches do. Mimi stated that they should follow the same current controls that we use for operations.
 - i. Jim M. noted an aspirational goal that we create a separate system that we could track, and the committee agreed. Then Dave and Jessica could run monthly financial reports on the endowment as well as operations.
 - d. Financial reports:
 - i. The rectory shows up as a debt but not an asset.
 - ii. Page 9 has a new paragraph of "recent financial accounting pronouncement"
 - a. They are going to begin to require that you present by function and restrictions – get chart of accounts structured sooner rather than later because it will need to be in place by the start of 2018.
 - i. They will invite us to a seminar that will walk us through specific rules & regulations
 - iii. There is a lack of segregation of duties but have been improvements in record keeping. Payroll should be improved and cash receipts too.
 - a. Jim M asked Tara and Jessica to think about how we might address some of these concerns and report back with suggestions at the next committee meeting. (Suggestions included having Tara review bank statements and reconciliations, asking Sue to do a checks log, or a retired banker to volunteer and do some of this once a week).
 - e. This concluded the 2016 Audit Report and the Blazek & Vetterling representatives were excused from the meeting.

C. Financial Reports

1. Dick S. reviewed with the Committee the May financial statements.
 - a. Pledges are below what is budgeted, but that is typical and will eventually be caught up.
 - i. Is there some value in looking at the pledge list & evaluating if any of them are “at risk” pledges? The top 20 pledges are 40% of the total. Historically, there is remarkable consistency in pledges coming through. Maybe we should look at who pledged but hasn’t given anything yet and see if we can find out why? Dick S. could probably look since he is treasurer but the rest of the committee shouldn’t see names attached to pledges.
2. Total expenses at the end of May, we spent less than budgeted but total revenues were less than budgeted.
 - a. Jim M stated that there are 2 issues with pledges: 1) they are coming in slower than budget (not typical) and 2) total number of pledges still too low. That will be relevant when you look at the analysis of operating fund cash balance.
3. Kirk wanted to look at expenses because Jim Key said at the last meeting that we are not borrowing from the endowment. We will have to make cuts.
 - a. Dave M. said that he interpreted Jim’s comment that there would be resistance to borrowing, not a total ban. This goes back to the analysis forecast – that shows even with our deficit, we might be ok.
 - b. Dick S. agreed that we shouldn’t cut from our budget. It’s silly to not dip into the endowment if it means we have to close down Palmer. Luckily we have a substantial endowment that we can look to for help.
 - i. Endowment might be a short term solution & number of pledges is the long term.
 - ii. Cutting expenses creates pain and suffering that will only worsen the problem. Until we fix the problem, the endowment will be our support system
 - c. Kirk then asked if this group agrees that if we do all we need to do but stay within our \$80,000 budget, that we will have done our job? All concurred that they do, in fact, agree to that statement.
 - d. Dave asked that we look at Jessica’s budget variance analysis. A few adjustments will be made and a Jessica will send a revised version.
 - e. Jim suggested using the Memorials Fund (822500) for buildings & maintenance. When Kirk and Tara spend the next \$19,782.98 it should be charged to that account – pending vestry approval.
4. Dave M. moved to approve submission of the May financial statements to the Vestry. The motion was seconded by Jim M. and approved by the Committee.

D. Other Discussion Items

1. Tara gave very quick updat regarding the approval of the preschool leasing space from Palmer as well as handing out insurance info updates.

E. Closing

1. Dick S. closed the meeting with prayer.

Submitted by Tara McConathy