

FEBRUARY 24, 2015, USG BOARD MEETING MINUTES--(Approved as corrected)

PRESENT- Dennis Strain, Linda O’Gwynn, Scott Wolkenberg, Linda Brunn, Ann Schoonmaker, Craig Miller, Robert Williford.

ABSENT – Marina Patrice Nolan, Judy Rodes

VISITING – Rev. Kent Matthies, Rev. Daniel Gregoire, Gloria Smith, Tom Ott, and Bill Morrow

APPROVAL OF JANUARY MINUTES

Approved as corrected.

Short list question marks should be struck.

Mid-Year Budget Correction: Board involvement in the selection of committee chairs.

Board decided that it was a great idea and that MET should manage it.

PROCESS FOR EVALUATING THE MINISTER

This year is a streamlined review of the minister’s performance. This year Kent suggested a self review. The minister’s role in MET is important. The review committee, composed of Linda O’Gwynn and Scott Wolkenberg, will interview members of MET, Board, church staff, and review Kent’s self-evaluation. The process will be completed by August.

USG FINANCIAL POLICY REVIEW

There was brief discussion on policies that have not changed and that need some minor changes. (see below, Suggested Changes)

There was discussion about the budget. Those participating in the drafting include the MET members, Daniel Gregoire, Mark Daugherty, Building and Grounds chairs. Kent stated that the budget process this year will be one of the quickest and easiest in 10 years. There is some concern about having the process done 2 days before the town meeting.

SUGGESTED CHANGES TO THE FINANCE POLICY (proposed to Board 1/22/2015)

Pg 6

number III

The expenditure of money

#5 Line 3 the ‘and’ becomes an ‘or’,

Pg7

Quarterly

End of first paragraph.

Add – “and will be circulated to committee chairs. “

Pg 7

Add after item 'ANNUALLY'
MET and Financial Council

Motion to approve 7-0

QUESTIONS ONLY

A. President's Report

No questions.

B. MET Report

No questions.

NEXT YEAR'S PRESIDENT

There were no volunteers. The nominating committee will ask one of the new board members to volunteer.

STEWARDSHIP PRESENTATION

Tom Ott – Stewardship Campaign. The first meeting will be on March 9. There will be five meetings to invite members to attend. March will also have the Mojo awards. The goal is to keep commitment alive through April. The pledge drive will conclude on July 15, 2015. MET has approved the Stewardship Plan.

COMMITTEE ON MINISTRY PRESENTATION

Bill Morrow – Committee On Ministry. It is a three person committee. The other two members are Christine Ginsburg and Kathy Bonanno. Their policy is confidentiality. The committee positions are non-rotating. Bill Morrow is the chair. The current composition has been in place for 5 or so years. The people on the committee are not known to general membership. Kent meets with them monthly, although it is not Kent's committee.

OPENING FOR MARCH BOARD MEETING

Scott Wolkenburg will do the opening in March

President's Report: February 2015

Reduction In Health Care Contribution

Due to the rising health care costs, the Ministry Executive Team proposed reducing USG's payment of the 2015 health insurance costs for Rev. Kent and Rev. Daniel from 80% to

75%. Both Rev. Kent and Rev. Daniel have agreed to this reduction. By e-mail vote, the Board unanimously approved the reduction.

Congregational Meeting on Proposed Budget

A congregational meeting on the proposed budget is scheduled for Sunday, March 22. The Board will consider the comments from the meeting as it reviews the proposed budget at its March 24 meeting.

Policy on Signing Contracts

Under the bylaws, the “temporal affairs and property of the Society shall be managed by the Board of Trustees.” USG contracts, however, are signed by a variety of persons without delegation by the Board. Andrea Parry and Beth Lazer have volunteered to develop a policy on who is authorized to sign contracts that bind USG.

MET February 2015 Report to the Board

What MET would like from the Board:

Town Hall

Maximize promotion of and participation in the February 28th Town Hall to make it as successful as possible for all involved.

What MET has done this month:

Annual Meeting May 17

In collaboration with Dennis Strain, Sunday May 17 has been chosen for this year’s annual meeting. A decision needs to be made on whether to have one or two services that day. To accommodate this date, new Board members need to be identified by the end of March so the congregation can be notified with enough lead time. This also means that the approved budget should be ready for presentation at the Annual Meeting hopefully avoiding the need for a fall finances congregational meeting..

Committee Chair Selection Policy

MET has developed a proposed policy, it will go to Governance Task Force in March and then to the Board.

MET for next year

In Consultation with the Governance Task Force and the Nominating Committee, we are developing a short list for possible MET members for next year, keeping in mind the need for 3

new Board members as well as chairs for Membership, Personnel, Governance Task Force, Programs and Events, Communications, and a Co-Chair for Buildings and Grounds. Treva has decided that she will step down at the end of the year; this will mean next year's 3 lay team members will be entirely new. We are talking with the Nominating Committee and other key leaders about possibilities.

Mid-Year Budget Correction

After the discussion at the January Finance Council meeting, the Ministry Executive Team gathered information from staff and various committee chairs about their projected revenue and expenses for this year. We have determined that we will fall short of current revenue by approximately \$9,500 **assuming that the Service Auction brings in \$27,000**. We won't know that information until April.

The revenue shortfall is due largely to overly optimistic rental projections and also to the lack of income from the Eliza Justice Fund which was dissolved when the principal was moved to the CIF.

Through cooperation and team work amongst committees and staff members, several downward projections have been made on various expenses --administrative, program, and Building and Grounds. MET will track the numbers monthly so that we will not increase the budgeted deficit for this year. We may reduce this year's projected deficit by a small amount.

Personnel Committee Issues

MET met with Patricia Hamill to discuss:

--drafting a contract for Mark Daugherty

--preparing a proposed spreadsheet of personnel salary and benefits numbers for the 2015-16 budget

-- reviewing the Personnel Manual and Kent and Daniel's contracts to see if any adjustment needs to be made for the change in USG's health benefit

--having a comprehensive review of health benefit options under the Affordable Care Act to make sure we are getting the best deal for the church and the staff

Patricia would be happy to continue on the Personnel Committee but would love for someone else to be chair because she does not have the time to do the job optimally.

Programs and Events (PEC) re envisioning

The Programs and Events (formerly MPC) has done some good work this year, but has struggled to feel relevant. The current chairs are of the opinion there is no need for the Council and are not interested in leading it for another year.

MET believes there are a number of important roles this group could fill and would like to see them explored going forward. Treva has offered to chair this group next year.

In addition to supporting Welcoming, Social Justice, Annual Events, Earth Honoring Traditions and Community Groups, MET would like to see it have a Leadership Development component perhaps similar to the UU Church of Delaware County's "Growth Through Service" program. Another important task involves facilitation of committee chairs in calendar coordination and focusing on how to welcome visitors, integrate new members and stay connected to current and long-time members. Communications and Transformation Team representatives would also be invited to these efforts to determine the best way to promote events and ensure that what we are doing is in line with our goal of transforming into a multicultural, multiracial beloved community.

Proposed Budget Presented to the Congregation

There was much interest from the congregation in getting to review the draft budget before it is approved by the Board. The draft budget will not be ready in time to present at the February 28th Town Hall, so the Town Hall planning group (which includes Dennis Strain and Linda Brunn) asked MET if it would be possible to present the proposed budget to the congregation on March 22 before it goes to the Board March 24, so the Board can consider the congregation's feedback when they are reviewing the budget. MET has agreed to make this happen.

Rental Film Showing Issue

We have a potential renter who would like to show a movie. USG does not have any sort of license for films to be advertised and admission to be charged. We created the following policy to support the Administrator in the short term as she responds to the current potential renter. After discussion with USG Church Counsel, we will modify policy as needed.

Provisional Policy for Renters Showing Media: Renters must show documented proof that they have the rights to show any media they would like to advertise and show.

Reporting

We plan to report on numerical data next in March and again in June; we last reported in December. Our report will include attendance (including CSD) by service, ASD participation,

SGM participation, Sunday plate collections YTD, and a pledge and contributions current year update. We understand you would like this compared to the past whenever possible.

Membership numbers: On February 1, 2015 we reported 312 members to UUA. This is an increase of 5 members from last year (307). In the previous twelve months 20 people joined USG and 15 left membership. In the coming week we will report a break down of categories of the 15 (death, moved, resignation, etc.)

Social Justice Start Up

Anne Gwynn has agreed to serve in a leadership position in social justice. We have a start-up conversation planned with key leaders to configure the new role.

What MET is planning to do next month:

In addition to preparing the budget and finalizing our recommendation for MET members for next year, we will continue working on all of the above items that are in process.

UNITARIAN SOCIETY OF GERMANTOWN FINANCE POLICY

Proposed to the Board of Trustees 1/22/2015

Purpose: The Finance Policy will provide for adequate controls in the financial activities of the Unitarian Society of Germantown (USG) and responsible stewardship of USG's financial assets.

Scope: The Finance Policy shall govern: (1) the acquisition and receipt of money; (2) managing money and financial assets; (3) the expenditure of money; and (4) financial reporting and communications. Any additional policies in the area of finance shall be prepared by or in consultation with the Finance Council and approved by the Board of Trustees (Board). Financial procedures should be prepared by the Finance Council and approved by the Ministry Executive Team.

Responsibilities: The Board has overall responsibility for the financial health of the church. The Board, in collaboration with the Ministry Executive Team, shall ensure that a functioning and appropriately staffed Finance Council is in place. The Ministry Executive Team and Finance Council shall have the financial duties designated by the Board and described herein.

Effect on previous policies: This Finance Policy incorporates, and therefore supersedes, prior policies to the extent they are inconsistent with this Finance Policy. Many prior policies include

procedures. Those procedures shall provide a reference for the development of ongoing procedures under this Finance Policy.

I. The acquisition and receipt of money

The Ministry Executive Team, in conjunction with Councils and Committees under its purview, shall:

1. Conduct an annual pledge/stewardship campaign.
2. Appropriately follow up on unpaid pledges
3. Pursue rental income.
4. Pursue income from sources other than pledges or rentals, both from within and outside the congregation.
5. Pursue grants as appropriate. Grants in USG's name must be requested by USG, and funds from grants must be payable to USG.
6. Ensure that gifts (non-pledge contributions) of \$1,000 or more are specially acknowledged, and that restricted gifts are utilized in accordance with the donor's requirements and tracked appropriately.

There shall be procedures to govern all the above. The procedures shall contain appropriate controls to assure there is no misappropriation of funds.

Existing policies/procedures relating to the acquisition and receipt of money:

- Accepting gifts to USG 1.28.14
- Endowment policies and procedures 12.17.13 (in part)
- Policy on grants 8.27.13

II. Managing financial assets

Accounts:

1. The Ministry Executive Team will allocate responsibilities for the design, implementation and maintenance of financial systems.
2. The Ministry Executive Team will be responsible for overseeing an appropriately credentialed bookkeeper or other individual(s) with appropriate expertise and experience to perform all bookkeeping-related functions of the church, including accounts receivable and payable, account reconciliation, payroll, taxes, etc.

3. Under the direction of the Board, the Finance Council shall assure an audit of the financial activities of the church on a regular basis; develop procedures for audits and assure compliance with procedures; and report the results to the Board on a regular basis.

Developing the budget:

The Board may provide the Ministry Executive Team with such requirements and limitations as it deems appropriate for the fiscal year for which the budget is being prepared.

The Ministry Executive Team shall be responsible for preparing an annual budget that complies with the Board's requirements and limitations, and provides a foundation for fiscally sound planning and management. Accordingly, the Ministry Executive Team shall:

1. Develop a budget that:
 - a. Is guided by the Board's stated expectations and limitations as well as the current strategic initiatives
 - b. Contains sufficient information to enable credible projection of revenues and expenses, tracking of cash flow, and disclosure of planning assumptions
 - c. Includes input from active committees and councils, and reflects iterative discussions with committees and councils when making adjustments that affect their budget requests
 - d. Prioritizes Board-stated strategic initiatives in the allocation among competing fiscal needs
 - e. Includes the Finance Council in the budgeting process and states any assumptions or view by the Finance Council needed to provide context
2. Present an annual budget to the Board in a timely manner to allow for discussion, input from the congregation as determined by the Board, revision and final Board approval before the beginning of the fiscal year to which the budget applies.

Conducting operations within budgetary requirements:

The Ministry Executive Team shall:

1. Conduct operations within the approved budget for the designated program area or function.
 - a. The Ministry Executive Team may transfer unspent and uncommitted funds from one program area to another, in order to allow consideration of changing needs and circumstances, *provided that* the program or function that would be affected by the change is consulted in advance.

- b. The Building and Grounds Committee may reallocate budgeted funds among line items within their purview.
 - c. When funds are re-allocated, there shall be approval and notification procedures to ensure that an accurate and up to date budget is maintained.
2. Keep the Finance Council apprised of the current financial condition of the church and provide them additional information on request.
3. Consider any requests for additional funding made by programs or functions.
4. Confirm that income and operational expenditures do not deviate materially from the approved budget. If they do, the Ministry Executive Team shall promptly inform the Board, so that the Board can consider any needed adjustments.
5. If the Ministry Executive Team determines that the overall budget does not contain sufficient funding for the current fiscal year (e.g. due to a deficit in pledges or other expected income, an emergency, or unforeseen new expenses crucial to the mission and goals), it will work to find areas to cut expenses and/or identify additional ways to raise funds in consultation with the Finance Council and/or other church committees. The Board will be informed and consulted throughout the process. Any material alterations to the current year's budget must be approved by the Board.
6. Assure that payroll and debts are settled in a timely manner.
7. Assure timely filings and payments of taxes and other governmental obligations.
8. Assure that the church carries appropriate insurance at all times, in categories and levels approved by the Board.

Special project accounts: Committees and working groups have need of an institutionally recognized procedure for accumulating and disbursing funds for USG projects. These accounts may span multiple budget years. It is recognized that these off-budget activities are both inevitable and desirable. Accordingly, there shall be procedures to:

1. Facilitate the development of funds for activities in the congregation.
2. Standardize the treatment and practices associated with these accounts.
3. Hold, account for, and expend those funds safely and expeditiously. The procedures shall contain appropriate controls to assure there is no misappropriation of funds.
4. Allow a comprehensive institutional overview of these financial assets, obligations and activities.
5. Separate off-budget funds being held from Operating and Endowment accounts.
6. Assure that, subject to the agreement of the account holder, completed project accounts are closed on the completion of the project and remaining funds are transferred to an appropriate account, to be determined by the Finance Council.

Investment accounts:

1. The Board shall assure that an outside investment manager is engaged to oversee the investment of the General Endowment and other components of the Consolidated Investment Fund.
2. The Finance Council, under the direction of the Board, shall monitor and evaluate the performance of the outside investment manager; report its findings to the Board; and recommend instructions to, or changes of, the investment firm as needed.
3. There shall be appropriate controls to ensure that there is no misappropriation of investment funds.

Closing the fiscal year:

1. Procedures will govern the coordination of all purchasing activities, budget and financial transactions to assure closing of the fiscal year in a timely manner.
2. The fiscal year shall be closed within 90 days of the end of the fiscal year.

Existing policies/procedures relating to handling money and financial assets:

- Closing the accounting year 2.22.11
- Endowment policies and procedures 12.17.13 (in part)
- Financial Council Policy 4.13.2014 (presumably supersedes Structure and function of the Budget and Finance Committee 7.7.11)(Proposed new Finance Council Charter pending)
- Re-allocation of funds within the budget year
- Special project accounts
- Endowment policies and procedures 12.17.13

III. The expenditure of money

1. The Ministry Executive Team shall create and regularly update an Expenditure Authority Chart that will state who is authorized to make expenditures in what amounts and subject to what approvals. The Board shall approve the Expenditure Authority Chart and any substantive updates other than changes in the identity of the account holder.
2. Authority to approve and effectuate requested expenditure of funds from Operating or Project Accounts is a function of the USG Treasurer, who is responsible for both the Operating and Project Accounts.

3. Authority to approve payments or transfers from the Investment Accounts lies with the Board. Effectuation of expenditures or transfers to/from those accounts is the function of the Assistant Treasurer for the CIF.
4. The USG Treasurer and the Assistant Treasurer for the CIF shall be appointed by the Board of Trustees. The Board shall make known the identity of the holders of those offices and shall notify the Church's banks and investment advisors as appropriate.
5. All expenditures by check of \$5,000 or more shall require two signatories, with the second being a member of the Executive Committee of the Board of Trustees (President, Vice President, Secretary) if the expenditure is from the CIF, and a member of the Ministry Executive Team if the expenditure is from an Operating or Special Project Account. There shall be procedures to assure that the second signature shall be obtained within seven days of the first signature in order to assure timely payment.
6. Major capital improvement projects at the Unitarian Society of Germantown which utilize funds other than those in the operating budget or funds from the Maintenance Reserve Fund must be reviewed and approved by the Board prior to any contracting or work, unless otherwise authorized by the Board.
7. Policies and procedures for expenditures from the Maintenance Reserve Fund will be developed and approved by the Board and the Ministry Executive Team.

Existing policies/procedures relating to the expenditure of money:

- Budget accounts and expenditure authority 7.7.11
- Capital improvement financial procedures 4.26.11
- Disbursal of funds 2.22.11
- Endowment policies and procedures 12.17.13 (in part)
- Expenditures approval policy 12.7.08

IV. Financial reporting and communications

For all financial reports described below, the complete financial status (operating accounts, special project accounts and investment accounts) shall be included.

Monthly

The Church Administrator and the Finance Council will report the status of USG's finances to the Ministry Executive Team. The Ministry Executive Team will address outstanding issues and report them to the Board as appropriate.

Quarterly

The Ministry Executive Team and the Finance Council will prepare a report each quarter which summarizes the status of USG's operating budget, special project accounts, balance sheets, and investment accounts. The report will highlight any issues the Board needs to address.

The Board will share the Quarterly Finance Report with the congregation via the website and by posting it in the church office.

Annually

The Finance Council, working with the Ministry Executive Team, the bookkeeper and the Church Administrator, will be responsible for closing the books at year end no later than 90 days after the end of the fiscal year. The final year-end reports will be distributed to the Board and the Congregation. The Board will present detailed financial information to the congregation at the annual meeting.