

Hillside UMC Finance Committee

Meeting Minutes – January 19, 2021

NOTE: Some participants joining remotely via ZOOM because of social distancing requirements related to COVID-19.

Lay Members attending: Don Brownfield*, Nick Cawood*, Greg Faber*, Nelson Farr, Amina Foley*, Tina Kirkland, Brad McDonald, Steve Skeen, Greg Walker

Staff Members Attending: Rev. Herzen Andone, Andy Triplitt*

* These participants attended in person at Hillside UMC, Room 2204 / 2205

The meeting opened with prayer requests and prayer. One item of note was praise for five new families who had visited Hillside the previous Sunday, and for the continuing growth in both visitors and new members of our congregation.

For the benefit of new members for the Committee, all members were asked to give a brief introduction. The minutes for the November 2020 meeting were reviewed. Greg Faber motioned for approval of the minutes as distributed, Greg Walker seconded, and the minutes were approved unanimously. Steve noted that he had misplaced his notes from the December 2020 meeting, and asked that if any of the members present had personal notes to please share them. In the interim, the financial reports that had been reviewed in that meeting would be available on the church website.

Andy then reviewed the financial reports for 2020 fiscal year. Results were shown in comparison to both the original budget, and also compared to the reduced COVID-19 budget expectations adopted at the March 2020 meeting.

- Congregational giving has remained strong through the closure of church facilities, and finished the year at 88% of the original planned giving, or \$1.846M.
- Non-Operating revenue, made up largely of program revenues was down substantially versus original budget, but this was to be expected as most of the programs had been cancelled due to Covid restrictions.
- There was discussion about the Christmas Eve service, and giving to the Good Samaritan fund from that service, and from giving throughout 2020.
- Operating expenses also continued to be well below budget at 91% of plan, or \$1.381M.
- Pledge fulfillment remained high through the entire year high. Our congregation remains committed and faithful to the mission and discipleship of Hillside.
- Operating checking and cash reserves also remained well above target.
- The PPP loan funding received in 2020, was used to cover payroll expenses during the summer months. This represented a significant portion of the current cash position The loan was

reviewed for the new members, and Andy affirmed that all funds had been used for prescribed purposes, and the outlook was still very positive for the loan to be forgiven in its entirety as a result.

- Don asked Andy to confirm that all 2020 obligations had been met, “the bills were paid”, and that the current cash positions represented reserves and excess – other than the PPP loan obligation, and any reserves required for the mortgage. Andy confirmed this statement.
- The report and monthly analysis is available on the Hillside UMC website:
<https://hillsideumc.org/churchcommittees#FinanceCommittee>

Andy also presented the final budget plan for FY2021. Because congregational giving had remained at approximately the same levels through November and December, there had been little change to the budget from original plan – with Operating Revenue targeted at \$1.846M. Andy and Steve reviewed the budget in detail, specifically for the new Committee members to ensure that all questions were addressed. Specifically,

- In the YOY comparison of budget lines, there was some concern about the significant (\$222k) reduction in Facilities and Assets. Andy explained that this was due to the reduction in the church mortgage payments (\$172k) and the normal budgeted funding of the facilities reserve account (\$50k), which was planned for immediate funding out of excess cash.
- Decreases in apportionments is a direct effect of lower apportionments from the NG district.
- Increases in Music and Worship expenses was largely attributable to the new Director of Technical Ministries position.
- There was a question about insurance reductions in conjunction with the new mortgage, and the very positive rate environment. Andy confirmed that he was in discussions with Steve Cannon from State Farm to review.
- Andy also reviewed a plan for uses of the current cash position in excess of targeted cash reserve balances. These included:
 - \$60k funding of the facilities reserve account for 2021, bringing the balance to \$150k
 - \$30k to be moved into Capital Improvements for the funding of “The Foundry”. These funds had previously been re-directed from this project for funding of equipment to support online worship.
 - \$1500 for the purchase of a new laptop for Production ministries
 - Additional planned uses included pre-fund \$50k to the Missions budget for 2022,
 - And to plan for a Staff bonus, targeted for Spring or Summer, to be determined on continued strong giving.
 - After this review, Don noted that the largest of these items (Facilities and Missions) involved funding of reserve accounts – meaning that they did not affect the Church’s liquidity position.

After discussion – Steve asked for a motion to approve the 2021 budget as presented and discussed, including the uses of excess cash. Don motioned, Greg Walker seconded, and the Committee voted unanimously to approve. As a follow up note – Andy and Steve presented the budget in the Leadership

Council later in January, and it was also approved as presented. The 2021 budget plan is available on the Church's website.

SPR review – Greg Faber confirmed that SPR had approved a plan to move David Watanabe from a 1099 employee to full-time as the Director of Production Ministries, and that he was doing a great job in not only that role but also filling needs for IT infrastructure support as well.

Trustees – Greg Walker noted that Trustees was to have a meeting in the following week, and he expected more details to come from that.

Re: Commitments for 2021 giving. In the financial update, Andy had shown figures that indicated that commitments were behind last year's total commitments, but that they were approximately the same level as this time last year. Herzen noted that he would continue to include messaging in worship re: financial commitment in the upcoming "Mark of Discipleship" series.

The Committee's next meeting was set for Monday, February 15th.

The meeting closed in prayer.