

**Christ Church Episcopal
Vestry Meeting Minutes
July 27, 2011**

Approved – 8-25-11

Location: The Parlor

Vestry Members and Officers in Attendance: Bill Beattie, Sr. Warden; David Latham, Treasurer; Jim Wheeler, Registrar; Elizabeth Franklin; John Daylor; Jen Sullivan; Will Watkins; Marilyn Wayland; Tricia Williams; Lee Heck; Kevin Kinter; Tom McNally; Andy Reisinger

Staff in Attendance: Paul Johnson, Rector; Kathy Nunn, Director of Parish Operations

Others in Attendance: Mike Kerr, Treasurer of the Diocese of Virginia

Call to Order: Paul Johnson called the meeting to order.

Investment Policy (David Latham and Mike Kerr):

- David introduced Mike Kerr, the Treasurer of the Diocese of Virginia. Mike provided an overview of the Trustees of the Funds.
- The Trustees of the Funds is a group of individuals charged with oversight of a professionally managed investment portfolio benefiting the churches and organizations of the Diocese of Virginia. It was founded in 1892. The goal of the Trustees is to preserve and enhance the real (inflation-adjusted) purchasing power of the portfolio while providing a steady and consistent spending stream for the support of Fund participants. Based on this management goal, the investment objective of the Fund is to attain a real total return of at least 5% per annum over the long term.
- Trustees are elected from nominees approved by the Annual Council of the Diocese. Each Trustee serves a three-year term and may serve two consecutive terms. Trustees are parishioners of diocesan churches and are nominated by their church. In addition to the Bishop serving as President, there are nine Trustees with three classes of three year terms. The Trustees meet semi-annually to determine strategy and make any decisions on actions foreseen during the ensuing quarters.
- The portfolio is currently weighted at 76.3% stocks, 23.5% bonds, and 0.2% cash. The Trustees utilize a correlation matrix to evaluate the Fund's diversification.
- Currently there are 109 churches that use the Fund for some or all of their investments. All of the congregations participating in the Trustees of the Funds are invested in the same way. Some church schools and other church organizations (retirement homes, diocesan homes) utilize the Fund as well.
- The Trustees are currently in the process of developing a cash management account, which they hope will be operational by the end of 2011.
- The Fund's monthly reports are posted on its website.

- The Fund's time weighted total return (as of December 31, 2010) was:
 - 5 Year: 6.10% (outperformed the benchmark by 3.38%)
 - 10 Year: 5.60% (outperformed the benchmark by 3.49%)
 - 15 Year: 9.35% (outperformed the benchmark by 2.17%)
- Mike indicated that, should we need our funds after they have been invested, we can get them within three to five days after request.
- Following his presentation, Mike left with our thanks, not only for the information he provided but for all that he does for the Diocese.
- Following Mike's departure, David distributed a proposed investment policy action under which we would utilize the Trustees of the Funds, and invest \$308,747 which would be spread out over five months. The following investment policy was considered:

RESOLVED, that the Vestry of Christ Church Episcopal approves the following investment policy effective July 31, 2011: CCE invests its excess cash one-half in money market accounts and one-half with the Trustees of the Funds of the Diocese of Virginia. Excess cash is defined as total cash and investment accounts less a \$200,000 operating reserve and less the balance in the restricted and designated accounts. We will rebalance the investments upon the following occasions: December 31 of each year, and if the balance in the investment account exceeds 30% of the total cash and investment accounts or is less than 20% of total cash and investment, or upon the recommendation of the Finance Committee to the Vestry. This motion was seconded and carried.

Annual Giving:

Time & Talents (Jen Sullivan)

- Jen provided an update on the Time & Talent project. What started out as a communication project has transitioned into more of a stewardship initiative.
- At the June 26 meeting with ministry representatives, Jen discussed creating a catalogue of service opportunities. That project is in process, and the goal is to have a first draft completed by August 17. The goal is to create an online spiritual gifts inventory.
- We are also working on creating videos of our service in action.
- We need to identify which ministry owns the process of collecting and acting on the information we receive from the congregation regarding time and talents.

Treasure (Paul Johnson)

- In the fall we will be asking CCE people to make an offering of their various gifts.
- We are working toward a festival celebration on the weekend of October 15-16.
- People will be invited to make financial as well as service offerings.
- The Stewardship team has been meeting and is finalizing a theme for the campaign. The team is being organized into three groups – a communications team, a story-telling team, and a sheparding/thank you group.
- On Sunday, October 16 we are considering having one service followed by a picnic.

Driveway (Bill Beattie):

- We have selected a contractor for the driveway construction project (Carr). The contract was signed today.
- Construction work could start before the end of August.

Christ Church at Twenty-One (Paul Johnson):

- Paul will make calls to people to recruit them to work on this planning initiative.
- There will be ten standing members, plus Paul. The wardens will serve as “ex officio” members and may participate but will have no direct responsibility for the initiative.

Treasurer’s Report – David Latham:

June Financials

	2011 Current Month						2011 Budget	
	June Actual	June Budget	Variance over/(under)	YTD Actual	YTD Budget	Variance over/(under)	2011 Full Year Budget	June YTD % of Total
<u>Revenue</u>								
Pledge Income	\$80,854	\$102,530	(\$21,676)	\$504,663	\$526,431	(\$21,768)	\$1,049,024	48%
Loose Plate	\$1,474	\$1,458	\$17	\$12,000	\$10,517	\$1,482	\$26,000	46%
Non Pledge Giving	\$23,450	\$7,277	\$16,173	\$106,848	\$55,049	\$51,799	\$144,000	74%
Other Revenue	\$488	\$292	\$196	\$2,974	\$1,750	\$1,224	\$3,500	85%
Total Revenue	\$106,266	\$111,556	(\$5,290)	\$626,485	\$593,747	\$32,738	\$1,222,524	51%
<u>Expenses</u>								
Salary & Benefits	\$84,032	\$85,012	(\$980)	\$398,242	\$391,587	\$6,656	\$781,673	51%
Facilities/G&A	\$12,193	\$17,901	(\$5,708)	\$101,595	\$116,542	(\$14,947)	\$243,815	42%
<u>Ministries</u>								
Adult Ministry	(\$13)	\$363	(\$376)	(\$134)	\$1,817	(\$1,951)	\$4,000	-3%
Children's Ministry	\$587	\$2,976	(\$2,389)	\$3,229	\$5,088	(\$1,859)	\$10,380	31%
Nursery	\$1,926	\$1,667	\$259	\$11,442	\$10,000	\$1,443	\$20,000	57%
Youth Ministry	\$1,289	\$1,230	\$59	\$6,755	\$7,370	(\$615)	\$18,990	36%
Music Ministry	\$834	\$1,020	(\$186)	\$3,413	\$10,210	(\$6,797)	\$19,600	17%
Lay Pastoral care	\$0	\$0	\$0	\$0	\$250	(\$250)	\$500	0%
Social/Newcomers	\$280	\$342	(\$62)	\$1,681	\$1,184	\$497	\$3,368	50%
Worship	\$1,459	\$1,163	\$296	\$5,941	\$6,555	(\$614)	\$10,910	54%
Mission/ Outreach	\$177	\$7,868	(\$7,691)	\$20,467	\$47,206	(\$26,739)	\$104,902	20%
Diocesan Support	\$5,094	\$5,094	\$0	\$30,563	\$30,563	\$0	\$63,526	48%
Preschool	(\$603)	(\$603)	\$0	(\$3,618)	(\$3,618)	\$0	(\$7,236)	50%
Total Expenses	\$107,256	\$124,033	(\$16,777)	\$579,578	\$624,753	(\$45,175)	\$1,274,428	45%
Surplus/(Deficit) as a % of Revenue	(\$989) -0.9%	(\$12,477) -11.2%		\$46,907 7.5%	(\$31,006) -5.2%		(\$51,904) -4.2%	

- David provided general comments on the June financial statements.
- Pledge income continues to lag behind budget; non pledge giving remains strong.
- There is an overage in Salary and Benefits due to salary actions taken by the Vestry in March. The full year cost of the changes is \$20,630.
- There is a favorable year to date variance in Utilities due to underspending on utilities for the worship space and the church house slightly offset by overspending on the GCC (\$4,000).
- Variances in Ministry Expenses are due to timing except for the nursery. Nursery overspending on Ten Great Dates is offset by underspending in Youth, Children, Lay Pastoral Care and Adult Ministries.
- The loose plate on June 19 at the service designated for AFRECS was \$2,410.

Approval of June Financial Report: RESOLVED, that the June 2011 financial report be accepted. The motion was seconded and carried.

Auditor's Report

- David presented three reports associated with our annual audit for 2010. We engage an independent CPA firm to conduct an audit each year.
- Audit Report: This report includes the financial statements with the CPA opinion on the financials. It is a "clean" opinion.
- Audit Results Letter: This letter states that the audit firm did not have to make any adjustment to our books.
- Audit Management Letter: This letter contained observations from the audit firm on our opportunity areas. One item is that we did not have a Finance Committee in 2010. We have remedied that. Another is that, in some instances, we did not have receipts for credit card purchases. The amounts are small. David has addressed this with the staff and asked them to be more diligent with this.
- The Finance Committee has reviewed these reports with the auditors, and it recommends that the Vestry accept them.

Approval of Auditor's Reports: RESOLVED, that the Audit Report, Audit Results Letter and Audit Management Letter be accepted. The motion was seconded and carried.

- The audit reports will be sent to the Diocese.

IRS Filings

- David noted that we may be entitled to a tax credit for 2010 stemming from the credit for small employer health insurance premiums.
- David asked the Vestry to authorize the filing for 2010 of IRS Form 990T (Exempt Organization Business Income Tax Return) and Form 8941 (Credit for Small Employer Health Insurance Premiums).

RESOLVED, that the Vestry of Christ Church Episcopal approves the filing of IRS Forms 990T and 8941 for tax year 2010. This motion was seconded and carried.

Youth (Kevin Kinter):

- Kevin reported that one of the priorities that the youth leadership team identified during its most recent meeting was trying to get the youth more involved in the CCE worship service teams and ministries. To this end, they would like the Vestry's blessing on appointing youth representatives to the various ministries and worship service teams. The Vestry is supportive of this.

Preschool (Andy Reisinger):

- Andy reported that the Preschool's two year old lead teacher recently resigned her position. We have identified a replacement (Rebecca Blanton) who is highly qualified, including a Master's Degree in Early Childhood Education from the University of Richmond. Andy indicated that the Preschool would like Vestry approval to hire Rebecca for the two year old lead teacher opening.

RESOLVED, that the Vestry of Christ Church Episcopal approves the hiring of Rebecca Blanton by the CCE Preschool. This motion was seconded and carried.

Voucher for Youth Mission Trip Funds (Kathy Nunn):

- The Diocese of Virginia issues a Voucher for Youth Mission Trip Funds to each youth at the time of the youth's confirmation, redeemable prior to the youth's 19th birthday, for \$200 to be used to defray the cost of a youth mission trip.
- As a condition of the redemption of the Voucher, the Diocese requires the Vestry of the youth's parish to affirm, on behalf of the parish community, the youth's participation in the youth mission trip for which the voucher is to be redeemed.
- There are three CCE youth who have participated in mission trips this year for which vouchers can be redeemed.

RESOLVED, that the Senior Warden or, in his absence, the Junior Warden is hereby authorized to sign the Applications to Redeem the Vouchers for the youth who participated in youth mission trips, certifying the Vestry's community affirmation on behalf of these youth. This motion was seconded and carried.

Following a closing prayer, the meeting was adjourned at 8:40 p.m.

Respectfully Submitted,

Jim Wheeler
Registrar