

St. Mary of the Hills
Vestry Meeting Minutes
August 16, 2022

Vestry Members Present (In person): Tim Silver (Senior Warden), Roy McCraw, Patty Patella, Leslie Billingsley, Marjory Holder, Doug Galke
(Via Zoom): Lisa Kaufmann, Faith Jones, Buddy Fore

Vestry Absent: Chip Monroe, Joe Doswell, Bob Finney (Junior Warden)

Others Present: Fr. Andrew Hege (Rector), Elizabeth Sudderth (Clerk), Amanda White (Treasurer), Fr Sam Tallman (Priest Associate)

Fr. Andrew called the meeting to order at 5:35pm.

Fr. Andrew requested acceptance of the meeting agenda.
Roy McCraw made a motion with a second from Marjory Holder to accept the meeting agenda.
The Vestry approved the motion.

Fr. Andrew requested approval of the July meeting minutes.
Marjory Holder made a motion to approve the minutes as presented.
Leslie Billingsley seconded the motion.
The Vestry approved the motion.

Fr. Andrew led a devotion to open the meeting.
He noted the passing yesterday at age 96 of Frederick Buechner, Presbyterian minister and noted theologian and author. Fr. Andrew admired Buechner as a great writer and spiritual companion. He shared two readings from his works and offered a prayer for Buechner and all who have died.

Amanda White shared a report on the 2021 audit by Jim Runyon.
Mr. Runyon submitted detailed questionnaires he completed and the report resulting from his review of the parish accounts, books, and financial records.
Summarized below are the specific areas he focused on:

 Actions Taken/Planned Re: 2020 Audit Report (and Prior Audits)
 Temporary Holding Account was zeroed out at the end of 2021
 Sales Taxes are now properly accounted for; instead of being reported as income/expense, a Sales Tax Receivable account is now active
 Deposit slips are now attached to related receipt summaries
 Accounting for payroll related liabilities was properly done in 2021 following years of improper balances

The N.C. Dept. of Revenue refunded a prior year overpayment of state taxes withheld of \$746

The Vendor Master File has improved to remove duplicate vendors and include full corporate names

Accounts payable invoices are now being stamped as "Paid" to avoid duplicate payments; improvement noted in 2021

Restricted accounts with no activity are in the process of being reviewed by the Finance committee; adjustments to the books will be made in 2022

Backup receipts for credit card charges have greatly improved
Backups for expenses related to mileage and business meals have greatly improved (business purpose, names attending)

Parishioner gifts via Foundations are now being noted on Parishioner Statements as non-deductible per the Finance Secretary

Journal entries are now being independently approved; however, documentation and explanations still need to be improved

Payments from parishioners related to weddings, funerals, and memorial garden reservations are now not included as tax deductible gifts

W-9 forms for contractors are now kept in a file in a locked file cabinet; 1099's are now done accurately (although one 1099 in 2021 was understated by \$500)

Employee files have been much improved; important for clear responsibility to be assigned for keeping them current

Other than Sunday collections, checks that come into the church through the mail or drop-off are now being received and endorsed by the Parish Administrator

There was an improvement noted in tying online giving receipts to bank statement credits

The bank account reconciliation for the First Citizens General Operating checking account was reconciled at 12/31/21 but only after a journal entry was

made to increase cash on the books for \$6,567.98 to force the reconciliation (book cash was lower than the bank cash)

Actions Not Taken Re: 2020 Audit Report (and Prior Audits)

A capitalization policy has not been developed for St. Mary, although several long-life capital items were added to Fixed Assets on the Statement of Financial Position

Re: Journal entries: explanations for the purpose of the journal entry and, for some cases, documentation to back them up needs considerable improvement

(In process by Bob Finney, Junior Warden): New vendors added to master file are still not independently approved

Reconciliations of Receipts/Deposits to Financial Reports and Parishioner Statements are still not being performed; auditor was still unable to

completely reconcile these categories during the audit
Reconciliations between the Paid Invoices Report and the Check Register Report are still not being made on a regular basis

Account 2900-00 Fund Principal was again used as a pass-through account and was difficult to reconcile; no manual journal entries should normally be made to this account

Internal Financial Controls

A checklist document related to Internal Financial Controls at the parish was prepared in accordance with Chapter 2 of the Manual, and this document is included as part of the Audit Report.

Cash Movements and Potential Tax Issues and Compliance: There were no concerning issues identified in either of these areas.

Key Findings:

- 1) Prepaid pledges at 12/31/2021 were understated by \$42,240.89 with offsetting overstatements of 2021 Pledge Revenue of \$15,000 and \$27,240.89 of Fund Principal at 12/31/2021.
Recommendation: Care should be taken to properly state prepaid pledges at the end of each year. Proforma adjustments have been made on audit detailed reports to correct these errors.
- 2) No provision was made to the Rector's sabbatical reserve, even though \$3,500 was budgeted; this is required as part of the Rector's contractual agreement.
Recommendation: Care should be taken to make this provision annually; proforma adjustments have been made on audit detailed reports.
- 3) At the end of 2021, there was a debit balance of \$875 in account 2929-01 Fund Principal-Tour of Homes (TOH). This fund account does not capture the change in net assets (net income) of the TOH.
Recommendation: A proforma adjustment was made to adjust this account to agree with the only asset for TOH (acct 1002-01) TOH checking (cash); further analysis of how acct 2929-01 is utilized with ACS is needed in 2022.

Mr. Runyon has agreed to do the 2022 audit if the parish desires.

Fr. Andrew will send a copy of the audit report to the Diocese tomorrow, prior to the deadline of 9/1/2022.

Amanda shared the Financial Report.

62% of pledges have been collected YTD. The parish currently has a YTD surplus of \$15,821.

Roy McCraw commented that the Sustaining Grace Celebration will be held on September 13 in the Parish Hall. Invitations to all those who have committed to supporting the parish through this program, the Sustaining Grace committee, and the Vestry will go out in the coming days.

Leslie Billingsley made a motion with a second from Tim Silver to approve the Financial Report.

The Vestry approved the motion.

Fr. Andrew noted that a Corporate Resolution stating who has access to the parish safe deposit box needs to be completed. Currently, Fr. Andrew, and the two wardens as well as Parish Administrator Greta Wilson have this access.

Marjory Holder made a motion with a second from Doug Galke to approve a Corporate Resolution documenting these individuals have access to the safe deposit box.

The Vestry approved the motion.

Doug Galke shared the Tour of Homes Financial Report.

Doug submitted a detailed report of all expenses and earnings for both the Evening of Celebration as well as the Tour of Homes itself.

Doug noted that parishioners Cindy and Cobb Milner donated goods and services totaling \$7,800 to help offset costs for the Evening of Celebration. This very generous donation is much appreciated. A total of 147 guests attended the event. After other expenses, the net proceeds from that event were \$36,733.91.

A total of 1,302 Tour tickets were sold; 666 of those were sold online. A total of 280 lunches were sold on the day of the tour. After expenses, the net proceeds from the Tour of Homes were \$48,885.59. Net total proceeds for both events were \$85,619.50.

Doug Galke made a motion with a second from Marjory Holder to donate \$84,500 in Tour of Homes proceeds to local charities through a grant approval process. Susie Greene and Mary Ellen Raulerson, co-chairs of the 2022 Tour, are to be commended and warmly thanked for their tireless efforts in leading many volunteers to such a successful outcome.

The Vestry approved the motion.

Doug noted that a meeting is being held tomorrow to decide on the approval of the grants and the distribution of these funds.

Doug also shared a report on the effort to streamline the Restricted Accounts.

Doug noted the number of Restricted Accounts has been reduced from 64 in February 2021 to 33 as of July 2022. The Finance committee has worked diligently to review the history and purpose of all the Restricted Accounts and recommends going forward that an annual review by that committee be done of all Restricted Accounts not used for 3 years.

Doug made a motion to:

- 1) Adopt the following Restricted Accounts Addendum to the Financial Manual
- 2) Eliminate the accounts recommended by the Finance Committee and transfer funds as indicated on the Addendum table (detailed table reviewed by Vestry at this meeting)

Addendum: Restricted Accounts Addendum to St. Mary of the Hills Financial Manual- Adopted by Vestry Action 8/16/2022

Restricted accounts are created to meet designated needs of the parish. Funding of these accounts comes from transfers from operating or endowment funds or from designated

gifts to the parish. Only the Vestry can approve the creation of a restricted account. All transfers and gifts into restricted accounts are approved by the Vestry as are all disbursements.

Restricted accounts are reviewed at monthly Vestry meetings. Accounts can be eliminated by the Vestry when they are no longer needed. The Vestry should carefully consider accounts with zero balances and those for which there has been no activity for the past three years. It is the responsibility of the Financial Secretary to ensure that the table of accounts (listed in detail for Vestry review) is reviewed and modified as needed annually and to inform Vestry of any accounts that may no longer be needed.

If funds remain in an account to be eliminated, they are transferred to an appropriate restricted, operating, or endowment account at the discretion of the Vestry.

Leslie Billingsley seconded the motion.

The Vestry approved the motion.

Fr. Andrew expressed his thanks to the Finance Committee for their work on this project, especially Doug Galke and Amanda White.

Fr. Andrew shared a report on the Vestry Nominating Committee.

After a detailed, thoughtful discernment process the names which will be presented at the Annual Meeting for consideration as Vestry members are (year-round) Mike Austell, Michelle Curry, and Sue Sweeting and (seasonal) Burt Mulford.

Fr. Andrew noted there will be a Zoom link available at the Annual Meeting.

Fr. Andrew shared news on the 2022 Diocesan Convention to be held on November 11 and 12. Bishop Michael Curry will be in attendance.

Fr. Andrew noted that the revision of the Constitution and Canons which did not pass at last year's convention will most likely be brought up again this year. Fr. Andrew recommends that Patty Patella and Tim Silver be our delegates to the Convention and asked for volunteers for 2 alternate delegates. Lisa Kaufmann and Marjory Holder volunteered to be alternates.

Leslie Billingsley made a motion with a second from Lisa Kaufmann to approve Patty Patella and Tim Silver as 2022 Diocesan Convention delegates and Lisa Kaufmann and Marjory Holder as alternate delegates.

The Vestry approved the motion.

Fr. Andrew led a conversation about the project to determine the need for a sound system in the Nave.

Fr. Andrew has heard feedback from a good number of folks in the parish. While he has heard from those who are passionate on the need or lack thereof for a sound system, he believes there is a "great middle" who lean one way or the other but are not super passionate on the issue. What he has heard is that there is a sense of wariness on the

part of most folks to take on multiple \$100,000+ projects at the same time, as the play space project is already in progress.

Tim Silver noted one sticking point he has heard from parishioners is the idea of all funds to finance the sound system coming out of the capital fund rather than including a fund-raising component such as helped finance the play space. The fact that one half of the cost of the play space was required to be fund raised is seen by Tim to be a potentially divisive issue. Also, Tim noted that we may have gotten used to the acoustics in the church when there were small numbers of people in the pews.

Fr. Andrew shared he feels that more clarity is needed on our projected capital needs in the upcoming few years to help determine which capital project we want to and can move forward on. He also believes more education is needed for the congregation as to why the sound system would be a good thing.

Bob Finney's report as Junior Warden was shared prior to the meeting with the Vestry as he was not at the meeting.

It was reported at the meeting that the ramp leading from the driveway to the building has been repaired since Bob prepared his report.

Play Space Update: The Blowing Rock city planning board wants a detail site map showing the location of the additions (play space, storage room). Jim West and Bob took measurements recently so that Jim could use his CAD program to produce the drawings to support the permit process. Bob planned to submit the drawings to the Planning Commission yesterday. The removal of the old shed should begin shortly. The grading of the ground should begin in September to support equipment installation in October. The dishwasher has been replaced.

Bob expressed his thanks to Doug Galke, Joe Doswell, and Marshall Culp for helping remove several old fence posts and diseased/dying trees on the east side of the building. Bob expressed special thanks to Michelle Curry for her work on creating a video record/inventory of the contents of the church. This meets the suggestion of the insurance rep made in May. Digital copies are stored on the church computer which is backed up to the cloud. A copy also exists on a thumb drive that has been placed in the church's safe deposit box. Bob also has a copy which he will keep in his home safe.

Bob sent a Request for Proposal (RFP) to six companies soliciting lawn service. Four companies looked at our property. Bob has received one proposal from Mountaineer Maintenance. Another company has said they would send a proposal, but Bob has not received it yet.

Bob has asked for feedback from the grounds committee and the building committee to start building a budget proposal for building and grounds in 2023. He expects to have all required numbers by early September. One area of concern is the large flower bed in front of the Main Street door. Bob thinks a landscape designer's services are necessary to improve the looks of this area. This would be requested in the 2023 budget.

Crisis Management Plan: The rep from the church's insurance company strongly recommended that we have a "Crisis Management Plan" to address among other things a plan for continuation of services and church business/administration in the event the building is damaged or lost. Bob has started on that project. He met with the director of

BRAHM on August 11 to discuss the possible use of their facility for services. He has also spoken to the principal of Blowing Rock Elementary School about using their facility. He expects to have a rough draft ready for the October Vestry meeting.

Reserve Study: A reserve study is a long-term capital budget planning tool which identifies the current status of the reserve fund and a stable, equitable funding plan to offset ongoing deterioration resulting in sufficient funds when anticipated major common area expenditures occur. The reserve study consists of two parts: the physical analysis and the financial analysis. This document is often prepared by an outside independent consultant. Reserve studies are common for HOAs/COAs. Reserve studies are not limited only to condominiums and can be created for other properties including worship facilities, office parks, private schools, etc. Reserve studies are designed to be planning tools for an organization or business to anticipate and prepare for major repair or replacement projects. Such projects could include replacement of the roof or the HVAC units, retrofitting of fire alarms, resurfacing of parking lots or driveways, etc. Three results from a reserve study are:

- 1) A listing of the major components of the property to be funded from reserves, their expected useful life, remaining useful life, and current replacement cost (yielding the “scope and schedule” of the reserve projects)
- 2) An evaluation of the current strength of the reserve fund (commonly expressed as “percent funded”). (Bob gave a detailed explanation in his report as to why this does not give accurate estimates).
- 3) A recommended multi-year reserve funding plan.

Bob has discussed this with the Diocesan CFO and she agrees that all churches should have a reserve study. At this time no church in the Diocese has one and she has no knowledge of a company that has been used to conduct such a study. She shared some thoughts with Bob on conducting a self-produced reserve study which he will explore in the upcoming months.

The elevator annual service contract cost has been reduced from \$118.16 per month to \$55.00 per month starting in August 2022. He checked on reducing the cost of the HVAC service contract, but there is no savings to be had in this contract.

Policy for accepting gifts to the church: Fr. Andrew asked for a policy to govern gifts to the church such as artwork, sculptures, etc. Joe Doswell has been working with a group of parishioners to develop this policy/procedure. Bob recommends that the Wardens select committee members to manage these gifts. Bob submitted a proposed policy in his report but in the interest of time it will be addressed at a future meeting.

Tim Silver shared the written Senior Warden’s report prior to the meeting.

Tim reflected in his report on his recent two-week trip to Yellowstone National Park and the ways in which it reminded him of all the beauty and wonder of nature (and the beauty and wonder of fishing). Tim was reminded also of the restorative power of nature and God’s creation.

Tim expressed his thanks to all who made the Tour of Homes a great success, particularly the co-chairs, Susie Greene and Mary Ellen Raulerson. It showed such a great commitment to outreach and concern for the community.

Tim asked that everyone give careful thought to all the projects Bob mentioned in his Junior Warden's report. We have work to do and projects to plan.

Tim is very interested and supportive of the idea of the reserve study proposal. He believes this is a great way to begin to think about and prioritize projects well in advance so that we have resources available when we need them. It fits nicely with our recent efforts in planned giving and our intention to grow the capital fund.

Fr. Andrew shared his written Rector's report prior to the meeting.

Christian Formation: Intergenerational Godly Play continues to be offered each Sunday morning at 9:00 in the St. Luke room, upstairs. Join us!

The Rector's Forum returns in early September.

A study of the Book of Revelation is underway, using the book "Faithful and True" by New Testament scholar Greg Carey.

Fr. Sam Tallman will offer a study, beginning in early September.

Tour of Homes: A huge success! Andrew offers his heartfelt thanks to all the many volunteers who helped make it possible and most especially to our co-chairs,

Susie Greene and Mary Ellen Raulerson. The Outreach committee will review grant proposals in the coming days and make recommendations for Vestry consideration and approval.

Personnel: Bill Stroh plans to retire as Sexton on September 30, 2022 after 28 years. Proposals are being received to transition contracted services for grounds maintenance and building cleaning. A new job description for a part-time facility manager is nearing a final draft for posting.

Play Space: So far, more than \$43,000 has been raised through parishioner contributions to the project. If you have not yet done so, Fr. Andrew urges you to make a contribution toward this exciting addition to our grounds.

Important Dates Upcoming: Sunday, August 21-Blessing of the Backpacks (both services)

Sunday, August 28-Annual Meeting of the Parish
(9:00am)

Average Sunday Attendance thru August 14—104

Average Sunday Attendance since June 1—133

Holy Eucharist offered YTD—118

Daily Offices offered YTD—154

Marjory Holder made a motion to adjourn the meeting at 7:06pm.

Leslie Billingsley seconded the motion.

The Vestry approved the motion.

Respectfully submitted,
Elizabeth Sudderth, Clerk of the Vestry