

Heritage United Methodist Church

Finance Committee Minutes

December 12, 2011

Present: Chairman Bob Crawford, Rev. Chuck Engelhardt, Pattie Littler, Tony Russo, David Petrie, Ivan Haase, Bill Goodwin, Chuck Riggs, Shirley Westrate, Ellen Campbell and Rick Clemens

Also Attending: Arch Johnston and Laura Caulley

Chairman Bob Crawford opened the meeting with prayer at 7:00.

Minutes from the previous meeting: Chuck Riggs moved that the minutes from the previous meeting be approved. Bill Goodwin seconded the motion. The minutes were approved with no changes.

Treasurer's Report – Arch Johnston passed out copies of the November Treasurer's Report. Laura Caulley advised that \$6,100 was charged to Equipment Leases instead of Electricity. The report shows an increase in revenue. Ivan Haase pointed out that as of the end of 2010, \$1,692,000 had been received and already through November 2011, we are at \$1,667,000. Chuck Riggs moved that the report be approved. It was seconded by Bill Goodwin and was approved with the changes noted.

Old Business –

1. Arch Johnston presented loan option information that was researched by Paul Burroughs and him. (Exhibit A) He reviewed the options as put forth by BB&T, the United Methodist Foundation and one from a private source within the Congregation. Pastor Chuck shared that by selecting the option of financing of \$3,000,000 at 3% interest only for 5 years from a member of the congregation, it gives the church more freedom and there would be no pre-payment penalty if we were able to pay it off before the balloon in 5 years. His challenge was for the committee was to discern how to pay the principal down and not just rely on the lower interest payment. Bill Goodwin clarified that Rick Sadorf will be handling the paperwork for the loan on a pro bono basis should we go with the private loan. He emphasized that by selecting this option, to gives the church the flexibility to pay the debt at the lowest interest rate available to us. Both Pattie Littler and Ivan Haase expressed concerns that we plan on having a reserve of funds to pay for the monthly payments and to plan for payments of principal in addition to the interest.

Chuck Riggs made a motion that the Finance Committee approve the private loan at the 3% interest only option for a 5 year period. Shirley Westrate seconded the motion. It was approved unanimously.

A comment was made that the Finance Committee determine what payments would be made to reduce the principle at a subsequent meeting and that it should be reevaluated annually.

2. Arch Johnston presented the revised Anticipated Income projections for 2012 based on the updated pledges that had been received. (Exhibit B). The total projected for 2012 as of 12/4 was \$1,894,264. It

was verified that all pre-paid pledges were accounted for in the Pledged category and Arch had subtracted those who had died or moved away to provide a more conservative picture of the income for 2012.

3. Arch Johnston presented a revised budget for 2012 of \$2,050,221. (Exhibit C). It reflects a \$155,957 shortfall which is a \$40,000 improvement from the projection done in November. Pastor Chuck made the motion that this new budget be approved and Chuck Riggs seconded the motion. It was passed with 1 dissenting vote based on the fact that we did not have the final Compilation numbers to know if there would be a deficit in 2011 that would carry forward to our cash on hand.
4. Tony Russo made a motion that the Executive Committee of The Growing Place meet with the a representative of the Trustees and Arch Johnston to discuss the expense allocation to the pre-school for 2012 to determine if \$2,000 per month was adequate to cover the operating costs per square foot that the school uses. Chuck Riggs seconded the motion and it passed unanimously. It was also discussed that if the Pre-School were to make a profit in any given year and did not have capital improvements planned for those funds, they should consider making an extra gift to the church to help reduce the principal on any outstanding loan of the church.
5. The CPA firm had hoped to have our Complilation done this week but there were a few items needing to be completed. They are completing it this week and should have their finalized 2010 numbers to us in 48 hours. Once the figures are received, the committee authorized Arch, Laura and Bob Crawford to work with the information and to adjust our internal numbers to match those of the CPA firm that had been prepared using bank statements and giving histories.
6. Chuck Riggs brought a copy of the Policies and Procedures and asked that Arch get copies to each of one on the committee (Exhibit D).

New Business -

1. Meetings will be changed to the 4th Monday of each month to allow Laura time to receive all of the bank documents, process them and to send out the financials in time for the committee to review them before the next meeting. The January meeting will be January 23.
2. Pastor Chuck asked everyone on the Committee to put January 10th on their calendars. All of the committees of the church will be gathered for a dinner at 6:30 and an orientation for 2012 followed by an Ad Council Meeting at 7:30 to approve the revised budget and loan.
3. Bill Goodwin recognized the significant contribution that Pattie Littler has made to the committee and the endless hours she has given in support of researching and entering transactions to assist with the Compilation. The committee was extremely thankful for her contribution.

Chairman Bob Crawford asked for final thoughts and none were shared. Bill Goodwin made a motion to adjourn the meeting and David Petrie seconded the motion. The motion passed.

Bob Crawford closed the meeting with prayer and the meeting adjourned at 9:17.

Respectfully submitted,

Arch Johnston