Irvine United Congregational Church
Administration Board Meeting Minutes
November 16, 2020 via Zoom

Attendance:

Administration Board:
Church Officers: Daniel Blackburn, Tricia Aynes, Mark Allen, and Laura Palen
Congregational Representatives: Penny Portillo, Dorothy Duncan, and Jonard Ingal

Committee/Task Force Chairs: Keith Boyum, Renae Boyum, and Anne Rosse

Staff: Administrative Pastor Steve Swope and Pastor Sarah Halverson-Cano

Visitors: Jenna McCarty and Matt Mirmak

1. Call to Order: The meeting was called to order at 7:01 p.m. by Chair Daniel Blackburn.

2. Opening Prayer: The opening prayer was led by Pastor Sarah Halverson-Cano.

3. Approval of September 21 Meeting Minutes: Passed as described and submitted to Board Chairperson.

4. Diversity & Inclusion: Jenna McCarty and Matt Mirmak attended to present their request to approve the addition of Diversity and Inclusion as an IUCC Ministry. Jenna shared that the Ministries Board has approved this request.

MOTION: To approve the addition of Diversity and Inclusion as an Irvine United Congregational Church Ministry. Moved by Tricia Aynes and seconded by Penny Portillo. No discussion was requested. Motion carried unanimously.

5. Treasurer’s Report: Mark Allen submitted verbal written report for the five months ending October 31, 2020. Key points included:

Key Points:
1. In total IUCC, we lost ($50) thous in cash in Sept. 2020 on top of a ($49) thous. loss in Aug. or about ($100) thous. in the last 2 months in total. Cash and investments dropped from $324 thous. to $274 thous. in Sept and from $373 to $324 thous. in the prior month. (See also table 1 below on page 2 and table 3(page5))

   a. Note that ($13) thous. of the general fund Sept. negative cash flow is reduction due to prepaids which is normal this time of year for the general fund (See Endnote #1 for explanation, page 15), so the excess cash loss is closer to ($37) thous., which is primarily driven by ECC losses and small use of CIF cash used to pay Cornerstone.

   b. Overall the general fund is doing better than LY/Budget and is not a cash flow problem per se. However, any un-needed spending even in the general fund needs to be evaluated in light of overall cash and investment reserves and our anticipated cash burn rate going forward.
2. Cash loss since June 1st till Sept 30th is ($168) thous. Note: $96 thous. of PPP funds were received on or about May 6th so not included in the $168k figure above.

3. Total loss in cash for the year is ($121) thous. which is ($216) thous. total cash loss less $96 thous. in PPP funds. (See table 3, page 5) Total Cash loss is ($131)k from ECC offset by $11.3k+ in cash from general fund and CIF.


5. Total IUCC loss for Sept was ($35.4) thous. vs. ($37.6) thous in the prior month and YTD loss is ($251) thous. These amounts don’t include the PPP forgiveness as still waiting for PacWest to do application for forgiveness.

6. General Fund shows contributions at $313 thous. are 7.4% above budget YTD Sept and 4% above LY; total revenue YTD at $376 thous are 5.6% above budget and 4% above LY. Expenses are running 5% below budget and cash expenses (ex depreciation) are running below LY.

7. This is 5th month in a row that the ECC has lost at least ($20) thous. The cash loss is about ($20) thous. as well but the adjusted figure taking into account all aspects is closer to ($29) thous. partially due to 2nd half of March revenue refunds and tuition deposit refunds due to fewer kids.

8. The PPP program continues to be up in the air. We have been waiting since July and have had no real movement that suggests the government will do more for operations such as ours.

Notes: (a) when I use the word “Total” I am always referring to the Church (general fund) + ECC and CIF/PEF. Everything else is either general fund or ECC specific; (b) I am not going to do many budget comparisons or LY comparisons except for the general fund as they are basically meaningless at this...

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\text{ECC Cash}
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Similarly, we need to focus on cash for the ECC. In table 6, page 7, the Sept ECC loss is ($20) thous. the depreciation adj is +$2.0 thous as it is non-cash expenditure. Meaning net income adj. for depreciation is $18 thous. (EBITDA for those who are familiar with this term is $18 thous)

We have a COVID-19 adjust for March 2020 revenue of ($7.5) thous. As a reminder we choose to refund the 2nd half of March tuition over the time frame from July to Dec 2020 that we were closed for operations, so we have revenue for these kids in Sept on an accrual basis but no cash (very much like a prepaid that I already explained.) We already got the cash in March 2020. We are also experiencing problems due to having a lower # of kids. We normally hold between $25 - $30k in tuition deposits but since our numbers are so far down we have been forced to issue tuition refunds to kids not coming back who aged out, but we don’t have new deposits from the normal kids we would add in the fall as new students. So we issued funds in excess of new deposits. This refund amount is about ($7.8) thous. These amounts are offset by new deferred tuition for prepayments in tuition of $3.8 thous.

So net negative cash flow for Sept is ($29) thous. with these adjustments. Once we pass year-end we will have used all the COVID-19 adjustment which is now $15k and if numbers start to increase we will have a lower refund of tuition deposits or possibly an increase, but its hard to tell how much. For the time period thru year-end we will be looking at losses in the ($25+) thous level as refunds will slow down. Taking this into January we will still be looking at an approx. ($19-22) thous. cash loss per month if revenue and staffing remain at current levels.
Total IUCC - Church + ECC

In Total IUCC, during Sept. we lost ($35.4) thous. versus ($37.6) thous. in the prior month (Aug). For net income adj for depreciation (EBITDA) the loss was ($22.8) thous. versus ($25) thous. in the prior month. (See table 2, page 4 and table 7, page 8) For YTD Sept., we have a loss of ($250.6) thous. versus ($215.4) thous. in the prior period. Net loss adj. for depreciation YTD Sept was ($116.1) thous. versus ($93.3) thous. in the prior month YTD Aug. (See table 8, page 9)

Keep in mind that we did receive the $96 thous. in PPP funds from PacWest in May and that this figure is in all our cash amounts that I am reporting, but is not in the income statement as we have not yet been able to apply for forgiveness of the debt with PacWest so net income and net income adj. for depreciation have to be increased by the $96 thous. to make the most accurate comparison. However right now cash is probably a more important key figure to be focused on rather than income per se.

Total IUCC revenue for Sept was $63.9 thous. which is down (40%) vs. LY and down ($6.3) thous. vs. the prior month. (See table 2, page 4) For Sept vs. Aug., an extra $5k of ECC revenue from a 2 extra kids and also one-time COVID-19 events was offset by ($13) thous. less in contributions in the general fund. Overall expenses dropped $8.5 thous from $107.8 thous. to $99.6 thous., primarily as a result of lower building and grounds expenses in the prior month related to the water leaking issue.

6. Bylaws, Policies, and Procedures: Anne Rosses submitted written and verbal reports. Key points included:

BYLAWS:
- Potential Amendments
- Proposed Amendments
- Recent Amendments (approved in 2020)

POLICY AND PROCEDURES:
- Pending
- Changes in 2020

7. Fund Development/Stewardship Report: Written and verbal reports were submitted by Renae Boyum. Key points include:

- As of November 16, we have pledges from 89 household totaling almost $351,000.
- Stewardship moments were given by members of the FDC on November 1, 8, and 15.
- As part of the theme, New Dimensions, various ministries of the church were highlighted: the Child Care Center, the Music Ministry, the Ministry for Young People and the various social justice programs of IUCC.
- There are still 30 households who pledged in 2020 who have not yet pledged for 2021. The FDC will be contacting each of those households.
- In addition, the FDC will reach out to members/friends of IUCC who pledged in the past but not in 2020 AND members/friends who have not pledged.
- We will be contacting those who have not pledged by "snail" mail, phone calls, and emails. We will be professionally persistent and respectfully relentless.

8. Child Care Committee Report: Written and verbal reports were submitted by Keith Boyum. Key points include:

- Enrollments and Advertising for Enrollments.
• Computer Purchase.
• Refund Request.
• Previous licensing requirements and constraints to enrollment due to the pandemic

**MOTION:** To approve refunding $863.00 to a parent who is moving from Irvine, comprising half of the March tuition plus the tuition deposit. Moved by Penny Portillo and seconded by Jon Ingal. Motion carried.

9. **Administrative Pastor’s Report:** Written and verbal reports were submitted by Pastor Steve Swope. Key points included:
   - Completed Projects
   - Ongoing Projects
   - Future Projects
   - South Coast Water District Project
   - AC/Heat Maintenance Contract
   - Worship

**MOTION:** To accept bid from Basic Air for AC/Heat Maintenance. Moved by Dorothy Duncan and seconded by Tricia Aynes. Motion carried.

10. **Building & Grounds Report:** No report was submitted.

11. **Moderator’s Report:** Written and verbal reports were submitted by Tricia Aynes. Key points included:
   - Calling a Special Congregational Meeting to vote on a loan.
   - End of Year (Christmas) Appeal Letter
   - Committee Activities

12. **Pastor’s Report:** Written and verbal reports submitted by Pastor Sarah Halverson-Cano. Key points included:
   - Working with Stewardship Committee.
   - Working with Child Care Director and Child Care Committee.
   - Working with our moderator, treasurer and others to focus on our childcare center’s loss in calculated strategic ways.
   - Pastor’s report to the Ministries Board Included
   - Proposal for Christmas Eve

14. **Old Business:** None

15. **New Business:**

(A) Record IUCC eVote

Per email from Daniel Blackburn 10/27/20:

“Dear Admin Board,

After our weighty conversation last week, Irma and I have had several meetings, which included both Keith and Steve (at different times) where we’ve gone over numbers and talked frankly about ways to cut down
to the bone. Keith has shared this with the Childcare Committee, and while it does not please me to do this, I do have a recommendation which I’d like to put forward to you immediately as there is a time sensitivity.

With a heavy heart I recommend that we lay off [name withheld for privacy] who at this time does the daily cleaning. When Steve, Irma and I sat down together we figured out a schedule that would ensure we keep the same high cleaning standards, by appropriately scheduling breaks throughout the day, to ensure that we have all of our teacher-student ratios, break employees appropriately, and clean multiple times a day.

I spoke with Dale Vaughn our HR expert in regards to her recommendation in regards to furlough or layoff due to some potential technicalities that may pertain to her ability to get aid and our ability to bring her back. Unfortunately, we have no idea when she might return, but we do know it will be after the Covid restrictions have been lifted and we foresee that being some time. Therefore, all things considered, a furlough was not her recommendation, although there would be no reason why we wouldn’t want her back when we return to full capacity.

I would ask that since we have already paid our check for her health insurance we cover it through November as a courtesy to her.

By laying her off we will save approximately $3000 a month (based on September’s numbers: $2594 in salary and $425 in health insurance).

This would cut our employee costs down to about $34,000 a month.

Based on Mark’s estimate that we get about $1100 a month, at capacity we’d bring in $38500 which would at least cover the cost of our employees and with November’s numbers at 30 ($33000)- we’ll be very close to break-even of employee costs. Granted we have other costs to consider which in September totaled $8400 ($600 of that was training we won’t have again for 2 years). We are applying for a grant through the county of Orange, and are hopeful that this may bring in some of these sorely needed funds. While these will make a difference, it is obvious we are going to need to take either the EIDL from the SBA or amend our note from Cornerstone to bridge the gap, but this decision will demonstrate we are working on addressing the wound.

Based on all of our conversation, unfortunately, I’m going to have to ask you to vote on this by tomorrow at 3pm because Heidi will not be here on Thursday and we need her to cut a check to be ready to deliver with the bad news on Friday. (It will be best for her and us if we do this at the end of the month). While this pains me, I feel that we have done everything possible to ensure that we can still provide top care and cut any excess costs.

Thank you,
Pastor Sarah”

Voting quorum was attained. **Motion passed per email 10/28/20 from Administration Board Chairperson.**

(B) **Moderator Report Item:** Calling a Special Congregational Meeting to vote on a loan.

**MOTION:** To call a Special Congregational Meeting for Sunday, Dec. 13, 2020, via Zoom, to approve additional borrowing and use of reserves. An information forum will be held the preceding Sunday, December 6, 2020 with materials to be sent out to the congregation by December 3. Moved by Tricia Aynes and seconded by Mark Allen. Motion carried. Tricia and Mark will work out the exact wording of the two motions.

16. **Executive Session:** The Administration Board entered into Executive Session at 8:45 pm.

17. **Return to Regular Session:** The Administration Board returned to regular session at 9:10 pm.

There was extensive discussion about a proposed in-person Advent Workshop as described in the proposal submitted by MYP and with stipulations as specified for the Purple Tier of CA covid-19 regulations. An informal vote resulted in a 5–1 vote against having the in-person workshop. The MYP will do a drive-thru option instead.
MOTION: To approve plans as submitted in proposal to Administration Board for Christmas Eve 2020 in person services at IUCC with the following modifications: no in person choir; The choir director and choir interns may be present in person. Moved by Penny Portillo and seconded by Tricia Aynes. Motion carried 4-3. Dissenting votes cast by Daniel Blackburn, Mark Allen, and Laura Palen.

It was agreed by consensus that Tricia Aynes, Pastor Sarah, Daniel Blackburn, and Felicity Figueroa (the members of the Coordinating Council) would meet the week before Christmas Eve to decide if the in-person services should proceed based on health guidelines in place at the time.

18. Adjournment/Closing Prayer (Steve Swope): The meeting was adjourned at p.m. per motion by Mark Allen and seconded by Jon Ingal. Motion carried.

The next Administration Board meeting will be Monday, December 21, 2020 at 7 pm.

Respectfully Submitted,

Laura Palen, Clerk of the Administration Board