

**Christ Church Christiana Hundred
Finance Committee Meeting
September 27, 2017**

The meeting was called to order at 7 PM by Rob Friz.

Finance Committee members in attendance: Rob Friz (Chair), Troy Silliman, Hardy Drane, Bob Reardon, Mark Parsells (Treasurer), and Ruth Beresford (Rector).

Absent: Marissa Stipa, Fred Moran, Jim Kermes, and Joe Zakielarz (Senior Warden).

Ruth opened the meeting with prayer.

Rob began the meeting by welcoming and introducing Bob Reardon to the committee.

The minutes of the June 27, 2017 meeting were reviewed and were unanimously approved.

Rob, Ruth, and Mark provided an update to the Committee regarding the Finance function. With Andy Kosinski leaving as Finance Manager of Christ Church, Breakwater, a professional services firm that specializes in providing outsourced accounting services, has been engaged to handle the accounting and finance responsibilities. The committee discussed the role and responsibilities of Breakwater, the professionals from Breakwater performing services for Christ Church, and considerations for the Finance role on a going-forward basis.

Rob reviewed with the committee the August year-to-date operating statement. Pledge income continued its positive growth from prior year, with a YTD increase of approximately 12.3%. Even though the YTD numbers are strong, there is a projected annual budget gap of approximately \$46K for pledge revenue. While this gap has decreased from the June projection, it is uncertain whether it can be closed by year end. However, per a review of opportunities and risks for other income and expense items, it is anticipated that other opportunities exist for achieving the overall net budget. Expenses continue to generally be on track with budget and are favorable to prior YTD amounts by approximately 2.5%. Further, 2017 YTD total income over expenses was \$49.2K, an improvement of \$188K from prior year (where 2016 YTD income over expenses was a loss of (\$138K)).

Rob reported that the CCEP / CCCH Cost Allocation subcommittee met again this past month. The subcommittee's charge is to review and examine the sharing of common area costs between the Preschool and Church, including a review of the allocation methodology relative to the Standards and Guidelines as set by the National Association of Episcopal Schools (NAES). Discussions have also focused on the ministry aspects of the Preschool. At its most recent meeting, the subcommittee discussed certain modifications to the allocation formula per the NAES guidelines and reviewed an updated cost allocation spreadsheet that reflected these proposed modifications. These proposed modifications consisted primarily of reallocating the kitchen and Hall C space 50%-50% to CCEP and CCCH (where previously 100% was allocated to CCEP), allocating 100% of the stairwell to CCCH (where previously there was a pro-rata allocation), only charging depreciation to CCEP for capital expenses specifically allocable to CCEP as the primary user (where previously the formula looked to allocate a portion of the depreciation for the Parish Hall based on relative use), and reviewing and incorporating the cost

of a separate insurance policy for CCEP. The committee, upon a motion that was unanimously approved, supported using the NAES guidelines for the cost allocation framework as well as the recommended approach of the cost allocation subcommittee for the CCEP-CCCH cost allocation. The committee also expressed its full support for the ministry of CCEP and for further discussions between CCEP and CCCH on types of support each can provide to the other in support of their ministries.

Rob also shared with the committee the investment letter to the Episcopal Diocese of Delaware dated August 11, 2017 from its investment advisor, Hamilton & Company regarding the current investment environment.

The timeframe and preliminary items for the 2018 budget were also discussed. This included the memorandum dated September 27, 2017 from the Episcopal Church Diocese of Delaware to Church Treasurers and Finance Committees regarding 2018 Budget Preparations, as well as the 2018 fair share amount for CCCH.

Rob closed the meeting with a prayer.

The meeting adjourned at approximately 8:30 PM. The next meeting is planned for Thursday, October 26 at 7 PM.

Respectfully submitted,
Robert W. Friz, Chair