

Gulf Cove United Methodist Church
Helping Everyone Meet, Know, and Serve Jesus
Finance Leadership Team Meeting
November 17, 2014 – 7:00 PM

Attendees: John Furtado (Chairman), John McGuire (Vice-Chairman),
 Joan Priest, Rick Starck, Karen Current, Ilene Sokolich, Craig Baumgartner,
 Dana Hanson

The meeting was opened with the lighting of the candle representing Jesus Christ, followed by a prayer by John Furtado.

CORRECTIONS TO PREVIOUS MINUTES

There were no corrections proposed to the minutes from the October 20, 2014, meeting.

REPORTS

Spendable Income: John Furtado reported that as of the third Sunday in November, spendable income is just over \$25,500 for the month. If we continue at the current pace, we should receive around \$35,000 for November. When the spendable income amount for September was questioned, John explained that the \$31,319 figure includes \$8,500 which was transferred to the General Fund from the Reserve Fund; i.e., spendable income received by *donation* during September was only \$22,819.

For the year, spendable income totals \$332,300 through October. If the upward trend continues for November and December, total spendable income could exceed \$405,000. This would be GCUMC's best year since 2009, when spendable income was just shy of \$367,000.

Reserve Fund: As of the third Sunday in November, \$1,039 has been designated for the Reserve Fund, which brings the current balance in that account to \$13,745. Withdrawals are indicated in the following table:

	2012	2013	2014		2012	2013	2014
January	\$0	\$0	\$0	July	\$1,000	\$8,500	\$5,000
February	\$0	\$0	\$0	August	\$8,000	\$9,200	\$0
March	\$0	\$0	\$0	September	\$4,500	\$0	\$8,500
April	\$0	\$0	\$0	October	\$4,000	\$3,500	\$5,000
May	\$0	\$0	\$0	November	\$3,000	\$0	?
June	\$0	\$0	\$0	December	\$1,000	\$0	?
				TOTAL	\$21,500	\$21,200	\$18,500

OLD BUSINESS

2015 Communion Schedule: Jeanne ShROUT previously contacted John asking if the communion recipients for July and December could be switched. After discussion, the new communion schedule for 2015 is:

January	“Communion” account	July	Closet of Hope
February	Englewood Helping Hands	August	One Great Hour of Sharing
March	American Cancer – Relay for Life	September	[open]
April	Conference Special	October	World Communion
May	VBS	November	Cuba Sister Church
June	Englewood Helping Hands	December	Pastor’s Discretionary Fund

Prior Mortgage Payment: As reflected in the minutes of the October Church Council meeting, all present that evening agreed to the following three-point motion:

- *\$1,500 be placed every month in the Capital Improvement Fund;*
- *The congregation be responsible for funding the Reserve Fund; and*
- *The recommended raises for Rev. Bill and the lay staff, including the new AV position, be approved by the Church Council.*

While John Furtado wholly agrees with this approach, he is greatly concerned about what will happen come April or May when (using past years as our guide) our spendable receipts drop so much that, if we put \$1,500 into the Capital Improvement Fund, we will be short-funded and unable to pay other bills such as for utilities or salaries. The problem is that the church does not have a fixed income. It varies from month to month, and this causes problems in meeting a budget. Since deficits are paid from the Reserve Fund, this means that we might need to pull money from there earlier in the year. In turn, the Reserve Fund would deplete more quickly and could reach a zero-point before the end of the year.

Dawn Tesauro will begin putting \$1,500 each month into the Capital Improvement Fund. After discussion, and based on the above-mentioned concerns, the Finance Committee will review the issue in April or May 2015.

Facilities & Expansion Task Force: As discussed at the October meeting, since any expansion will take at least four or five years to plan, this task force needs to be created now. A similar committee was established several years ago. Joan Priest advised that neither she nor Ann Mercer can locate their copies of the results of that task force. She indicated Terry TenBrink, as chairman of the task force, might have his file. Joan explained that the prior solution was based on demographics which are now outdated. Rick said that Dawn has shown him blueprints of our current structure.

2015 BUDGET

John Furtado’s foremost concern is, if we adopt the proposed budget, how can we raise the additional money that will be needed? A summary of the proposed budget is as follows:

Budget Category	Total for 2015	Compared to 2014
Administration Expense	27,821	+400
Pastor Expense	103,529	+8
Apportionments	40,631	+1,266
Lay Staff Salary	174,668	+36,487
Utilities Expense	31,700	-4,012
Building & Taxes Expense	63,518	+10,518
Mortgage Expense	0	-18,250
Payroll Taxes Expense	12,638	-1,663
Education & Programs Expense	8,350	-200
Worship Expense	2,298	-602
Music Expense	2,600	+0
TOTAL	467,753	+23,952

General Comments/Questions:

- The church's actual expenditures are typically less than the total budget.
- At last month's meeting, Jeanne Shroust stated that she believed people generally seem to be more realistic with their budget requests.
- There is no mid-year review of the budget as a whole.
- The Treasurer's General Fund Reports which are issued monthly include amounts for each line-item. This enables each category of expense to be reviewed every month. The following information is contained for each line-item:
 - ✓ Period Activity (actual expenses for the month);
 - ✓ Monthly Budget (in most instances, the yearly amount divided by 12 months);
 - ✓ YTD Balance (the cumulative actual expenses to date);
 - ✓ Budget YTD (the cumulative monthly budget to date); and
 - ✓ Annual Budget (that line-item's annual budget).
- Some program areas do not spend on a regular basis, such as Vacation Bible School.
- When Rev. Bill is no longer our pastor, it will be necessary that major renovations be made to the parsonage, which sits essentially as it has since 1984. In addition to a major outlay of cash for updating, we will also most likely lose the rental income.

Lay Staff Salary: This increase includes a salary for a new, part-time Audio-Visual position. It also includes adjustments for two current positions which are grossly underpaid; the total increase for these two positions will be achieved over several years and will bring them more in line with what others in those jobs are being paid. As noted above, lay staff salaries were already approved at the October Church Council meeting.

Funding Shortfalls: It has been suggested that we consider once again offering monthly dinners to the community. However, the last few years that they were held, the number of volunteers

who assisted during those evenings got fewer and fewer. In addition, no one stepped forward to cook when the then-chef stepped down. Spendable proceeds were only \$600 to \$1,000 a meal.

Our Pig Picking event (which was held in February with Chef Alfred Current) brought in more net proceeds than all the monthly dinners combined during the last year they were offered.

One suggestion made was that a copy of the monthly newsletter be given to those who attend the classes for new members. The newsletter contains a shortened income and expense section which reflects how much it cost to operate the church for the most recent month.

Three avenues which can potentially bring in new members are the Boy Scout Troop and Girl Scout Troops which hold meetings here at the church, and our new involvement with Myakka River Elementary School. In fact, the Boy Scouts have already assisted with the work day on Portable 201, and helped in setting up the sanctuary after the recent Bazaar and Barn Sale; their assistance was greatly appreciated.

One thought mentioned involved suggesting to our northern residents that they split their monthly donation between their northern church and GCUMC. Others felt that solution would only affect the timing of cash flow, not the amount received. Plus, we do not want to tell people how to make their donations. As stated in 2 Corinthians 9:7 (NIV), "Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver."

Rick Starck advised that the Farmer's Market has hit a snag. At his meeting with the attorney, he learned that it will be necessary to establish an LLC and to have the church rezoned to allow the market. Englewood UMC also had to rezone, but they were dealing with Sarasota County, not Charlotte County. It is thought that everything that needs to be done (including dealing with several different Charlotte County departments) will take between six and nine months before the market can open. He hopes the market can start in September or October of 2015.

Questions from the October Meeting: After consulting with Dawn, John Furtado provided answers to the questions that were raised at the October meeting. Indicated balances are as of 9/30/2014.

#1. 320.007 – A/C Fund: About six months after the new air conditioners were installed, the electrical billings were analyzed and a substantial reduction in our A/C usage was noted, approximately \$400 each month. Since that time, \$200 each month has been put into this account, resulting in the \$4,400. The account will be used solely for the air conditioning system.

#1. 320.009 – Light Fixture Fund: A few years ago when \$95,000 was borrowed, the amount of \$10,000 (or whatever was left after the new A/C and paving expenses were paid off) was designated for interior light fixtures which needed to be replaced. We knew this expense would

be substantial, and the funds are being used as needed. The \$7,709 balance in this account is what remains from the original loan.

#1. 320.018 – New Sanctuary Fund: It is believed the account was established when someone donated funds specifically for that purpose. Because it was determined that “a new sanctuary” was too narrow, a new account was established, and those funds were moved into the account identified in the next paragraph (320.026).

#1. 320.026 – Facility Expansion: The balance in this account is \$6,220. This is comprised, in large part, of the following: \$630 remaining after the mortgage was paid off; \$1,455 represents an overpayment of mortgage which was refunded; \$600 designated for debt reduction; \$1,680 from additional 1% Club payments; and \$80 designated for facility expansion. John Furtado said his understanding was that the prior mortgage payment was supposed to be put into a specific account for capital improvements on a monthly basis. Although this was not immediately done, it is being done starting this month. He pointed out that we have two major financial needs: first, making our facility bigger, and second, keeping our current facility going.

#1. 320.028 – Roof Maintenance: John Furtado believes this account was created when someone made a designated donation, or it is what was left over from the roof repair loan of several years ago. It was asked if the \$202 balance in this account (and other similar-type accounts with small balances) would be rolled over into the new capital improvement account. Those present believed that Finance could make that recommendation to the Church Council.

#2. 506.135 – Cleaning Service: No one present knew what this \$3,168 represents. John Furtado will check with Irv Hopkins, since cleaning service falls under the control of the Trustees. John noted that within the Trustees budget request, there is an item for cleaning services with the notation “\$264x12” – which totals \$3,168.

#3. Although lay salaries at 504.000 increased by \$36,487, payroll taxes in 507.100 decreased by \$1,663. Dawn explained to John that she had substantially over-budgeted for 2014. The decrease brings the taxes into line for 2015.

#4. 505.100 – Church Utilities Expense: The decrease of \$4,000 is due primarily to the new A/C system which was installed at the main building. Through October, the church has spent \$12,643, which compares favorably to the \$18,000 which was budgeted for 2014.

#5. John said Dawn has not yet received the final figures for insurance (506.130, Property Insurance).

#6. 506.100 – Church Property & Building Maintenance Expense: The Trustees requested an additional \$12,000 over their 2014 budget, for a total of \$35,000 for 2015. Since major building expenses might be posted against a capital improvement account of some type, many wondered whether this particular account (506.100) should remain at \$23,000 for 2015. This year’s

expenses through August were \$14,274. Presumably, much of this amount was paid from the parsonage rental income. [On 11/19/2014, Carol McGuire advised that of the \$950 parsonage rental income, the amount of \$200 is set aside for parsonage real estate taxes, and the remaining amount of \$750 is available as spendable income.] If this amount of \$14,274 is annualized, the total for maintenance expense will be close to \$23,000, which is the actual budgeted amount for 2014. It was pointed out that it makes sense to leave the \$12,000 increase in the budget because we do know that the frequency and costs of repairs are both increasing. If the extra amount is not needed, that is great. But if it absolutely is needed, the money will have to come from somewhere. John will discuss this account with Irv. [At the end of these minutes is a breakdown of the total expenses incurred each month which were posted to this account.]

Overall: As prepared, the 2015 budget appears to be \$23,952 higher than the 2014 budget, but that amount is deceiving because of the Mortgage Expense. While \$18,250 was allocated to mortgage payments for 2014, \$0 is allocated for 2015 because the mortgage was paid off this past summer. However, under the motion passed by the Church Council last month (quoted near the start of these minutes), \$1,500 is to be set aside every month. Hence, the amount paid for mortgage in 2014 will still be paid in 2015, just assigned a different name. This means that the 2015 budget is actually \$41,952 higher than the 2014 budget:

\$23,952	Increase as presented on 10/7/2014
<u>+18,000</u>	Renamed "mortgage" payment (\$1,500 x 12)
\$41,952	Total increase

If the 506.100 line-item increase of \$12,000 is removed, then the total increase would lower to \$29,952.

We will table finalizing Finance's recommendation until John Furtado discusses the \$12,000 maintenance item (#6, above) and the \$3,168 cleaning service item (#2, above) with Irv Hopkins.

NEW BUSINESS

No new business was raised.

SUMMARY

Finance Leadership Team Lights & Resolutions for Church Council:

Red:	➤ Budget needs resolution. ➤ A buildings & facilities task force needs to be formed to establish future requirements.
Yellow:	➤ None.
Green:	➤ It has been a good year financially.

The meeting was adjourned at 8:35pm with a prayer by John Furtado. The next scheduled meeting is Monday, December 15, 2014, at 7:00pm.

Respectfully submitted,
Dana Hanson

Account 506.100
Church Property & Building Maintenance Expense
2014 Line-Item Budget = \$23,000
Monthly Budget = \$1,917

Month in 2014	Actual Expenses	YTD Expenses
January	1,237.16	1,237.16
February	199.72	1,436.88
March	3,342.30	4,779.18
April	427.02	5,206.20
May	1,383.87	6,590.07
June	4,457.75	11,047.82
July	1,978.12	13,025.94
August	1,248.08	14,274.02
September	1,955.37	16,229.39
October	812.77	17,042.16