

MONITORING REPORT: FINANCIAL

Executive Limitations Policies # 4

From Board Policy document dated 11/27/2016

January 2020

EL #4: FINANCIAL CONDITION AND ACTIVITY

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 ET interpretation for this policy:

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.

Accordingly, the Executive Team shall:

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

We report compliance. December 31, 2019 Profit and Loss report showed a total of \$422,914 of operating income and \$340,884 in operating expenses year to date. Our budgeted income as of December 31, 2019 is \$456,436 and our budgeted expenses are \$383,689. (Please note that we had a stock donation received on 12/30/19 which was not included in the P & L and will be included in the next month's income since it was sold in January.

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 without approval from the board.

3) Limit any single unbudgeted purchase or commitment to less than \$7,500.00

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. Here are some examples;

- November 2019: Stabilize paint in EEC classrooms for inspection concerns raised in new licensing process when EEC was purchased by new owner. EEC obtained multiple bids at our request from Brightfields, Stephen Kapski, and Rated R Contracting.
- Fall/Winter 2019: Garden Door entry system - this project is ongoing and part

of the delay has been finding competitive bids from companies willing and able to do the job. We have bids from Johnson Controls, Delmarva Fibercom, Security, Inc., and Diamond State Door. We just hired Johnson Controls and paid the deposit to begin installation in January 2020.

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

We report compliance. The original assessment document was created in December 2015. A detailed update will be due in December 2020.

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. These are reserves that were identified by ET or Board to save money for a particular purpose. The ET has not spent any reserve funds for purposes other than their intended use. Some examples of appropriate spending include:

- \$1092 paid on 11/6/19 to Bank of America (church credit card) for cabinet for second floor sink from the Capital Maintenance Reserve QB 2165
- \$1775 paid on 2/11/19 for the deposit on the planter box behind the sanctuary from the Capital Maintenance Reserve QB 2165
- \$138.33 paid on 6/11/19 for a search expense from the Search Reserve QB 2160

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

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

We report compliance. The ET has not had any reason to expend gifts for purposes other than designated in the past year.

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

We report compliance. The ET only spent funds for the purposes intended. For example:

- \$50.00 paid to Lois Morris on 12/13/19 reimbursement for ILYA holiday expenses
- \$1,000.00 paid to YWCA on 12/13/19 from House Pin Sales account. House pin sale profits are paid to YWCA in support of the Home Life Program.
- \$116.00 on 10/11/19 paid from the Delmarva Cluster Social Media grant to cover church social media advertising expenses.
- \$27,237 was pulled from the Heritage Fund on June 6, 2019 for the budgeted annual distribution.

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

Fund.

We report partial compliance. Every few months, we post Enews and order of service announcements to remind people to include the Heritage Fund in their financial planning. We do not, however, have an active Endowment team working to recruit individual donors to designate the Heritage Fund as a beneficiary of their estates or give to the Heritage Fund by alternative means. In order to be compliant, the ET would need a team of one or two people who actively recruit donors.

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 07/15, 07/31, 08/15, 08/30, 09/13, 09/30, 10/15, 10/31, 11/15, 11/29, 12/13, and 12/31.

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 FY 19/20 we have so far received \$1,341 in late payments on the previous year pledges. Each fall, the office reviews automated giving authorizations and contacts members who have not renewed their automated giving authorizations.

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. Pam Wat,
Marina VanRenssen,
Randy Windle,
Doyle Dobbins