

MINUTES
of the
CHURCH COUNCIL
Saint Mark United Methodist Church
March 27, 2022

The March 2022 meeting of the Church Council was held in person in Room 111 on March 27, 2022. Amber Stewart, Council Chair, Presided.

The meeting was called to order at 12:34pm by Amber Stewart.

Dr. Everhart led the council in prayer.

Motion to approve the January minutes.

- Accepted and approved

Vision

Mitch Foster reported:

- Has attended as many meetings as he could.

Dr. Bernice Kirkland shared with the council and continued to observe

Endurability

MOTION: Pursuing the tax credit scheme and retaining Ms. Brewer on this endeavor
Motion passed

Ministries

Jeff Collins-Smythe reported:

- Phil Crumbly reported as a guest. Subcommittee chair for fine arts.
- Worked with Jon Easter to create quality events.
- Other sub committees: Worship Connectivity, and Communications
- Short term and long-term goals – how do we reach those goals?
- List sent out a list of names to fine arts council
 - Slowly coming back together to help strategize
- Requests congregants to be ears to the ground in the congregation.
- Prayer with Redeemer, Stations of Cross, can also work with other churches musically as we.
- Fine Arts Summer camp for youth coming.
- Recruitment to expand just in the church but in the community that are talented in fine arts.
- Brainstorm, plan and stay in touch, and recruiting.
- If you know of people with talent, we ask that you help with the recruitment
- Palm Sunday celebration – choral setting stations of the cross.
- Speaker and connection on the floor, all it needs is a cable.

- Video monitors

Wiggins House Update

- Concentrated on two things, current state and future
- **Karen Podett** reported
 - PAD is not calling back about the cleaning that they are required to do
 - Despite some minimal efforts to clean up, it's still in terrible shape.
- Where is God calling us to do with this space?
- Mitch Foster questioned are we obligated to use the space in a certain way?
- Bob and Gladys Wiggins is because they were active in these ministries and the needs. That is the advantage we offer to help people, women with children.
- Commercial Cleaning event.
- Older adults' groups, to be renamed older adult ministries
- Continue to look at the Lenten the services
- Communications looking into purchasing one more camera
- Mike updated about the Civil Rights museum and Legacy

Finance

Decision to move forward is deferred. More research to be done about church audit.

Grant opportunity - the BEAT grant from the council with building modifications to make the building more beneficial in the community.

Mark Wood reported:

Finance Committee and Treasurer's Report for the March 2022 Church Council Meeting

- To start off with, I had one item to close out from last month's meeting. The final version of the revised 2022 budget, reflecting proposed changes that were brought to the Council at its February meeting and including some additional changes that were decided at that time, is posted to our Dropbox site. A copy of that is also one of the documents that Eric sent out in advance of this meeting. No further discussion is needed on that now, I just wanted to point that out to everyone.
- Next, I will be walking us through the financial statements for February which Eric sent out.
- On page 1 for the balance sheet, there haven't been any significant or unusual changes in cash or investment balances or fixed assets relative to what we saw at the end of January.
- Down in the liabilities section, there is an item labelled "Excess Cash Received" with an amount of (\$47,516). What that represents is the year to date deficit that the church has generated. That's prior to making some withdrawals from trust and other designated funds that will cover that deficit and which Deana will do toward the end of March as part of our quarterly basis adjustments.
- On the second page titled "Revenues", I'll point out that the sum of pledge and non-pledge contributions (accounts 40010 and 40020) have come in at a little over \$137k on a YTD basis and which is running about \$8k better than last year, so that's a good sign.
- Then a little further down on that page, for the line item labelled "Bldg Lease Fr

Construction”, we’re showing \$6,000 in revenue, which is due to two months of lease payments posting in the month of February.

- The third line from the bottom (“41100 – Funds From Designated Accounts”) includes transfers over from designated funds for Youth Ministry, Children’s Ministry and Music Ministry to cover actual expenses made in those areas. It also includes the pro rata monthly income transfer of our CY 2021 surplus of \$34,155, spread over the first 11 months of the year since giving is relatively heavy in Dec. and we are least likely to need any income supplement for that particular month.

- Total Revenues came in a \$71,647 as shown at the bottom of the page.

- Moving to expenses on the third page, I’ll point out that a starting point for identifying unexpected deviations from budget amounts for the month is the fourth column over labelled “% of Annual Budget Used This Year”. Since we’re only two months into the year and if we assume that each expense item is incurred evenly through the year, that percentage should be 16.7%. Of course, not all expenses will be incurred evenly but at least that’s a starting point for identifying deviations to investigate and discuss.

- Then looking at specific expense items and noteworthy deviations:

- o The senior minister’s salary, housing and pension show up as slightly over budget, which is due to the fact that the actual expense will be dropping from July onward once our new senior pastor is in place.

- o The Associate Minister’s salary, housing, pension and insurance are all showing as over-budget but that is due to those actual expenses being front-loaded into the first six months of the year during Jennifer’s remaining time with us.

- o Moving down under “Staff Salary”, we have a similar situation with the “Associate Pastor for Social Justice” with Josh’s paid sabbatical for the first three months leading to using up 66.6% of the annual budget for that item, but then dropping to \$0 for April onward.

- o Moving down to account #52130 for “Administrative Assistant to Staff”, we have a similar situation with Jim Harper’s actual salary being front-loaded into the first four months of the year and then dropping to \$0 for May onward after his retirement.

- o In the next category of expenses labelled “Staff Benefits/Expenses”, we have one unusual deviation for “Payroll Services” where through the end of February we’ve already used up 36.59% of the annual budget amount. This relates to higher charges in the first part of the year for W-2 and W-4 statements to be issued and filed with the IRS as well as an annual fee of \$350 for an E&O type of insurance to protect the church against fines and penalties from the IRS for incorrect payroll information being filed.

- o Then moving into the next section of expenses labelled Education/Worship, we have several variances here to point out. Under account 53300 for “Hospitality and Evangelism”, that Feb. expense item of \$250 is for a Black History luncheon incorrectly charged to that account and will be moved to a “Contingency / Misc.” account in March. Then the next line down under “Christian Education”, the \$437 expense included purchases of Sunday School supplies and materials and which has pushed that expense category up to 42% of annual budget amounts already consumed. Then the next item is really significant, with \$6,356 spent in Feb for “Youth” and pushing the YTD % of annual budget consumed to 89.5%. The large bulk of this represents some deposits on upcoming youth trips to Puerto Rico (\$2,700 deposit with Delta Airlines) and the Hinton trip this summer (\$3,000 deposit). I understand that these expense amounts should be largely or entirely covered by contributions and other sources of revenue so the net expense amount should come more in line as we move further into the year.

- o Then flipping to the next page and moving down to the “Utilities” section, you can see that

our natural gas charges are running at a higher % of the annual budget through February (almost 32%), but since Jan and Feb are colder months that doesn't look out of line at this point and natural gas costs should dip during the summer months.

- o In the next section under "Office Supplies/Expenses", we have higher amounts for "Postage-General" and "Stationery" than we were expecting. The church's postal meter had to be recharged in Feb and that accounted for \$750. For "Stationery", Deana had to order a new supply of laser checks, something she has to do once every couple of years so that's why that account is running high.

- o Moving down under "Administrative Expense", the "Publicity and Promotions" account is at a higher % of YTD budget used and the reason for that is that the church's annual membership fee to the Midtown Alliance hit this month and which is most or all of the \$537 spent on that line. The next line below is also running high – that's the account for "Office Copier Lease" and the reason for that is that there's been an unusually high usage of color copies during the past quarter used by the copy lease company to calculate that charge (included the months of Nov through Jan). Deana mentioned that she has addressed that with the staff to ensure there isn't any unnecessary use of the color copy feature since that costs so much more.

- o Under the "Building/Grounds" section, these expenses were all reasonably in line with expectation for Feb.

- o But then moving down to the next section labelled "Other Property/Maintenance", the one and only account in that section titled "Multiperil Insurance" is already at 48.41% of the annual budget consumed. We had talked about this account back in January because this expense item was high back then, due to making a beginning of quarter payment on our package policy plus paying some smaller annual insurance policy premiums. It turns out that the payment schedule for our main insurance policy with our new insurance carrier is much more front-loaded than in the past and we are seeing these payments much earlier in the year, so that by September the full policy premiums will be paid.

- Total Church expenses shown at the bottom of that fourth page came in at \$109,410 for the month of February and which represents an increase in expense of \$26,309 or 32% relative to February 2021 expenses. On a YTD basis we're a little more in line with last year, having spent \$10,628 more than the same point as last year or 5% more relative to February 2021 YTD expenses.

- Moving on to the church's Designated Funds on the following page, I'll point out the following:

- o In the second section from the top labelled "Designated Funds-Restricted", we have revenue in the "Memorial Fund Donations" account of \$5,250 so far this year. Deana will be transferring that over to the trust fund accounts at the beginning of April.

- o And then further down on the page in the section labelled "Ministries-Restricted", I'll mention that for account #84170 for "Breakfast/Supper Club", the balance in that designated fund from contributions is running lower than normal and in fact the month-end balance of \$2,078 won't even cover one month's of actual expense for this activity.

- o Finally, down toward the bottom of the page in the section titled "Miscellaneous-Restricted", I'll mention that we've had some endurability committee expenses come through at around \$8,600 for the month of February and captured in account #86155. At some point this year, very large bills for work to be done on the Walters Chapel building will be coming in but it's been very light activity so far.

- o That concludes the combined report from the Finance Committee and the Treasurer on

the February financials.

- o The next item that I want to brief the Council on relates to the church audit.
 - In our February meeting when we discussed revisions to the 2022 budget, we had decided as a group to pursue a full audit of the church's financial records in lieu of a review and to set aside an extra \$7,500 in the budget for the estimated additional cost of that audit. We reached out to Brenda Jefferson, the CPA who performed our accounting review for the calendar year 2020 books and records and asked her to identify the extra steps and measures that she would perform as part of an audit so that we would understand exactly what she proposed to do this year.
 - That response turned out to be a surprise of sorts, in that Brenda provided information indicating that we as a church aren't currently set up with our financial recordkeeping system nor with our compliance with some recent Accounting Standard Updates (ASUs) for her to perform an audit. The additional steps that she feels we will need to take before that can occur are extensive, in her view, and she has discouraged us from pursuing that. A copy of the email that she sent to Deana on March 11th outlining those concerns was another of the meeting documents that Eric forwarded everyone.
 - We've had an initial discussion of this email between me, Deana, Greg and Joel and I think a fair summary of that is to say we are a bit puzzled by this new information and need additional time to verify that with other experts in the non-profit accounting arena. We also want to speak with another accounting firm that may have different view on what the church currently can and cannot do with regard to an audit.
 - If someone on the Council has some insight on this issue and wants to share that in this meeting, I certainly would like to hear that. Otherwise we are proposing to defer a decision on going ahead with just an accounting review of the 2021 books and records until we can more fully describe our options for obtaining a full audit and what the cost of that would be.
- o We have one other item to advise the Council on and that pertains to a grant opportunity for the church which has been brought to our attention and for which Greg will present the details.

Youth

Trustees

Vice-Chair Belva White provided a review of the December 31, 2021 investment statements. As of December 31, 2021, the donor-restricted investment funds had a market value of \$1,170,186 and the unrestricted donor investment funds had a market value of \$468,024. This follows this historical methodology of allocating investment funds to the donor funds. There is a separate account which holds the Juniper Street property funds, which is held in cash and cash equivalents due to the need to access the funds within the next 12 months. The balance in the Juniper Street funds was \$3,526,206 as of December 31, 2021.

A discussion followed related to the allocation of market appreciation to the individual accounts. Since these funds are considered institutional funds, we are allowed to commingle our investments. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides legal guidance on the expectations of prudence in our management. It also allows for prescriptive ways to distribute donor restricted funds in a systematic and formula way to ensure we can spend the restricted funds in a disciplined way and on an annual basis. The donors provided the funds to support our ministry, and we should do so in honor of their legacy. With

the Church Council support, we will bring forward a proposal to manage these funds under the UPMIFA guidelines as well as provide a plan to boost the level of giving through current or planned giving. The Council asked that this study occur and to bring back ideas for discussion.

A discussion followed about the need to read the donor agreements. The tracking materials used by the Trustees for years describes the restrictions and is viewed as being reliable due to the qualifications of church members involved in creating the list. We agreed to accept these descriptions without doing further verification research.

A conversation about the possibility of creating a separate 501(c)(3) to expand our ability to apply for grants to support our historical buildings was discussed. Mitch and Belva are spearheading a discussion with Atlanta First since they described using this vehicle during the conference training earlier this year.

A discussion related to the recently matured CD of \$30,474 followed. The Trustees recommended that the funds be reinvested into a similar fixed income account to maintain the current investment mix of fixed income and equity.

MOTION

The Trustees recommend that Saint Mark invest the \$30,474 from CD 3596 into fixed income with the North Georgia Methodist Foundation to maintain our 37% fixed income ratio.

The motion passed with a unanimous vote.

Moved to Executive Session at 2:35pm