

**St. Philip's Episcopal Church**  
**Vestry Meeting**  
**May 17, 2022**  
**Minutes**

*Present:* Dave Ham, Sr. Warden, Steve Russell, Jr. Warden, Dana Richardson, Michele Barkalow, Rick Pearce, Margaret Bearden, Bill Carney, Bill Bittenbender, Holly Meiners, Fr. Eric Mills. *Rector*

*Absent:* Bob Wright, Susan Chase, Geoff Gersen

*Ex Officio:* Lorraine Beamer, Clerk, Bob Fuchs, Treasurer (absent)

**Opening Prayer** Fr. Eric Mills opened the meeting with a prayer.

**Minutes** The April 2022 Vestry minutes had previously been approved via email.

**Building Committee Report**

Bill Bittenbender reported that carpet tiles are to be installed in the robing room and upstairs area. The choir room has been relocated to a room with exterior windows and extra space on the corner of the building that abuts Dry Street and the Post Office parking lot. This will not impact the completion schedule and there is no additional cost.

Outdoor hand railings will be installed this week. Landscaping is scheduled to start and be completed next week.

A discussion concerning the condition of the sidewalk on Dry Street continues with the City of Southport as to who is responsible, and when it will be repaired. Dave Ham has written a letter to the Manager of the Southport Public Services Department to encourage the town to make the repairs. Others were encouraged to do the same.

The Certificate of Occupancy (CO) for the new Parish Hall is expected on or about June 15, 2022. A few days before the CO Rick Pearce (insurance liaison) will be in touch with the insurance company to move forward on a new declaration page. The insurance policy will be fine tuned in June/July timeframe once the final inspection is complete.

A notice will be placed in the eNews to remind parishioners that the area is still an active construction site and should not be entered.

**Rector's Comments**

- Three Vestry members were not in attendance due to illness. Fr. Eric will put a statement in the eNews reminding parishioners to stay home from church or meetings if they are ill.

The services will be live-streamed and minutes from the meetings can be shared to prevent exposure to illness.

- The 5<sup>th</sup> Sunday of any month will be used by the Rector to begin training the parish on what to do in emergency situations at church with follow up in the Come and See. The Safety and Security Committee) will consult with the Fire and Police Departments to advise on movement and evacuation locations. Mother Lisa will preside at the Memorial weekend beach service so that Father Eric can conduct the emergency training in the sanctuary.
- Canon Jim Hanisian will be providing a “refresher” course on the program church model for the Vestry, Board Chairs, Communicators, and Deputies in August. Send questions and topics you would like to have covered by Canon Jim, and Fr. Eric will compile them to give to Canon Jim.
- Clergy is investigating the start of a third service in the fall. The time and type of service, and location are being discussed. A PAWS (Pets Are Welcome Service) is also being discussed to begin on a monthly basis to reach out to the community. This service would likely be held on the Labyrinth or under the portico.
- Rich Alt has notified Fr. Eric that the “Up your Arts” building located next door to the Chapel Annex is considering changes in and around the building. This is a something that St. Philip’s needs to monitor.

**Treasurer’s Report.** (Attached as addendum) Margaret Bearden (reporting for Bob Fuchs) stated that things continue to go well. Revenues are greater for the year than expenses, and greater than the projected budget. The major drivers are Vestry, safety and security purchases that were not made, the diocesan convention being delayed, delays in work on the new parish hall that resulted in new loan expenses not being incurred, and a lower property insurance premium. Maintenance and Repairs, Water and Electric, Music and Flowers are all running under budget.

In 2023 an external auditor will be required and must be budgeted.

Additional costs are anticipated for door security, an update to the sound system in the Sanctuary, and a remodel of the Chapel Annex after the new building is complete. Modifications to the Annex would include updating bathrooms, plumbing and electrical and other updates as identified at that time.

Balcony Safety in the Sanctuary is of considerable concern and modifications are anticipated to be included. Discussion and questions followed.

**Bill Carney moved to receive the Treasurer’s Report, seconded by Bill Bittenbender. The motion passed unanimously.**

## **Current Vestry Issues**

- **The Auditor's Report for 2021 was forwarded to the Vestry in advance of the meeting for review. Bill Bittenbender moved to accept the Diocesan Auditor's Report, seconded by Dana Richardson. The motion passed unanimously.**
- A full Audit will be required next year and must be included in the 2023 budget.
- With continued progress on Model Policies building access gains greater focus. A plan is in process to convert to a keyless system for the campus, with key fobs provided for those parishioners who need access to the various campus buildings. New lock mechanisms will be required in the Annex, Chapel of the Cross, Moore Street Narthex and Bell Tower Narthex/Dry Street. Concerns on how to secure the doors during a power loss (hurricane, power outage) were discussed and a plan is being refined.
- A request to dissolve the Mission Fund Board Resolution was proposed by the Finance and Facilities Ministry Board. "Because we have a new Investment Policy and an Endowment Policy, the Mission Fund Board Resolution is obsolete and no longer in effect." The vestry agrees with this request but defers the matter and it was determined that the request should be returned to F&F to complete coordination with the Mission Fund Outreach Representative (Rich Alt) (in keeping with current resolution #5(1)). Additionally, the Vestry recommends that the Outreach Endowment Distribution be formalized with the use of an Endowment Fund Agreement as stipulated in the newly approved Endowment Policy. This Agreement should encompass all the terms specified in the Mission Fund Board Resolution as they pertain to the Outreach Endowment (Resolution #2) The Agreement would then replace the Mission Fund Board Resolutions. When complete and returned, the Vestry will address and vote on this issue as required by the Mission Fund agreement.

## **Ministry Board Chaplains**

A Q&A session with the MB Chaplains was held.

## **Chaplains and Committees (Reports attached as addenda.)**

Parish Life is planning a "soft opening" with a kitchen shower for the new Parish Hall. A "hard opening" is planned for September 11<sup>th</sup> for Homecoming Sunday. This is planned as a parish centered activity.

## **Strategic Initiatives**

### **Campus Utilization Vestry Report**

Bill Carney reported that the committee has sent a note to each board chair to get them started thinking about their needs in the future. Initial inputs are due by May 27<sup>th</sup>. Direct conversations will be held. Input concerning the renovation of the Chapel Annex was also requested.

### **Communication Committee Report**

None given. Refer to read-ahead

### **Model Policies Committee Report**

Dana Richardson provided an update on procedures that are being discussed. The Safeguarding Praesidium Manager Training for Model Policy Administrators will be held June 15th. The “online SGT” required training in the Model Policies Appendix A is comprised of 9 topics. (See report) The Model Policy Committee will be compiling lists of specific church members that will require this training once we have received the management training from the diocese. A preliminary review of the electronic keys (FOBs) belonging to St. Philips has been submitted to the office for verification of keys that have been distributed, disabled, and available for distribution. Follow up activities continue.

### **Growing the Church Report**

Report given by Michele Barkalow for Geoff Gersen. Increased publicity and advertising for the church and its activities is planned for the Chamber of Commerce and local Realtors. Coordination between the Communication Committee and this committee was proposed. Dana commented that the Growing the Church Committee and the Communication Committee are addressing two aspects of a similar issue. Growing the Church Committee is identifying what items need to be communicated and the Communication Committee is identifying the church organization that will distribute the materials to the appropriate media outlets.

### **Junior Warden’s Report**

Steve Russell reported that the CPR and First Aid training course is being rescheduled for June. Dennis is working with the Southport Fire Department. The training is targeted towards ushers who have been identified as first responders by the Safety and Security committee.

A list of 4 people (Margaret Bearden, Ricky Evans, Dana Richardson, and Bryan Wester) will be given to the police and fire department for notification of an emergency on campus.

### **Action Items and Review.**

- Request that all Ministry Board Chairs identify deputies [**Action Pending – need Deputies for: Outreach, Pastoral Care, and Faith Formation**].
- Model Policies review on implementation continues; provide questions or issues to the Senior Warden [**Action Ongoing – all Vestry**].
- Review, Retain, Update, or Remove existing policies [**Action Ongoing – MBs are to be contacted for the status of their reviews. Ongoing**].
- Distribution of year-end excess revenue [**Action Pending F&F; Monitor**]
  - o **Although a motion was passed to approve the F&F recommendation to redirect \$35,000 of excess revenue from 2021 to the Capital Campaign, it was noted in discussions of the motion that the actual recommendation by F&F MB of whether these funds will be used to reduce the mortgage will be made when the construction is complete, and the Certificate of Occupancy is issued (estimated mid-May).**
- Implementation of Safety - Security Procedures. [**Action Pending SSC coordination with Fr. Eric/Wardens**].
- Endowment Coordination with Finance and Facilities, Rich Alt, Outreach Chairperson [**Action Pending/Ongoing**]

## **Closing and Prayer**

**Bill Bittenbender moved to adjourn the meeting, seconded by Steve Russell, and was unanimously approved.** The meeting was adjourned after a prayer by Fr. Eric.

Next Meeting: June 21, 2022; 5:00 PM

Respectfully submitted,  
Lorraine Beamer, *Clerk*

**Treasurer's Report to Vestry  
May 17, 2022**

<b>Operating Budget</b>	<b>2022 FY Budget</b>	<b>2022 YTD Actual</b>	<b>2022 YTD Budget</b>	<b>2021 YTD Variance</b>	<b>April Actual</b>	<b>March Actual</b>	<b>Monthly Change</b>
<b>Revenues</b>							
Pledges	606,673	286,693	222,784	63,909	79,764	33,383	46,381
Flower Revenue	6,000	2,485	2,000	485	855	875	-20
Identified Offerings	54,000	18,543	18,000	543	6,460	6,490	-30
Loose Plate	4,200	3,426	1,400	2,026	1,355	1,164	190
Parish Hall Rental	600	400	200	200	100	100	0
Miscellaneous Receipts	15,000	2,696	5,000	-2,304	1,645	228	1,417
<b>Total Revenues</b>	<b>686,473</b>	<b>314,243</b>	<b>249,384</b>	<b>64,859</b>	<b>90,178</b>	<b>42,240</b>	<b>47,938</b>
<b>Expenses</b>							
Parish Staff	443,927	151,347	152,259	913	47,290	35,330	-11,960
Administration	32,914	10,053	10,921	868	1,957	3,494	1,537
Buildings & Grounds	108,125	16,713	34,931	18,218	3,356	6,828	3,472
Vestry	71,191	23,551	27,480	3,929	6,260	5,535	-725
Faith Formation	3,180	48	2,740	2,692	13	14	1
<b>Outreach</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Parish Life	3,650	445	1,200	755	288	65	-223
Pastoral Care	2,700	626	900	274	60	250	190
Worship	20,785	3,649	7,945	4,296	603	231	-372
<b>Total Expenses</b>	<b>686,472</b>	<b>206,433</b>	<b>238,377</b>	<b>31,944</b>	<b>59,828</b>	<b>51,749</b>	<b>-8,079</b>
<b>Net Total</b>	<b>1</b>	<b>107,809</b>	<b>11,007</b>	<b>96,803</b>	<b>30,351</b>	<b>-9,509</b>	<b>39,859</b>

<b>Accounts</b>	<b>April Balance</b>	<b>March Balance</b>	<b>Monthly Change</b>
Checking Account	120,165	187,272	-67,107
MIF Checking Account	111	104	7
Rector's Discretionary Account	9,169	9,069	100
LPL Investment Account	0	0	0
Vanguard Investment Account	836,660	760,946	75,713
<b>Total</b>	<b>966,105</b>	<b>957,391</b>	<b>8,714</b>

<b>Accounts</b>	<b>Balance</b>	<b>Balance</b>	<b>Monthly Change</b>
-----------------	----------------	----------------	-----------------------

MIF Construction			
Loan	103,071	47,274	55,797
Total	103,071	47,274	55,797

<b>Investment Restricted Funds</b>	<b>April Balance</b>	<b>March Balance</b>	<b>Monthly Change</b>
Outreach Endowment	324,709	348,890	-24,181
Cash Reserves	364,601	265,461	99,140
Capital Campaign	0	0	0
Maintenance Reserve	66,041	66,029	12
Insurance Deductible	22,249	22,245	4
Memorial Garden			
Fund	13,483	13,661	-178
Memorial Funds (Undesignated)	7,652	6,561	1,091
Memorial Funds (Designated)	4,046	4,045	1
ECW	5,555	5,736	-181
Music Fund	12,494	12,492	2
Acolyte Fund	2,321	2,321	0
Bonnie Shurman Lecture Fund	6,405	6,404	1
Rectors Continuing Education	7,102	7,101	1
Total	836,660	760,946	75,713

<b>Checking Restricted Funds</b>	<b>April Balance</b>	<b>March Balance</b>	<b>Monthly Change</b>
Memorial Funds (Undesignated)	0	0	0
Memorial Funds (Designated)	0	0	0
Capital Improvements	0	0	0
Mortgage Reduction	0	0	0
Memorial Garden			
Fund	0	0	0
Men's Fundraising	627	627	0
ECW	1,157	1,157	0
Rector's Discretionary	0	0	0
Outreach	16,762	22,791	-6,029
Music Fund	0	0	0
Misc. Project Fund	15,009	15,135	-126
Acolyte Fund	0	0	0
Bonnie Shurman Lecture Fund	0	0	0
Capital Campaign	35,910	27,440	8,470
Diaper Ministry	3,634	4,058	-423
Rectors Continuing Education	0	0	0
Total	73,098	71,207	1,891

Revenues for the month are greater than expenses by \$30,351.

Revenues for the year are greater than expenses by \$107,809.

Revenues for the month are greater than budget by \$29,671.

Revenues for the year are greater than budget by \$64,859.

Pledges for the month are greater than budget by \$26,446.

Pledges for the year are greater than budget by \$63,909.

Expenses for the month are less than budget by \$7,802.

Expenses for the year are less than budget by \$31,944.

The major drivers of lower expenses are Vestry safety & security purchases were not made, the diocesan convention was moved to later in the year, delays in work on the new parish hall resulted new mortgage expenses not being incurred and a lower property insurance premium, an adult retreat was not held, and Maintenance & Repairs, Electric & Water, Music and Flowers are all running under budget.

## CAPITAL PROJECT

<b>Project Costs</b>		<b>Project Funds</b>	<b>Total</b>	<b>Current</b>	<b>at 6/30/2022</b>
<b>Construction Cost</b>		Pledges	1,539,486		
Parish Hall/Admin	2,029,850	Collected		1,357,514	1,357,514
Architectural Services		Outstanding		181,972	
Construction Supervision	20,500	Other Funds	366,773	366,773	366,773
Other Costs		Loan/Mortgage	835,000	103,071	630,986
Furniture & Fixtures	37,500	<b>Total Funds</b>	<b>2,741,259</b>	<b>1,827,357</b>	<b>2,355,273</b>
Contingency 5%	101,500	Total Spent	2,355,273	1,791,322	2,355,273
Misc.	6,173	<b>Available Funds</b>	<b>385,986</b>	<b>36,035</b>	
<b>Total Construction Cost</b>	<b>2,195,523</b>				
Actual Construction Spending	1,604,505				79%
Actual Construction Supervision	9,237				45%
Actual Furniture & Fixtures	17,830				48%
Actual Contingency	0				0%
Actual Misc.	0				0%
<b>Actual Construction Spending</b>	<b>1,631,572</b>				<b>74%</b>
<b>Remaining Construction Spending</b>	<b>563,951</b>				
<b>Pre-Construction Spending</b>	<b>159,750</b>				
<b>Total Project Costs</b>	<b>2,355,273</b>				
<b>Total Spent to Date</b>	<b>1,791,322</b>				

Construction paid to date is \$1,631,572, which is 74% of the total.

Construction remaining is \$563,951.

Construction loan draw to date is \$103,071.

Total Pledges Collected are \$1,357,514, which is 88% of the total.  
Total Pledges Outstanding are \$181,972.  
170 pledges are fully paid or more; total paid \$1,174,666.  
33 pledges are outstanding with \$133,984 remaining.  
The maximum mortgage will be \$630,986.

Respectfully submitted,  
Bob Fuchs  
Treasurer

**John O. McElroy**  
**3497 Concordia Ave SW**  
**Supply, NC 28462**  
**May 13, 2022**

**Mr. Dave Ham, Senior Warden**  
**Vestry Members**  
**Rev. Eric Mills, Rector**  
**Mr. Robert Fuchs, Treasurer**

**St. Philip's Episcopal Church**  
**Southport, NC 28461**

**Re: 2021 Audit Report**

Ladies and Gentlemen:

I have reviewed certain financial records and supporting documents of St. Philip's Episcopal Church ("the Church") for the fiscal year ended December 31 2021 in conformity with the requirements of the Episcopal Diocese of East Carolina ("the Diocese") Contract Audit procedures and to the extent practicable with the Episcopal Church Manual of Business Methods in Church Affairs, Chapter VI, "Audit Guidelines for Congregations." This engagement is solely to assist the Church and the Diocese in monitoring the financial condition of the Church in accordance with the Canonical requirements of the Episcopal Church. The sufficiency of the audit procedures is solely the responsibility of the Diocese.

Because the forgoing procedures do not constitute an audit as defined under Generally Accepted Accounting Principles, I cannot express an opinion on the Church Financial Reports or any underlying records. However, based on my review and testing as described above, the Church is in compliance with the Diocese Contract Audit procedures for the Church Financial Reports for the year ended December 31 2021 and the financial statements present fairly the financial condition of the Church.

Separate documents entitled Episcopal Diocese of East Carolina Contract Audit Report and Cash Disbursements Test are included. The Contract Audit Report contains the Diocese audit procedures used. There is

one finding and recommendation concerning a federal tax withholding report on the last page of the Contract Audit Report.

The Vestry should review this audit report letter and send it to the Diocese as soon as practicable with the balance sheet and income and expense statement for the year ended December 31, 2021.

*John O. McElroy*

St. Philip's	2021	Cash Disbursements Test	Date		10-May-22					
Check No.	Date	Payee	Amount		Account No.	Proper Signature	Agrees w/bank stmt	Agrees to Support	Correct GL Acct	Proper Approval
<b>Checks \$500 &amp; &gt; 10% sample</b>						<b>Note A</b>				
11443 or 14443	29-Jan-21	Rev Lisa Erdeljon	\$599.20		1000484	Y	Y	Y	Y	Y
14530	3-Mar-21	Urban Construction	\$4,358.44		1000103/1000828	Y	Y	Y	Y	Y
14626	23-Apr-21	BB&T Bankcard Corp	\$1,681.88		1000710/1000103	Y	Y	Y	Y	Y
14674	18-May-21	Church Pension Fund	\$2,099.18		1000403	Y	Y	Y	Y	Y
14726	22-Jun-21	Episcopal Diocese of East Carolina	\$5,130.00		1000450	Y	Y	Y	Y	Y
14778	8-Jul-21	Urban Construction	\$97,712.59		1000828/1000103	Y	Y	Y	Y	Y
14786	27-Jul-21	Port City Land Surveying	\$500.00		1000461	Y	Y	Y	Y	Y
14801	3-Aug-21	A Sign of Distinction	\$1,910.40		1000461/1000103	Y	Y	Y	Y	Y
14852	1-Sep-21	TIAA Commercial Advance	\$672.83		1000477/1000103	Y	Y	Y	Y	Y
14879	27-Sep-21	Thomas Harrelson (office space rent)	\$1,000.00		1000471	Y	Y	Y	Y	Y
14981	16-Nov-21	Johnson Controls	\$1,695.55		1000486	Y	Y	Y	Y	Y
15035	21-Dec-21	BEMC	\$805.68		1000462/1000103	Y	Y	Y	Y	Y
15049	29-Dec-21	Southport Oak Island Interchurch Fellowship	\$600.00		1000814	Y	Y	Y	Y	Y
<b>Checks &lt; \$500 1% sample</b>										
14451	11-Jan-21	ACS Technologies	\$437.35		1-000483	Y	Y	Y	Y	Y
14535	4-Mar-21	Hooks Systems	\$275.00		1000483	Y	Y	Y	Y	Y
14963	8-Nov-21	Judie Ratcliff	\$150.00		1000811	Y	Y	Y	Y	Y
<b>Note A</b>										
Checks are paid online therefore there are no hard copy checks signed. All disbursements had supporting vendor invoices and/or properly approved signatures on check requisition forms.										
Recurring payments such as to Church Pension Fund, TIAA have a check request form but no approval is required since these expenditures have been budgeted and the annual budget is approved by the Vestry.										

Church St. Philip's Episcopal Church  
Audit Year: 2021

City Southport  
Dates of Audit: Various in May

General Review **Complete**

**1. Review of Last Audit**

Obtain copy of the most recent audit report completed. Year 2019

Source of audit:  In-house Audit by Parish  Audit by Diocesan Contract Auditor  
 CPA Audit  No Audit for Last Fiscal Year

**Yes No Unknown**

Copy of Auditor's report on any deficiencies and Vestry's response to deficiencies was sent to Diocesan office.

**2. Vestry Minutes Review**

Review vestry minutes for the year being audited and November and December of the prior year. Vestry minutes were found to include the following:

**Yes No**

Approval of budget  
  Approval of monthly or quarterly financial reports  
  Clergy salary and housing allowance resolution is correctly worded and approved in the prior year minutes (if applicable) [see background information in Appendix]  
  Material expenditures approved  
  Comments on extraordinary gifts or bequests  
*Explain any no's on Comment and Recommendation page*

**3. Insurance Records Review**

*See Appendix A for review guidelines*

Name of Insurance Carrier Church Insurance Company of Vermont Policy Period Dates 6/20/2021 to 6/22/2022

Building and Contents Limits: \$4.399 million

Liability Limits Aggregate \$5 million. Per occurrence \$1 million

Insurance coverage includes all areas listed in Appendix A  
  Does Insurance limit cover replacement costs?

How often is insurance coverage reviewed and by whom. Annually by Richard Pearce (see October 2021 Vestry Mtg minutes)\_

Does the Parish maintain a video inventory of property? (by Richard Pearce)  
  The Parish adheres to the Diocesan policies and procedures requiring Sexual Ethics training and background checks for all employees and anyone working with children  
*Any comments should be noted on Findings and Recommendation page*

**4. Tax Status**

Parish has letter from IRS assigning church its federal tax ID number and tax exempt status or  
  Parish has copy of letter of National Church's Group Exemption Notice

*If no to both, Parish must obtain a copy of church's Exemption letter from IRS or Group Exemption Letter from Diocesan House to have on file*

Parish tax ID is verified from last parochial report filed

Parish has State tax exemption letter [See background information in Appendix] **Note: The State issues an account number which St. Philip's uses when filing its semi-annual refund of sales taxes paid to vendors.**

*Any comments should be noted on Findings and Recommendation page*

**5. Use of Church Property by Other Organizations**

Other organizations regularly use church property; (If no, skip to #7) **AA**  
  Parish has current rental agreements between church and organizations on file

Does the church require Certificates of Insurance and Hold Harmless agreements when outside **Complete**

groups use the church property?

For groups who work with children, do they supply proof of Sexual Ethics training and required background checks on all employees/volunteers? **Not applicable**  
*Any comments should be noted on Findings and Recommendation page*

#### 6. Church Sponsored Schools

- There is a church sponsored school or preschool on site (If no, skip to #7)  
  The school has a separate Board of Directors and list of Board is on file  
  There is a separate tax ID number \_\_\_\_\_  
  The school is licensed by the state of North Carolina and copy of license is on file  
  The school is accredited and copy of Accreditation Certificate is on file  
  There are background screening procedures for teachers and copy is on file  
  Property and liability insurance coverage of school is current  
Date of last periodic fire department inspection \_\_\_\_\_  
  Last annual audit of school \_\_\_\_\_  
Last audit completed by \_\_\_\_\_

*Any comments should be noted on Findings and Recommendation page*

#### 7. Parochial Report

- Parochial Report for year being audited has been filed  
  Parochial report corresponds to the yearend income and expense statement.  
**(reconciliation between Parochial Report and income and expense statement provided)**

*List major discrepancies, if any, on Comment and Recommendation page*

#### 8. Property Report

- Annual Property Report has been filed **Letter to Diocese that there were no changes from last report filed.**  
  All property on report is reflected in balance sheet items: Fixed Assets, Mortgages **See above**

*Any comments should be noted on Findings and Recommendation page*

# Assets

**Complete**

1. List all checking, savings, investment, discretionary, guild and other church-related organization accounts in the table below. Review bank statements, passbooks, and investments for full year, plus December of prior year and January of succeeding year.

Account Name	Type: Checking Savings Investmnt Discretion Guild, etc.	Church Address		Church Tax ID (bank resolution)		Statements Provided		Cancelled Checks		Bank Reconciliations Complete		12/31 bank balance agrees with year-end balance sheet	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
St. Philip's Episcopal Church – United Bank	Chkg	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
St Philip's Episcopal Church – LPL Financial	Invest/ Chkg	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
St. Philip's Episcopal Church - Vanguard	Invest	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rector's Discretionary Fund – United Bank	Chkg	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NA	<input type="checkbox"/>	NA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
St Philips Episcopal Church Mission Investment Fund – with ECLA	Chkg	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If previous year was not audited, for accounts listed, obtain copies of bank reconciliations for month of December of prior year.

**Yes No**

- Bank reconciliations have been done on monthly basis on all accounts
- Bank reconciliation for December of prior year is accurate and agrees with January 1 beginning balance of current year.

If bank reconciliations have not been done, prepare bank reconciliations for all accounts for the year being audited.

*Any comments should be noted on Findings and Recommendation page*



				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Print and re-use this page for each checking account.



**Complete**

**Yes No**

3.   Does the church have petty cash accounts for operating expenses or other church related organization accounts? If no, skip to #4

If yes, list the accounts in table below and test:

- Receipts in Petty Cash Box + Money on Hand = Original Amount  
  Are there IOU's in Petty Cash box

How often is petty cash is reconciled (replenished)

Test petty cash reimbursements and determine that expenses are being charged to correct expense accounts and not to balance sheet account.

Name of Petty Cash Account (Operating/Organization)	Account on Balance Sheet Yes	Original \$ Amount	Re-ceipts on Test-ing Date	Money on Hand on Test-ing Date	Re-ceipts + Money	IOU's in Petty Cash Box Yes	When is Petty Cash Rec-onciled	Petty Cash Ac-tivity Charged to Correct Accounts
	<input type="checkbox"/>				\$0.00	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>				\$0.00	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>				\$0.00	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>				\$0.00	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>				\$0.00	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>				\$0.00	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>				\$0.00	<input type="checkbox"/>		<input type="checkbox"/>

Any comments should be noted on Findings and Recommendation page

4. What method is used to report Fixed (Capital) Assets on balance sheet
- Cost (actual value when purchased)  
For year being audited, trace purchases to appropriate documentation
  - Fair market value at end of year  
Review copy of documentation for fair market valuation and trace to balance sheet
  - Appraised value  
Review copy of appraisal and trace to balance sheet.
  - No fixed assets on balance sheet; expensed through budget
  - Other: Explain
5.  There are material receivables on the balance sheet? If so, list the material receivables and confirm the balance by sending a confirmation to the customer, or trace to subsequent deposits in the current year. **None**
6.  There are material prepaid expenses on the balance sheet? If yes, list the prepaid expense and confirm the balance by tracing to proper invoice. Determine if the expense should be designated as prepaid for the year being audited. **None**

Any comments should be noted on Findings and Recommendation page

**Fund Balances**

1. Review list of permanently and temporarily restricted funds, and unrestricted funds (See Appendix for definitions of different types of funds)
2. For each fund listed, verify that the uses of principal and income have been honored, including proper documentation of expenses.

**Complete**

**Spreadsheet to test savings and investment accounts (A-6)**

Name of Fund: Tested 2 funds below with total annual disbursements over 10,000				Work paper A-6	
Type of Account:				Audit Year	
Restricted: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				2021	
Types of Restrictions: see account name below					
Date	Amount	Purpose of Withdrawal	Proper Authorization	Proper Use	
			<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
		<b>Outreach – account 1-000814</b>			
1/12/2021	2000.00	Street Reach Ministries	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> Yes	
1/19/2021	5445.00	Brunswick Partnership for Housing	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> Yes	
11/3/2021	1775.00	Southport Oak Island Interchurch Fellowship	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> Yes	
			<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
			<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
		<b>Capital Campaign – account 1-000828</b>			
1/19/2021	52903.07	Urban Construction	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> Yes	
5/24/2021	25760.17	Urban Construction	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> Yes	
8/5/2021	117707.13	Urban Construction	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> Yes	
			<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
			<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
			<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
			<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
			<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	

Print and re-use this page for each restricted fund

**Liabilities**

**Yes No**

- Mortgage statements indicate that mortgage payments are up to date.
- Last mortgage statement for year being audited traces accurately to balance sheet, OR
- All mortgage payments for the year being audited trace to proper expense accounts.
- Mortgage paid off 8/20/2020**
- Pledge to Diocese for year being audited was paid in full
- Pledge statement from Diocesan House agrees with parish's records
- Utility bills for year being audited were paid on a current basis
- There are other significant payables at end of year being audited, excluding payroll taxes and pension payments (tested in other areas). List below **None**
- Balance verifies with supporting documentation
- Balance verifies with supporting documentation
- Balance verifies with supporting documentation

*Any comments should be noted on Findings and Recommendation page*

# Cash Receipts

**Complete**

1. Are there proper safe guards and controls in place for plate collections and deposits :

**Yes No**

- Are the collection receipts counted and deposited so that the deposit equals the entire amount of receipts on a timely basis (e.g., at least weekly)?
  - Are there at least two unrelated persons responsible for counting and depositing the collections?
  - Are the persons responsible for counting receipts rotated on a periodic basis?
  - Do the counters have a standardized form for recording the deposit information?
  - Are the counters' sheets retained and reconciled with actual deposits, and are all discrepancies investigated?
  - Is there a control prohibiting the cashing of checks from the currency received?
  - Are all of the pledge envelopes or other memoranda retained and reconciled to the recorded amounts?
  - Are all other cash receipts recorded and deposited on a timely basis?
  - Are all checks received restrictively endorsed —for deposit only immediately upon receipt?
  - Are all cash receipts deposited into the general operating checking account?
  - Are periodic statements provided to donors of record, at least quarterly?
  - Do acknowledgments of contributions in excess of \$250 include "any goods or services provided consist solely of intangible religious benefits"? **NA**
2. For **pledge receipts and plate offerings**, determine if deposits are made once a week, more than once a week or daily as checks are received in the mail.
- a. If pledge deposits are made once a week, choose 6 random deposits to test in the table below. Verify that journal entries match deposit slips.
  - b. If pledge deposits are made more than once a week or daily, trace a random sample (10%) of cash journal entries to weekly cash receipts records.
- Use table CR-2 on the following page to test these deposits.





**Complete**

## Cash Disbursements:

1. Are there proper safe guards and controls in place for plate collections and deposits :

Are all disbursements made by check, except for small expenditures made from petty cash?

**Disbursements are made with the bank's online bill payment system**

Are all checks pre-numbered and used in sequence? **See above**

Is there a clearly defined approval process for all disbursements?

Are all voided checks properly cancelled and retained?

Are all checks made payable to specified payees and not to cash or to bearer?

Are all disbursements supported by original documentation?

Is the original vendor's invoice or other documentation cancelled at the time of signature to prevent duplicate payment? **Approved check requisition forms are attached to invoices.**

2. Check signing:

Is signing blank checks prohibited?

Is using a signature stamp or pre-printed signatures prohibited?

Does all supporting documentation accompany checks presented for signature?

Are all account signers authorized by the Vestry?

Is more than one signature required for any check? **This is not practical because all disbursements Paid using the bank's online bill payment system.**

If not, do checks for more than \$500 require more than one signature? **See above**

If signature imprint machines are used, are the keys kept under lock and key except when in use? **Not applicable**

Are all disbursements requiring special approval of funding sources or the Vestry properly documented in the Vestry or Finance Committee minutes?

10. Are there adequate controls and segregation of duties regarding electronic funds transfers?

1. Examine 10% of non payroll cash disbursements of \$500 or more and 1% of non payroll cash disbursements under \$500. You may use **Random Testing Calculations in Appendix B** to decide which checks are to be tested. Test the sample of cash disbursements for proper signature, correct amount per invoice, correct expense account per budget, and proper approval and record findings in Table CD-1 below

*Any comments should be noted on Findings and Recommendation page*



## Payroll and Retirement:

**Complete**

1. Obtain list of all employees and contract laborers for year under audit and test as follows:

Name	W-2 or 1099	Form W-4	Form NC-4	Form I-9	Salary Amount Agrees with Budget	Payroll Register Agrees With Check Register
Eric Mills - Rector	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Elizabeth Rupp – Admin Asst.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Lorraine Beamer - Admin	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Jeffrey Krantz – Supply priest	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Karla Pratt - Sexton	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Deborah Skillman – Choir Di- rector	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Lisa Erdeljon	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Susan Chase (part time temp) Paid \$450 total.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> passed test- ing	<input type="checkbox"/> passed testing
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>				
	<input type="checkbox"/>	<input type="checkbox"/>				
	<input type="checkbox"/>	<input type="checkbox"/>				

2. Employees who should receive a W-2 normally include:

Clergy (full time and part time), Supply clergy if contracted for an extended period (3 or more months), Musicians that routinely play at services, Youth Directors, Administrative staff, Paid nursery attendants that routinely work a standard schedule (even if only once a month), Janitor or sexton

**Yes No**

3.   Based on examples in #2 above, any worker receiving a 1099 in lieu of a W-2 is correctly classified as a contract employee.
- Quarterly reports were filed by due dates **Missing third quarter 941 form. Traced 3<sup>rd</sup> quarter tax withholding payments to bank statements.**
- Total amounts from the quarterly returns match the amounts on the annual Forms W-3 and NC-3 **See comment above**
- Amounts on Forms W-3 equal general ledger compensation expense accounts adjusted for:
- Pretax deductions such as medical insurance premiums paid by employees and employee retirement contributions
  - Group Life Insurance Premiums
  - Clergy housing and utilities allowances
  - Taxable allowances such as travel
  - Taxable moving expenses
  - Personal use of auto owned by parish
4. Review of W-2 forms shows:
- Clergy Housing and Utility Allowances are reported in Box 14
- a. Box 12 includes proper items such as
- Employee contributions to retirement plan
  - Group Life Insurance Premiums-annual letter sent to parishes from Diocesan House with information
  - Pre-tax medical insurance premiums

**Complete**

- Clergy does not have information in boxes for Social Security and Medicare Wages or Taxes
- Lay employees do have information in boxes for Social Security and Medicare Wages and Taxes

5. If payroll taxes were due at end of year, **None due. Paid 12/24**  
  They were properly reported on Balance Sheet as a liability  
  They were paid on time
6. Determine that employees are properly classified as exempt or non-exempt (for overtime purposes)  
  Non-exempt employees document hours worked via time sheets  
  Overtime is being compensated correctly (Any hours worked over 40 per work week must be paid at time and ½ rate)
7. Test Clergy Pension Payments for the following:  
  Clergy Pension payments equal 18% of salary, FICA allowance, other taxable allowances, and actual utilities and housing allowances (or 30% of salary and FICA and other allowances if parsonage is provided)  
  Clergy Pension payments are up to date
8. Verify that the retirement plan for lay employees:  
  Includes all lay employees who work at least 1000 hours/year  
  Pension payments are calculated correctly  
  Pension payments are up to date

*Any comments should be noted on Findings and Recommendation page*

## **Discretionary Funds**

1. List all discretionary funds and clergy positions holding those funds:

	Name on 1 <sup>st</sup> Account	Name on 2 <sup>nd</sup> Account	Name on 3 <sup>rd</sup> Account
Clergy Person holding funds	Rev. Eric Mills		
Fund in name of Parish	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Established by resolution of Vestry	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Church Tax ID # on account	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Did donors specify for Discretionary fund	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Were funds used for operating expenditures	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Were funds used for personal expenses subject to tax	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Were funds used for the purposes for which they were intended	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Were checks written to vendors and not individuals	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Were contributions deposited into the general fund, then transferred to the Discretionary Fund.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

It is important that the information reviewed for the discretionary funds remains confidential. No individual testing of disbursements will be made.

*Any comments should be noted on Findings and Recommendation page*

**Findings and Recommendations**

Auditor may choose to use a separate blank sheet of paper to list Findings and Recommendations if preferred.

*(Cells will expand as needed when filled in electronically)*

Area of Comment	Item #	Comment/Recommendation
Payroll and Retirement	3	The 3 <sup>rd</sup> quarter Form 941, Employer’s Quarterly Federal Tax Return was missing. Recommendation: The treasurer will note the 941 on his calendar each quarter to assure each 941 is printed and put in the proper file. Additionally, I recommend a copy of the 941 be saved electronically (scanned or a PDF file) as backup.

**Mission Fund Board Resolutions  
Approved December 2, 2018**

The following is to acknowledge the administrative changes being made within St. Philip’s, while keeping intact the original desires of the donors.

**Resolution #1** – The Mission Fund Outreach Account to be renamed “The Outreach Endowment”.

**Resolution #2** – The “Outreach Endowment” and the administering of said fund is to be transferred to the Outreach Board. A Vestry appointed representative for a two-year term, for this fund will sit on the Outreach Board and will have voting rights. The term of this representative is to begin as of January 1<sup>st</sup>, every two years. Should there be an unfulfilled vacancy, the Vestry shall appoint a new team member to serve the unexpired

term. No outgoing appointed representative shall be eligible for reappointment thereto until one (1) year shall have passed since the expiration of that representative's term.

This representative will meet at least once every quarter with Finance & Facilities Board, and/or the Investment Committee, to review the accounting and performance of the "Outreach Endowment". During periods of volatility, meetings may be requested more often, but never less.

As designated under the original terms of donation by the Fairley family, the "Outreach Endowment" shall not be invaded for any purpose and the income generated by investment thereof shall be expended annually for purposes hereinafter set forth.

Expenditures from the "Outreach Endowment" shall be for purposes of outreach or human needs only. The Outreach Board shall expend, on an annual basis, all income generated by the Fund from the previous year. Annually, the Representative, along with F&F Board and or the Investment Committee will determine a distribution of not greater than 5% of the previous twelve (12) quarter rolling average of the value of the Fund.

No assets from the "Outreach Endowment" shall be used to defray budgeted expenditures adopted by the Vestry in its annual budget as that budget shall reflect routine and recurrent annual expenses for employee benefits, salary or other compensation, office expenses or supplies, utilities, insurance Diocesan pledge or any other annually recurrent parish obligations. No income from the "Outreach Endowment" shall be reflected as income in the annual budget. The Outreach Board Representative shall develop an annual budget for the "Outreach Endowment" which shall be communicated to the Vestry on adoption but which shall not be subject to review or approval by the Vestry.

A full accounting of the Fund shall be made in writing to the parish at the annual meeting. Income and expenditures will be part of the Annual Audit.

**Resolution #3** - The "Mission Capital Fund" shall be identified by name and maintained such that the contributions and/or the income generated by investment thereof may be expended annually for purposes hereinafter set forth.

The "Mission Capital Fund" and the administering of said fund is to be transferred to the Finance & Facilities Board (F&F). A Vestry appointed representative for a two-year term, for this Fund will sit on the F&F Board and will have voting rights. The term of this representative is to begin as of January 1<sup>st</sup>, every two years. Should there be an unfulfilled vacancy, the Vestry shall appoint a new representative to serve the unexpired term. No outgoing representative shall be eligible for reappointment thereto until one (1) year shall have passed since the expiration of that representative's term.

No assets from the "Mission Capital Fund" shall be used to defray budgeted expenditures adopted by the Vestry in its annual budget as that budget shall reflect routine and recurrent annual expenses for employee benefits, salary or other compensation, office expenses or supplies, utilities, insurance Diocesan pledge or any other annually recurrent parish obligations. No income from the "Mission Capital Fund" shall be reflected as income in the annual budget.

All funds within the "Mission Capital Fund", including annually generated income from the account can be expended during any fiscal year for exceptional capital needs for maintenance of the church, parish hall, church

school or office or any other buildings, or for major emergency repairs to the church buildings or any major system thereof or for major capital construction projects of the church.

A full accounting of the Fund shall be made in writing to the parish at the annual meeting. Income and expenditures will be part of the Annual Audit.

Upon the total expenditure of the "Mission Capital Fund", a Vestry appointed representative will no longer be required and the position eliminated.

**Resolution #4** – Gift Allocation. Gifts to the Funds shall be allotted to either account as specified by the donor thereof. In the event that any gift not be designated to either account by the donor, a review and recommendation by the F&F Board, in consultation with the appointed Representative of both Funds, will be presented to the Vestry. The Vestry shall allot such gift to either or both Funds in such amount, as the Vestry deems appropriate.

**Resolution #5** – Amendment. This Declaration shall be amended in substance only as follows:

- (1) Any amendment to this agreement shall be proposed by the F & F Board, to include the Fund's appointed representative, in writing to the Vestry and adopted by the affirmative vote of three-fourths (3/4) of the Vestry; and
- (2) Upon adoption by the Vestry the proposed amendment shall then be submitted to and receive the approval of the Rector.

This \_\_\_\_\_ day of \_\_\_\_\_, 2018

St. Philip's Episcopal Church, Southport, NC

By: \_\_\_\_\_, Rector

ATTEST:

\_\_\_\_\_  
Clerk

## **The St. Philip's Church Endowment Fund Policy**

This policy is created to manage **all** endowment funds given to or created by St. Philip's Episcopal Church (Church).

All named endowments or annual pledge endowments must be established through a signed legal document that codifies the agreement between the Donor and the Church. (**See the attached Endowment Fund Agreement**). The Finance and Facilities Ministry Board (Board) will provide and manage all endowment agreements. A summary of all endowment agreements will be reported in the Annual Report to the parish.

### **Endowment Categories**

The following categories of endowments are elements of the Church's Master Endowment Fund (Master Endowment Fund):

#### **Named Endowments: Gifts of \$50,000 or More**

These funds may be general or specific purpose gifts and, with the approval of the Board, may be named at the donor's direction to honor or memorialize an individual, family, organization, or cause.

Specific Purpose Endowments: With the Board's approval the donor may direct that the income or principal (see Distribution of Individual Fund Income) from their endowment be used to support a specific Church expense (e.g., clergy salaries, the Altar Guild or an as yet unsupported function).

Unrestricted or General Endowments: Donors may choose to have the income or principal (see Distribution of Individual Fund Income) from their endowment support general fund expenses as determined annually by the Board.

#### **Named Annual Pledge Endowments: Gifts of Less than \$50,000**

Parishioners are encouraged to create endowments designed to support their annual pledges in perpetuity. If the annual income/pledge distribution equals or exceeds a minimum of \$1,000 annually, donors are invited to name their annual pledge. An example is the John and Mary Smith Family Annual Pledge.

#### **Named Endowments**

Donors of named endowment are encouraged to make lump sum endowment gifts. With the Board's approval, however, a fund can be established with the understanding that gifts will be made over time on an agreed to schedule. Once total gifts reach \$50,000 the donor may then name the endowment as detailed earlier in this document.

All named endowments valued at \$50,000 or more or annual pledge endowments must be established through a signed legal document (Endowment Fund Agreement) that codifies the agreement between the donor and the Church. The Board will provide and manage all endowment agreements.

### **General Unnamed Endowments**

The Church welcomes gifts designated for the support of ongoing Church expenses. These gifts can be designated as follows.

**Existing endowments:** Donors may contribute to existing funds. No naming rights will be conferred unless the amount contributed meets the minimum naming requirement and is gifted to an as yet unnamed fund.

**Special Project Endowments:** From time-to-time the Church may create special project endowments designed to encourage donors to support identified institutional needs. For example, special project endowments might include funds designed to purchase new pews as needed, the creation and support of a columbarium, support for campus maintenance expenses, etc.

### **Additional Gifts**

Any person (whether an individual, corporation, trust, estate, or any other organization or entity) may make a gift to the Church for the purpose of supporting a specified endowment, named or unnamed, by designating that the gift should be added to the designated Fund. The form of the gift, and any conditions associated with the gift, must be acceptable to the Board. Any funds conveyed and accepted in this manner shall be added to the principal of the Fund. All such gifts, bequests, and devises to the Fund shall be irrevocable.

### **Investment Management**

All gifts to the Master Endowment Fund will immediately become the exclusive property of the Church. Responsibility for the management of the Master Endowment Fund resides exclusively with the Board. To that point, the Board, will create/update, as it deems appropriate, a policy that details an investment strategy to include direction on types of investments and general risk policies that will govern the management of the Master Endowment Fund.

All endowment gifts will be deposited in the Master Endowment Fund. As authorized by the Board and directed by the Church's investment policy, the Board will be responsible for the management of this fund until its value exceeds \$100,000. When the fund value exceeds \$100,000, the Board will engage a professional investment firm that will manage the fund as directed by the Church's investment policy.

## **Master Endowment Investment Income Distribution**

Given that the Master Endowment Fund will be made up of a number of different accounts of varying values, investment income will be distributed on a fund share basis. For example, an account valued at 6% of the value of The Master Endowment will receive 6% or a pro-rata share of the fund's annual investment income. The Board reserves the right to develop and implement a revenue reinvestment program designed to protect each named fund from inflation (e.g., in a year in which the Master Endowment Fund earned 6%, 4% would be distributed to each Endowment as expendable income and 2% would be reinvested in each individual Endowment).

## **Distribution of Individual Fund Income**

As consistent with its Endowment Fund Agreement, investment income will be used annually to support the activity(ies) as originally designated by the donor. For example, annual income from the "Jones Choir Endowment" would be used to support choir expenses as determined by the designated fund manager. Exceptions, to include those for Special Project Endowments, must be approved by the Board.

As a general rule, income from each endowment will be distributed at the end of each calendar year and expended at the direction of the Board and in accordance with the signed legal agreement between the Donor and the Church. The Board may, however, opt to distribute fund income as the investment year progresses. Further, with donor approval, the Board will be authorized to expend fund principal as required to support the fund's target purpose. Specific language to this effect must be included in each endowment agreement

## **Gift Recognition**

With donor approval, endowment gifts will be recognized in the following ways.

- All endowment gifts will be recorded in the Church's gift book by donor name and endowment designation
- Gifts of \$10,000 or more will be listed on a plaque by donor name and endowment designation. This plaque will be prominently displayed in the Fellowship Hall.
- Gifts of \$25,000 or more will be listed on the above referenced plaque and on a separate plaque to be hung, where possible, close to the area that benefits from the gift (e.g., in the choir room).
- Gifts of \$50,000 or more will create a named endowment and the donor's name and that of the endowment will be listed on the plaque displayed in the Fellowship Hall.
- All endowments that have "active" funds will be listed in the Annual Report to the Parish.

## **Termination**

Each endowment established by and managed by The Board on behalf of The Church shall continue as long as the need therefore exists, adequate funding is available for its purposes, or until the

Church is dissolved or is terminated. The Board, in consultation with the Vestry, shall have the authority to determine whether there is a continuing need for an endowment, and whether there is adequate money or property available for its purposes. As specified in each endowment fund agreement, if the Board terminates an endowment, any remaining funds shall be applied in such amounts and for such purposes as the Board in good faith determines to approximate most nearly the original charitable and benevolent purposes of the endowment. If, in the good faith opinion of the Board, the original or charitable and benevolent purposes of this Fund cannot be determined, or are impractical or impossible of fulfillment, then any remaining funds shall be applied in such amounts and for such purposes as the Board, with the consent of the Vestry, determines to be consistent with the general charitable and benevolent purposes of the Church, as set forth in its corporate charter.

### **The St. Philip's Church Endowment Fund Policy**

This policy is created to manage **all** endowment funds given to or created by St. Philip's Episcopal Church (Church).

All named endowments or annual pledge endowments must be established through a signed legal document that codifies the agreement between the Donor and the Church. (**See the attached Endowment Fund Agreement**). The Finance and Facilities Ministry Board (Board) will provide and manage all endowment agreements. A summary of all endowment agreements will be reported in the Annual Report to the parish.

#### **Endowment Categories**

The following categories of endowments are elements of the Church's Master Endowment Fund (Master Endowment Fund):

#### **Named Endowments: Gifts of \$50,000 or More**

These funds may be general or specific purpose gifts and, with the approval of the Board, may be named at the donor's direction to honor or memorialize an individual, family, organization, or cause.

Specific Purpose Endowments: With the Board's approval the donor may direct that the income or principal (see Distribution of Individual Fund Income) from their endowment be used to support a specific Church expense (e.g., clergy salaries, the Altar Guild or an as yet unsupported function).

Unrestricted or General Endowments: Donors may choose to have the income or principal (see Distribution of Individual Fund Income) from their endowment support general fund expenses as determined annually by the Board.

#### **Named Annual Pledge Endowments: Gifts of Less than \$50,000**

Parishioners are encouraged to create endowments designed to support their annual pledges in perpetuity. If the annual income/pledge distribution equals or exceeds a minimum of \$1,000 annually, donors are invited to name their annual pledge. An example is the John and Mary Smith Family Annual Pledge.

### **Named Endowments**

Donors of named endowment are encouraged to make lump sum endowment gifts. With the Board's approval, however, a fund can be established with the understanding that gifts will be made over time on an agreed to schedule. Once total gifts reach \$50,000 the donor may then name the endowment as detailed earlier in this document.

All named endowments valued at \$50,000 or more or annual pledge endowments must be established through a signed legal document (Endowment Fund Agreement) that codifies the agreement between the donor and the Church. The Board will provide and manage all endowment agreements.

### **General Unnamed Endowments**

The Church welcomes gifts designated for the support of ongoing Church expenses. These gifts can be designated as follows.

**Existing endowments:** Donors may contribute to existing funds. No naming rights will be conferred unless the amount contributed meets the minimum naming requirement and is gifted to an as yet unnamed fund.

**Special Project Endowments:** From time-to-time the Church may create special project endowments designed to encourage donors to support identified institutional needs. For example, special project endowments might include funds designed to purchase new pews as needed, the creation and support of a columbarium, support for campus maintenance expenses, etc.

### **Additional Gifts**

Any person (whether an individual, corporation, trust, estate, or any other organization or entity) may make a gift to the Church for the purpose of supporting a specified endowment, named or unnamed, by designating that the gift should be added to the designated Fund. The form of the gift, and any conditions associated with the gift, must be acceptable to the Board. Any funds conveyed and accepted in this manner shall be added to the principal of the Fund. All such gifts, bequests, and devises to the Fund shall be irrevocable.

### **Investment Management**

All gifts to the Master Endowment Fund will immediately become the exclusive property of the Church. Responsibility for the management of the Master Endowment Fund resides exclusively with the Board. To that point, the Board, will create/update, as it deems appropriate, a policy that details

an investment strategy to include direction on types of investments and general risk policies that will govern the management of the Master Endowment Fund.

All endowment gifts will be deposited in the Master Endowment Fund. As authorized by the Board and directed by the Church's investment policy, the Board will be responsible for the management of this fund until its value exceeds \$100,000. When the fund value exceeds \$100,000, the Board will engage a professional investment firm that will manage the fund as directed by the Church's investment policy.

### **Master Endowment Investment Income Distribution**

Given that the Master Endowment Fund will be made up of a number of different accounts of varying values, investment income will be distributed on a fund share basis. For example, an account valued at 6% of the value of The Master Endowment will receive 6% or a pro-rata share of the fund's annual investment income. The Board reserves the right to develop and implement a revenue reinvestment program designed to protect each named fund from inflation (e.g., in a year in which the Master Endowment Fund earned 6%, 4% would be distributed to each Endowment as expendable income and 2% would be reinvested in each individual Endowment).

### **Distribution of Individual Fund Income**

As consistent with its Endowment Fund Agreement, investment income will be used annually to support the activity(ies) as originally designated by the donor. For example, annual income from the "Jones Choir Endowment" would be used to support choir expenses as determined by the designated fund manager. Exceptions, to include those for Special Project Endowments, must be approved by the Board.

As a general rule, income from each endowment will be distributed at the end of each calendar year and expended at the direction of the Board and in accordance with the signed legal agreement between the Donor and the Church. The Board may, however, opt to distribute fund income as the investment year progresses. Further, with donor approval, the Board will be authorized to expend fund principal as required to support the fund's target purpose. Specific language to this effect must be included in each endowment agreement.

### **Gift Recognition**

With donor approval, endowment gifts will be recognized in the following ways.

- All endowment gifts will be recorded in the Church's gift book by donor name and endowment designation
- Gifts of \$10,000 or more will be listed on a plaque by donor name and endowment designation. This plaque will be prominently displayed in the Fellowship Hall.

- Gifts of \$25,000 or more will be listed on the above referenced plaque and on a separate plaque to be hung, where possible, close to the area that benefits from the gift (e.g., in the choir room).
- Gifts of \$50,000 or more will create a named endowment and the donor's name and that of the endowment will be listed on the plaque displayed in the Fellowship Hall.
- All endowments that have "active" funds will be listed in the Annual Report to the Parish.

## **Termination**

Each endowment established by and managed by The Board on behalf of The Church shall continue as long as the need therefore exists, adequate funding is available for its purposes, or until the Church is dissolved or is terminated. The Board, in consultation with the Vestry, shall have the authority to determine whether there is a continuing need for an endowment, and whether there is adequate money or property available for its purposes. As specified in each endowment fund agreement, if the Board terminates an endowment, any remaining funds shall be applied in such amounts and for such purposes as the Board in good faith determines to approximate most nearly the original charitable and benevolent purposes of the endowment. If, in the good faith opinion of the Board, the original or charitable and benevolent purposes of this Fund cannot be determined, or are impractical or impossible of fulfillment, then any remaining funds shall be applied in such amounts and for such purposes as the Board, with the consent of the Vestry, determines to be consistent with the general charitable and benevolent purposes of the Church, as set forth in its corporate charter.

## **Model Policies Committee – Dana Richardson**

The Safeguarding Praesidium Manager Training that was scheduled for parish Model Policies administrators was postponed from May to June.

As of 4/27/2022 eight of the nine new Safe Church, Safe Community Courses from Praesidium Academy have been made available to the diocese, but parish Model Policy Administrators first need to receive training on how to manage the training before parish-level training can be scheduled. The “Online SGT” required training in the Model Policies Appendix A (latest version 3/16/22) is comprised of the following topics:

- Introduction and Theological Background
- Organizational Rules & Policies
- Inclusion
- Healthy Boundaries
- Power & Relationships
- Pastoral Relationships
- Abuse and Neglect
- Bullying
- Anti-harassment (not available as of 4/27/22)

As of the 3/16/2022 Appendix A, “Online SGT” will be required for:

- Clergy
- Employees
- Volunteer Staff
- Choir Director
- Acolyte Director
- Commissioned Ministry Teams
- Altar Guild
- Treasurer
- Vestry
- Wardens
- Eucharistic Visitors
- Stephen Ministers
- Pastor Care Teams

The Model Policy Committee will be compiling lists of specific church members that will require this training once we have received the management training from the diocese.

A preliminary review of the electronic keys (FOBs) belonging to SPEC has been submitted to our office for verification of keys that have been distributed, disabled and available for distribution. As reported last month, follow-on actions need to be developed to provide FOBs for those needing access while retrieving FOBs from those that no longer need access. Additional steps needed to implement the Model Policy may require having individuals signing for FOB, acknowledging their liability, and initiating a background check.

The review of the Model Policies and their appendices continues to identify those action items that our parish needs to work on immediately and other actions that will need to be completed to meet changing situations.

## **Campus Utilization – Bill Carney**

Having only a short time since the last vestry meeting, we have just a short report:

The strategy team has sent an initial note to each board chair to get them started thinking about their needs, hopes, dreams etc. They are each going to have a direct conversation after having a few days to digest what we are looking for from each of them. We are asking for their initial input by May 27th so that we can begin to have at least a current use and needs base by the time the new building is complete. They have also been told that we plan, maybe in the longer term, to renovate the existing Chapel Annex and want input into what that would look like as well.

## **Growing the Church- Geoff Gersen**

First consideration is Geography –

Southport

St. James

Oak Island

Boiling Spring Lakes

Bolivia

Leland?

Publicity and Advertising

Newspapers

State Port Pilot

Southport Magazine

HOA Newsletters

Realtors

Chamber of Commerce

Business Bulletin Boards

Events

Opening of New Parish Hall

Fall Festival

Summer Music Concerts

Reach out to parishioners who have not returned due to COVID

More aggressively pursue visitors

Visit their homes and leave a gift of appreciation

Make sure Facebook page and website are welcoming

## **Communications – Bob Wright**

The Communications Committee believes effective communication is a critical function necessary to the continuing development and growth of the church. We continue to refine the recommended approach to improve our ability to report to the congregation and others the plans, needs, and accomplishments of St Philip's.

Since the last meeting the committee has begun the process of developing the job descriptions for the positions tentatively entitled “Managing Editor”, “Print Editor” and “Digital Editor”. We also are developing a set of responsibilities for what we envision to be a new Ministry Board, the “Editorial Board”, composition of which will be determined by the duties recommended.

## **Parish Hall Construction – Bill Bittenbender**

Progressing well with anticipated Certificate of Occupancy date of June 15, 2022, assuming no major surprises which we think the chances of which have been minimized. HVAC, electrical and fire alarm systems installed and tested. Trim work progressing with kitchen cabinets and appliances being installed, elevator inspection scheduled, and painting second coat of interior should be completed this week. Handrails are scheduled to be installed week of May 23, 2022. Carpeting and floors are next.

## **Faith Formation – Susan Chase**

No report from Faith Formation this time as they will not meet until May 19.

## **Pastoral Care- Holly Meiners**

I have nothing to report. The Pastoral care meeting is the 19<sup>th</sup>

## **PARISH LIFE BOARD- Michele Barkalow**

Attendees: Steve Moore, Deborah Jordan, Barbara Kanto, Jane Mitchell, Michele Barkalow  
Barbara Kanto reports that Gather Around the Table will resume in September for dine-in and dine-out events and will be publicized in Come and See in July and August, as well as in the bulletin in August.

Jane Mitchell reported that the next ECW Lunch Bunch will be held on 5/24, and that the next Fall Festival Craft Workshop will be held 5/27.

Newcomers- a successful reception was held on 4/24/22, with over 20 newcomers attending.

Oddjobbers- there is an upcoming work date at New Hope Clinic (TBD)

Men’s Club- A chair has not yet been found, Steve Moore is planning an informal gathering sometime in June at Southport Tap and Cellar. This will be posted in Come and See, and some men have expressed interest in attending.

Hospitality- The next coffee hour will be May 22<sup>nd</sup>. This will be the last one before Fall, when various ministries will be hosting coffee hour once a month. Steve Moore will work with Lorraine to help with sign-ups via Sign-Up Genius. Steve announced that Monday lunches will resume in the fall, with Alex Chesson taking the lead. Mike Bearden is planning to provide breakfast at the soft opening of the Parish Hall (hopefully, in June, the first Sunday after receipt of Certificate of Occupancy), as well as once a month in the fall. This “soft opening” will be when parishioners will bring shower gifts of dinnerware and flatware. This would allow for placement and organization of these items in the kitchen in July and August. The Fall Festival is planned for October 1<sup>st</sup>.

New Parish Hall- A “hard opening” and dedication of the new Parish Hall will be held on Homecoming Sunday, Sept. 11<sup>th</sup>, after the Beach service ends on 9/4. A request related to the Vestry suggestion of a Chili Cook-Off was discussed, and Steve Moore suggested that those on the Vestry with prior experience in this event contact the Hospitality Committee to provide them with further information or attend a Hospitality meeting (the second Thursday of the month), so that they may consider this event.

## **Worship – Rick Pearce**

Tuesday May 3, 2022

All members or their reps. were present: Fr. Eric, Mth Lisa, Deacon Pam, Debbie Evans, Nancy Corsi, Lorraine Beamer, Rick Pearce, Debbie Skillman, Dennis Courtnage, Peter del Sol, and Bobbie Fuchs

Opening Prayer Debbie Evans

Deacon Pam reported that everything is going well with the morning services at Terra Bella. They are using the 8am service bulletins, which many are taking back to their rooms to reread.

Lorraine is requesting additional Eucharistic Ministers since we are now using 4 at the 10am service. She has contacted several supply priests for the Beach Services and asked that Peter contact some to fill in empty spots. A Eucharistic Minister training class is set up for June 8, 2022

Dennis reported that the first CPR training at Oak Island Fire Dept. is set with 17 or 18 people going. (Sat May 7th from 10 am to 4 pm)

Peter is reviewing the Beach service customary and making any corrections.

Fr. Eric said home blessings are available.

Next meeting June 7th @ 4pm

## **Outreach – Geoff Gersen**

No report due to short timespan between Vestry meetings. Next Outreach meeting late May.