

**IUCC Winter Congregational Meeting Minutes
February 9, 2020**

1. Moderator Renae Boyum called the meeting to order at 12:23 p.m.
2. Administrative Pastor Steve Swope confirmed that enough congregants were present to establish a quorum.
3. Renae introduced Don Bjorklund as the Parliamentarian.
4. The opening prayer was led by Pastor David Pattee.
5. Approval of Agenda. No additions or changes to the agenda were requested.

MOTION: To approve Agenda. Moved by Susie Lang, seconded by Wayne Banwell. Motion carried.

6. The 2019 Spring Congregational Meeting Minutes were approved as presented.
7. State of the Church verbal and written reports were submitted by Interim Pastor David Pattee.
8. Reports:

Update on Pastoral Search: Keith Boyum submitted written and verbal reports regarding pastoral transition updates.

Diversity and Inclusion Task Force: Felicity Figueroa and Lesli Mitchell (co-chairs) submitted written and verbal reports regarding current progress and upcoming events.

9. Treasurers Report: Treasurer David Caruthers discussed the IUCC Financial Overview of 2019 Actual Results and the 2020 proposed budget.

**Treasurer's Report For Winter Congregational Meeting
Results for Year Ended December 31, 2019**

SUMMARY NET INCOME (LOSS) FOR YEAR 2019 (k = \$ thousands)

	IUCCGF	ECC	CIF	PEF	Elim ENTRIES	TOTAL	EX CIF
Operations Revenues \$	531.0	687.8	79.7	0.3	(61.2)	1,237.5	1,219.0
Expenses	<u>659.2</u>	<u>613.6</u>	<u>73.4</u>	<u>0.0</u>	(61.2)	<u>1,283.0</u>	<u>1,272.8</u>
Net Inc (Loss)	(128.2)	74.2	6.3	0.3		(47.5)	(53.8)

Overview of 2019 Results

Key points from 2019 results are as follows:

1. Overall Net Income (Loss) ex- CIF (i.e., change in net assets) was (\$53.8)k vs. a positive net income in 2018 of \$52.6k, a decrease of (\$106.4)k year-over-year from 2018 to 2019.
2. The CIF had revenue of \$79.7k for 2019 and netted against depreciation of \$77.4k left a change in net assets of \$6.3k for the year. Actual interest on the debt from Cornerstone was moved to the General fund in 2019 of \$40.5k. Revenue of \$79.7k beat budgeted revenue of \$34.8k. Although we are half a year past the end of the three year building project, we anticipate some catch-up contributions still to come in 2020.

3. Contributing items to the larger loss in the General fund included the following:
 - a. Additional disability claims costs from our former Senior Pastor that ran an additional (6) six months after his formal short-term disability due to our employment agreement obligations which totaled about \$16.7k; overlapping salary for a short-time period of approx. \$4k; and our "love" gifts/going-away party costs for the Senior Pastor. Some of these items were partially budgeted but the final total costs exceeded the incremental amounts budgeted.
 - b. Relocation expense of approx. \$10k for the new interim senior Pastor.
4. Capital expense items such as the following for both the General Fund and the ECC totaled \$75.3k (excludes CIF spending) vs. a budgeted figure of \$50.7k, so we over-spent by about \$25k:
 - a. We spent \$39.4k in the first four months of the year, primarily on repairs to the sanctuary roof and the Plumer Hall roof due to water damage over a prolonged period of time.
 - b. Work done to fix termite damage on the Atwood building and to remove the wooden posts that extended out the front of the building which were in very poor shape due to termite and other weather damage over the building's long life.

*Please remember that the life of the Atwood building has **far** exceeded the original estimated life that we anticipated many years ago so it has also required additional work on it to keep it functioning properly.*
- c. Bathrooms in Atwood were retrofitted recently to add (3) net new toilets to allow the ECC to apply to increase our number of kids. We are still in the process of getting the formal approval, but are confident we will get the increase. The bathroom cost was approx. \$27k. For the A-board this was a simple decision as more toilets increases our ability to get kids in and out of the bathrooms quicker plus it will allow us to generate incremental revenue. Average revenue right now per student is in the \$900 range +/- per month. So the payback on this investment is relatively short.
5. **General Fund.** Total Income for the General Fund at \$531k was (\$6.5)k poorer than budget of \$537.5k primarily due to pledged/non-pledged contributions about (2%) lower but offset to the upside by off-budget (prior year late giving and other items of \$5.2k. Also: Lower contributions for Family Promise and other fund raisers also left us (\$2.7)k short.

The principal areas of spending over budget in 2019, are

- Buildings & Grounds Expense \$21.2k over,
 - Compensation over by \$7.8k,
 - Music Dept. was over-budget by a net of (\$1.0)k primarily due to over-runs in choral intern hours and substitute costs.
6. **ECC.** The ECC had net income of \$74.2k vs. a budgeted figure of \$56.9k and a LY figure of \$101.5k While 2019 income was about \$70k better than in 2018, labor was (\$88.1)k poorer as the average labor rate increased significantly as we were forced to increase our labor rates to keep employees and move their rates toward the \$15 minimum standard that we will need to attain in CA, probably in 2021. The labor rate increased from 64.9% in 2018 to 71.1% in 2019, as labor rates deteriorated by (6.3%). We are shooting for a labor rate that is more in line with 2018 at 64.5% in 2020.
 7. **Capital Improvement Fund**
Of particular note, and thanks to the dedication of IUCC's members and adherents, we paid down the principal on the Cornerstone Loan from \$1.117mm to \$650k. This was the amount in the 2019 budget and we were able to pay it down to this level a few months earlier than expected. As noted, we have still been receiving contributions beyond the July 2019 official end of the Capital Campaign. Once all cost commitments are completed, all additional funds will go to paying the loan's principal and interest. As of year end 2019, the loan has been paid down to \$631.1k versus a budgeted figure of \$644.8k, a positive variance of \$13.7k

8. **Balance Sheet and Cash Reserves**

The Church's balance sheet remains strong, with \$556.7k in assets as at December 31, 2019, with a net worth of \$279.6k Cash assets total \$176.4k.

The ECC's balance sheet is also in a strong position at year end, with assets of \$518.2k. This is an increase of \$81.3k from the beginning of the year. Cash assets are \$173.7k at year end.

The CIF shows a balance of assets of \$2,189.9k at year end 2019, including \$18.5k in cash.

As we move into 2020, it is anticipated that we will transfer the net assets of the CIF into the church's GF, to simplify accounting and future financial presentations to the congregation. The CIF will remain open to receive late donations for the Campaign, and subsequently remain open but dormant until/if we have another major special need to reactivate it in future.

9. **Summation**

I believe the Church and its Childcare center (the ECC) is in a good position financially as we move into the second decade of this new century. We have challenges and opportunities ahead that we are well able to meet.

I wish to recognize the substantial support and help I have had from former Treasurer Mark Allen since I started as Treasurer in July, and our ever-patient, capable and hard working Bookkeeper Heidi Wilcox. I have also had excellent help and support from our multi-tasking and capable Administrative Pastor Steve Swope. Thank you all! None of what is presented here would have been possible without their support during this year of transitions.

Attachments

Attached are the following 2019 financial statements:

- IUCC General Fund
 - a. Income Statement December 31, 2019 month and year, compared to budget (6 pages)
 - b. Balance Sheet December 31, 2019 (1 page)
- IUCC Early Childhood Center
 - a. Income Statement December 31, 2019 month and year, compared to budget (1 page)
 - b. Balance Sheet December 31, 2019(1 page)
- IUCC Capital Improvement Fund
 - a. Income Statement, year December 31, 2019 (1 page)
 - b. Balance Sheet December 31, 2019 (1 page)

Respectfully submitted,
David Carruthers
Treasurer, 2019-2020

Questions from the congregation:

Steve Goetz asked when will it be possible to retire the Cornerstone debt? Mark Allen said that is not known at this time, but gave some options in answer to the question.

10. Approval of the 2020 Budget

MOTION: To approve the 2019 Budget as presented. Moved by Daniel Blackburn, seconded by Dale Lang. A vote of the congregation was taken: No abstentions or no votes. Motion carried unanimously.

11. Old Business

Resolution on Climate Change: Dave Smith summarized history of the making of the resolution and its key contents.

MOTION: that Irvine United Congregational Church does sign onto the We Are Still In Declaration as described in the 2020 IUCC Winter Congregational Report. Moved by Dave Smith and seconded by Wayne Banwell. Motion carried.

12. New Business

Revisions to IUCC ByLaws. Diane Rust reported the request made to the Bylaws, Policies and Procedures Committee to change the name of the Ministry for Young People to the Ministry With Young People.

MOTION: To approve the name change of the Ministry for Young People to the Ministry With Young People. Moved by Diane Rust and seconded by Felicity Figueroa. Motion carried unanimously.

13. Adjournment

MOTION TO ADJOURN: Moved by Dave Smith, seconded by Susie Feick. Motion carried. The meeting was adjourned at 105: p.m.

14. The closing prayer was led by Interim Pastor David Pattee.

Respectfully submitted,

Laura Palen

Clerk of the Administration Board