

MONITORING REPORT: FINANCIAL

Executive Limitations Policies # 4

August 2019

POLICY EL #4: FINANCIAL CONDITION AND ACTIVITY

There have been no changes in the ET's interpretation of this policy, and we report compliance.

With respect to the actual, ongoing financial condition and activities, the Executive Team shall ensure fiscal health and that actual expenditures comply with Board priorities established in Ends policies.

The Executive Team follows the approved budget for each fiscal year, while making necessary adjustments to income and expenses based on changing conditions throughout the year. All line items in the budget support the ends, either directly by funding programs and staff members, or indirectly, through administrative and operational support functions.

EVIDENCE:

Accordingly, the Executive Team shall:

1. Only expend funds that have been budgeted for in the fiscal year.

We report compliance. June 30, 2019 Profit and Loss report showed a total of \$741,223 of operating income and \$741,223 in operating expenses for the year.

2. Only commit to spending that binds financial obligations to the current budget year. Board approval is required for longer-range commitments.

We report compliance. The ET has not entered into any financial obligations beyond the current budget year.

3. Limit any single unbudgeted purchase or commitment to less than \$7,500.

We report compliance. The ET has made no single, unbudgeted purchase or commitment exceeding \$7,500 and we report compliance.

4. Obtain two competitive bids where practical for any single expenditure exceeding \$2,500.

We report compliance. The ET has made no single expenditure without two competitive bids other than items already budgeted for the fiscal year.

Examples:

- Service Unlimited replaced office HVAC in November 2018. Since SU handles all our HVAC systems it is not practical to obtain multiple bids unless we also consider a contract with a different company. We have a long and strong

relationship with SU and in this case chose not to seek multiple bids. Total for the new unit was \$8,315.

- We have a service contract for organ maintenance and tuning. Few vendors work in this area. Therefore, we cannot get multiple bids each time work needs to be done because it is not practical to do so.
- Major construction projects underway now are under the board of trustees Strategic Planning committee authority. ET is not involved in choosing vendors for this project. All expenses are approved by the committee as delegated to by the board.

5. Update Building Reserve Calculation at least every 5 years.

We report compliance. The board strategic plan issued a Building Reserve Calculation in December 2015. The next one will be due in December 2020. We will plan to begin new analysis and work with the Board of Trustees Strategic Planning Committee when the current projects are completed. Possibly beginning in fall 2019.

6. Expend reserve funds only for the purpose determined when the reserve was designated. Use of reserves for any other purpose requires approval by the Board of Trustees.

We report compliance. No funds were used for purposes other than as designated. Some examples of proper uses include:

- Counterpoint – paid various musicians and performers to enhance worship experience including:
 - Martin Hargrove for \$300 on 3/15/2019
 - Anne Turner for \$250 on 6/7/2019
 - Joseph Whitney for \$250 on 11/02/2018
- ILYA – all expenses paid were in support of work done by ILYA, including reimbursements for expenses incurred for New Apartment Kits.
- Maintenance and Capital Expenditure Reserve expenses paid in FY 18/19 were used for replacing the HVAC over the offices.

7. Expend restricted gifts only for the purposes designated when received unless that purpose is no longer practical or feasible. In this event, either:

- **The donor(s) will be contacted to discuss other options.**
- **Legal counsel will be sought to define options.**

We report compliance. This year we did not have any expenses of restricted gifts that were not spent as designated.

8. Expend endowment or designated funds only for the purposes determined at time of receipt or designation.

We report compliance. We did not expend any endowment or designated funds for any purpose other than designated.

9. Engage lay leadership in on-going efforts to recruit bequests for the Heritage Fund.

We report compliance. The Heritage Fund has used publicity tools to promote the fund to church members. Additional work will need to be done to expand the program in FY 19/20.

10. Settle payroll and debts, and complete government-ordered filings/tax payments, in a timely manner.

We report compliance. All bills, payroll and tax filings are completed in a timely manner. Payroll and employment taxes were completed on 7/13, 7/31, 8/15, 8/30, 9/14, 9/28, 10/15, 10/31, 11/15, 11/30, 12/14, 12/31 in 2018. Also in 2019: 1/15, 1/31, 2/15, 2/28, 3/15, 3/29, 4/15, 4/30, 5/15, 5/31, 6/14 and 6/28.

11. Aggressively pursue receivables after a reasonable grace period.

We report compliance. The ET sends out quarterly giving statements in October, January, April and July to let church members know the balances owed on their pledges. In the fall, the ET usually sends letters to donors who have not paid the previous fiscal year's pledge and this has been very successful in recent years in recovering unpaid pledges, especially when one or two large givers fulfill their pledges late. In FY 18/19, however, we received \$9,820 in late payments on the previous years' pledges. Our average over previous 3 years for this line item is \$16,742, and it can vary widely from year to year.

For renters, the ET reviews the status of rental contracts on a regular basis and notifies renters when rent payments fall behind.

12. Acquire, encumber, or dispose of real property only with Board approval.

We report compliance. The ET had not purchased or sold any real property.

Respectfully submitted by the Executive Team,

Rev. Pamela Wat,
Marina VanRenssen,
Doyle Dobbins,
Randy Windle