

Gulf Cove United Methodist Church
Helping Everyone Meet, Know, and Serve Jesus
Finance Committee Meeting
March 20, 2017 – 7:00 PM

Attendees: John Furtado (Chairman), John McGuire (Vice-Chairman), Pastor Mike Weaver, Doreen Alvarez, Linda Starck, Rick Starck, Dana Hanson

The meeting was opened with the lighting of the candle representing Jesus Christ, followed by a prayer by John Furtado. (All references to “John” are to John Furtado unless otherwise stated.)

Corrections to Previous Minutes: There were no corrections proposed to the minutes from the February 2017 meeting.

FINANCIAL REVIEW

The total budget for 2017 is \$486,206. The average spendable income needed each month is \$40,517, or \$9,350 each week. John advised that with one week remaining, spendable donations received so far in March are \$31,131. The year-to-date spendable income thru the end of February 2017 is \$78,259, which compares to \$85,591 for that same period in 2016. For the period January and February 2017, our total cumulative attendance is down 92 people when compared to 2016. Despite less parishioners, the Reserve Fund has thankfully increased to \$28,249.

The following schedule reflects accounts into which we try to place funds every month in anticipation of future needs. Although we would like to put more money away for future needs, we are barely meeting current expenses and, in fact, we are not yet paying a full-time Youth Director.

	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017	2/28/2017
A/C Fund 320.007	8,626	8,826	9,026	9,226	9,426	9,626
Church Property Taxes 320.024	1,700	1,850	2,000	0	360	820
Facility Expansion 320.026	11,211	280	585	865	1,170	12,511
Facility Up Keep 320.028 (prior mort. pmt.)	15,917	0	15,917	15,917	15,917	16,117
Pastoral Changes 320.031	0	0	0	0	30	60
Parsonage/Oaks Cove Taxes 320.040	2,267	2,267	0	0	100	200
Reserve Fund 100.102	21,456	17,171	16,532	17,164	23,600	25,024

OLD BUSINESS

Habitat: We still need about \$1,400 to cover our pledge for our Habitat project. If sufficient donations are not received, the balance will come out of the Outreach account.

Pig Pickin': The amount of \$632 was the "10% tithe" from the proceeds of the Pig Pickin' & Cookie Dash, which has been put into the general fund. The Boy Scouts have received their \$1,500 to help with the purchase of camping equipment and shelving in their van.

NEW BUSINESS

Arts & Crafts Show: Although all proceeds from this yearly extravaganza go into the Men's account, they (as well as the Crafty Ladies) have always been more than generous when the church has incurred an unexpected expense. However, for various reasons, the Men's Group has decided that they will no longer organize this activity. A lengthy discussion ensued about the possibility and advantages of the church taking over the Show. One of our members has already indicated a willingness to consider leading the activity. It was mentioned that many vendors reserve their spot 12 or 13 months ahead of time. As a result, if the church is going to take over, it will be necessary to start on the 2018 show as soon as possible.

Additional Fundraising: The need to establish more "future" accounts was discussed (similar to those in the above schedule, such as to replace the roof or the van). However, as John mentioned earlier in the meeting, we have been paying current bills with little money to spare. Several things were mentioned as ways to receive more money or to put our money situation more in front of the congregation:

- Put a short statement or graphic in the bulletin or newsletter.
- Conduct a capital campaign. This would be a topic for after our Vision Retreat.
- Ask for monthly or weekly pledges.
- Offer to the community monthly or periodic dinners, like what we offered on Fridays a few years ago. A suggestion was made to have different groups sponsor & prepare each dinner to avoid burn-out.
- Offer special music presentations.
- Include brief financial information on Sunday-morning A/V slides.
- To grow financially or otherwise, people need to "buy in" to growth ideas.
- Institute a text-donation program, where people can text a special number and instantly transfer a donation to GCUMC. This includes a small fee the church would pay.

Rick also mentioned the possibility of establishing a separate business which would be owned by GCUMC. The sole purpose of the business would be to provide income for the church to use. We would have to rezone the church property as it is currently identified as residential. One idea he had was starting an RV-Boat storage facility in the back part of our campus. This would require a minimal outlay of cash, primarily for a cyclone fence, rolling gate, and entry system. The business, whatever it might be, would likely generate unrelated business income, which would be subject to Unrelated Business Income Tax. For a brief explanation of UBIT, see the attachment at the end of these minutes.

Pastor Mike suggested an activity which would address the need for preschools in our area. Although our current facilities are not conducive to such an endeavor, it might be a consideration when expansion of our facilities is explored.

Audio-Video Fund: Recent repairs to last spring's lightning storm damage were paid out of the AV account. This has reduced the AV account to \$264. Zak has been informed that should an expense be more than \$100, he should contact Finance before making the purchase.

Praise Team: Doreen said that at a recent Praise Team meeting, they were discussing how they need to purchase a new set of drums, a new keyboard, cymbals, speakers, and pedal page-turners. Rick asked that the Praise Team items be added to the Wish List which he recently posted on Slack.

Doreen asked if there was a separate account for contemporary music expenses. We were unable to find an income account for that purpose. Some expense accounts were located, but we are unsure what their actual purpose is:

- 510.155 Contemporary Worship. \$400 budget.
- 511.100 Music Material Expense. \$1,400 budget.
- 511.110 Special Program & Musician Expense. \$600 budget.
- 511.120 Equipment & Maintenance Expense. \$600 budget.

Selling Property on Matecumbe Road: This property in South Gulf Cove (a dry lot with 12,264 square feet) was given to the church in 1993 by the Fuson family. John and his partner have agreed to act as selling agent when the property is sold. They have also agreed to forego their commission on the sale. A realtor representing the buyers will likely receive a commission, as will John's broker (20% of what John would have received). John recommends that a dollar-amount of commission be stated instead of a percentage. John said a quick review reflected that vacant lots are selling for about \$1 per square foot, so any asking price should be slightly higher than that. After discussion, it was felt that an initial asking price for the lot should be \$15,000. Pastor Mike said he will contact Conference again to see if it's okay to start the selling process.

SUMMARY

Finance Committee Lights & Resolutions for Church Council:

Red:	<ul style="list-style-type: none">➤ We need to be concerned about how we will fare through the rest of the year while recognizing that our income and attendance are down from last year.➤ We are not doing well at setting aside money for large future expenses which we know will occur.
Yellow:	<ul style="list-style-type: none">➤ The van and other large-ticket items will need to be replaced in the not-too-distant future.
Green:	<ul style="list-style-type: none">➤ We are still paying the bills in spite of the fact that we receive less money and have less people.

The meeting was adjourned at 8:30pm with a prayer by Pastor Mike. The next scheduled meeting is Monday, April 17, 2017, at 7:00pm.

Respectfully submitted,
Dana Hanson

Copied from <http://cullinanelaw.com/what-is-ubit/>

Nonprofit Law Basics: What is UBIT – Unrelated Business Income Tax?

OCTOBER 12, 2011 BY MOLLIE CULLINANE

What is UBIT – unrelated business income tax?

UBIT (Unrelated Business Income Tax) is a tax imposed on the unrelated business income generated by tax-exempt organizations.

A nonprofit, tax-exempt organization is not taxed on income that comes from an activity that is substantially related to the charitable, educational, or other purpose that is the basis for the organization's tax-exemption. Such income is exempt even if the activity is a trade or business.

However, if a nonprofit, tax-exempt organization regularly carries on a trade or business that is not substantially related to its exempt purpose, except that it provides funds to carry out that purpose, the organization is subject to tax on its income from that unrelated trade or business.

How do I determine my nonprofit organization is subject to UBIT?

Unrelated Business Income consists of income generated by the nonprofit organization from activities that are not related to the exempt mission of the entity. Income from an activity is considered unrelated if all three of the conditions listed below are met:

(1) The activity is conducted as a trade or business. What is a trade or business? An activity is considered to be conducted as a trade or business if its primary purpose is to generate a profit from the sale of goods or service.

(2) Regularly carried on. What does it mean to be regularly carried on? UBIT applies only to activities that are regularly carried on, as opposed to activities that are sporadic or infrequent. An activity is considered regularly carried on if it is conducted with a frequency comparable to the conduct of a similar activity in the private sector.

(3) Not substantially related to the organization's exempt purposes. How is an activity characterized as not being substantially related to its exempt purpose? What is the group's exempt purpose? A school's exempt purpose may be education and research. So an activity whose purpose is not substantially related to education or research would be characterized as unrelated. It is irrelevant that the proceeds from an activity will be used to fund education or research. The determining factor is the nature of the activity itself.

Examples of unrelated business income are (1) the operation of a miniature golf course in a commercial manner by a tax-exempt providing for the welfare of teenagers and (2) the presentation of commercial programs and the sale of air time by a tax-exempt broadcasting station.

Examples of related business income are (1) a furniture shop operated by an exempt halfway house and staffed by residents and (2) the sponsorship of championship tournaments by a tax-exempt organization organized to promote a sport.

The tax code has many exceptions and rules that are too extensive to include here. Determining whether or not the income from an activity is taxable can be difficult.