

## Fountain Street Church Governing Board Meeting Minutes March 20, 2023

**Board Members Present:** Cele Badgerow, Steve DePolo, Matthew Huizenga, Shellie Jeffries, Geoff Kempter, Tony Lanninga, Kristen Loch, Kristin Mayer, Katie Mitchell, Amy Preston, Jon Spalding, James Taylor, Tim Creamer, John Willette, George Zuiderveen

**Staff Present:** Rev. Christopher Roe

**Guests:** Judy Botts, Daniel Bullcock, Liz Bullock, Carole, Sherron Collins, David D., Pat Eaman, Kirsten Lundeen, Marie Penny, Jack Petiet, William Thompson, Buzz Wynbeek

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**Call to Order:** Meeting called to order at 7:01 pm.

**Call to Community:** Katie read excerpts from The Pagan Origins of St. Patrick's Day by I. E. Kneverday

**Congregant Comments:** None

**FSC Thank You:** John W., who was our guest at the Officers Committee meeting this month. John thanked Fountain Street Church. We've been through a lot in recent years, and we've stepped up.

**Governing Board Minutes:** Katie moved to accept the February minutes. Tim seconded, motion passed unanimously.

Amy said let's think about how we prepare and share the minutes - some think they're too detailed and share too much. Others like transparency.

Discussion on the pros and cons of how we do the minutes and the detail included. Questions of names being attached and minutes being public.

**Tony made a motion to support continuing doing the minutes as we are - with detail. Jon seconded. 14 in favor, one opposed. Motion passed.**

**Finance:** Tim updated:

Staff Changes-As you all know, Melissa Hoezee is no longer employed by FSC. For the short term Tim and Cele will be handling the accounting functions.

Cele will be working on creating processes and procedures to ensure we are properly and consistently handling these functions. Once we have a firm grip on this we, including the Officers Committee and the Governing Board as a whole, will determine how to handle these functions going forward.

Income Statement-Since we don't have an approved budget yet, the income statement you see shows current amounts in comparison to last year at this time. Once we have an approved budget the statement will show the budgeted figures for comparison. There may be some timing differences and differences in categorization of some expenses and revenues from how they have been handled in the past but we will work to be consistent moving forward.

Items of Note-The telephone expense shows a higher-than-expected expense based on last year at this time. We are looking at this to determine what the reason for this is. It may be a categorization issue. The electric expense also shows a higher-than-expected expense based on last year. This looks to be a timing issue. We will keep a close eye on that. Our revenue is much higher at this point than last year, as a result of our pledge income being substantially higher at this point. All other expense items are in line with last year's amounts.

Budget-You'll note there are five columns in the proposed budget. The first column is the budget we presented at last year's annual meeting. The second column is the budget that was presented at last month's governing board meeting. Then there are 3 new budget proposals, (A), (B) & (C). There was a document included in the packet explaining the differences in these three budgets in comparison to each other and the budget presented last month. Both budgets (A) & (B) are balanced budgets (actually, each has a small surplus). These budgets are balanced by using \$50,000 from the Properties fund to cover a portion of utilities expenses. Neither budget has anything budget for payback of the loan from the Foundation. We have been paying this back by appropriating an amount at the end of the year, last year being \$5,000. If we have any surplus at year end, we would propose we return that to Properties. Budget (C) does not reflect any transfer from properties and has a \$43,322 projected deficit.

All three of these budgets include the full salary of the General Manager of Operations. We left this in as we will be paying the salary for this position thru May and we still aren't sure of how we will be handling these functions going forward.

All three of these proposed budgets include an amount for Youth Education that wasn't included in the previous budget proposal. There is also a small amount for the Early Service that wasn't included in the previous budget proposal. These differences are noted in the Budget Differences document.

**Cele moved to accept the financial report. James seconded. Motion passed unanimously.**

From 2-20-23 budget presented at the February GB meeting:

#### Revenue

All three versions have an increase of \$20,000 in pledge income to \$570,000. We are currently within \$20,000 of that goal.

All three versions have an increase of \$10,000 in contributions of record to \$50,000. Last year's actual contributions of record were over \$50,000.

Both the (A) & (B) budgets reflect a transfer of \$50,000 from properties funds to cover a portion of our utilities expenses. The (C) budget does not reflect this.

### Expenses

All three budget versions reflect a decrease in postage expenses under the Office and Admin expense of \$2,000 from \$7,000 to \$5,000.

All three budget versions reflect a decrease of \$15,500 in Leadership and Training Expense from \$38,500 to \$23,000. This savings is reflected in reducing Governing Board Expense by \$500, eliminating the Leadership Expense of \$3,500, the \$1,000 in membership fees, the Recruiting Expense of \$500 and reducing the Professional Services Expense by \$10,000.

All three budget versions reflect a \$2,000 decrease in Total Administration Staffing Expenses.

All three budget versions reflect an increase in Total Education Staffing of \$25,000 giving us the resources to maintain Youth Education for the entire year.

All three budget versions reflect a decrease in Cleaning Expense of \$1,000 from \$3,500 to \$2,500 under the Total Maintenance and Supplies Expense category.

The last difference is in the Early Worship line item under Worship Program Expense. The previous version of the budget did not have any amount budgeted for this. In the (A) and (C) version here there is \$2,000 budgeted and \$5,000 budgeted in version (B).

### Bottom Line:

- Budget (A)-Includes \$50,000 from the properties committee and reflects a \$6,678 surplus.
- Budget (B)- Includes \$50,000 from the properties committee and reflects a \$3,678 surplus.
- Budget (C)- Does not include \$50,000 from the properties committee and reflects a \$43,322 deficit.

Amy reminded us that we tasked this committee, last month, with reworking the budget, and thanked them for doing so.

Discussion: Rev. Christopher said this is a much healthier, more responsible budget with the reinvestments. We can work with the education budget for the coming year. Breaking out the early service budget is good too. Easier for tracking costs. Kristin M. asked about the loan from the foundation. Tim said it's not in here but we do plan to make payments - how just depends on what budget we approve.

Tim said the Finance Committee would recommend Budget B, but that's not what the Board has to do. George said he liked the investment in the early service and the message that it sends.

**Geoff moved to approve Budget B for 2023. John W. seconded. Motion passed unanimously.**

**Oversight:** Steve updated:

## SECOND READING OF PROPOSED POLICY CHANGES

### A. Renting the Church Facility Adopted October 28, 2013

The church facility shall not be rented for purposes unrelated to the mission of the church unless the Governing Board otherwise approves.

#### 1. Employee Salary Information Adopted June 20, 2022

2. All information and records of the church regarding employee compensation other than the compensation of the Senior Minister is confidential and may be accessed only by:

a.) The Senior Minister

b.) The Church Accounting Manager

3. The Governing Board may inspect information and records at any time.

### B. Confidentiality of Congregant Giving Adopted June 20, 2022

1. All information and records of the church regarding individual congregant giving may only be accessed by:

a.) The Senior Minister

b.) The Church Accounting Manager

2. No one else may have access to this information without the express permission of the Senior Minister. In granting access to this information to another person(s), the Senior Minister shall report to the Governing Board the name of the person(s) given access to this information and the reason(s) for granting access.

### C. Budgeting Adopted June 20, 2022

The Senior Minister may not propose a budget which:

1. Contains too little detail to enable reasonably accurate projection of revenues and expenses, separation of capital and operational items, and disclosure of planning assumptions.

2. Plans the expenditure in any fiscal year of more than the sum of (a) funds projected to be received in that period; and (b) unrestricted cash reserves on hand.

3. Deviates materially from Governing Board-stated priorities in its allocation among competing budgetary needs.

#### D. Financial Condition Adopted June 20, 2022

The Senior Minister may not, without Governing Board approval:

1. Expend more than the amount approved for expenditures in the Governing Board's adoption of the church's annual operating budget.
2. Indebt the organization in an amount greater than can be repaid by certain, otherwise unencumbered, revenues within 90 days.
3. Allow cash to drop below the amount needed to settle payroll and debts in a timely manner.
4. Use Fountain Street Church Foundation funds in a manner inconsistent with the Foundation Trust Agreement.
5. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered, revenues within 30 days.
6. Allow actual expenditures to deviate materially from Governing Board-stated priorities.
7. Otherwise take any action that places the church in fiscal jeopardy.

#### E. Asset Protection Adopted June 20, 2022

The Senior Minister may not, without **Officers Committee/Governing Board** approval:

1. Fail to adequately insure against theft, casualty losses to at least 80 percent replacement value and against liability losses to board members, staff, or the organization itself.
2. Allow unbonded personnel access to material amounts of funds.
3. Subject church facilities and equipment to improper wear and tear or insufficient maintenance.
4. Unnecessarily expose the organization and its board or staff to claims of liability.
5. **Make any purchase of over \$1,000.00 without confirmation of competitive prices.**
6. **Make any purchase of \$2,500.00 or more for contracted services without three quotes while considering the following factors in reviewing quotes and awarding contracts:**
  - **Minority bidders will be encouraged to bid**
  - **The following factors should be considered in reviewing bids and awarding contracts:**
    - **Best value**

o Previous record of performance

o Evidence of material/service quality and availability

o Proof of insurance where applicable

o References

● If multiple bids are not obtainable or even desirable on a project costing \$2,500 or more, a justification for sole sourcing will be written and submitted, with Senior Minister approval, to the Officers Committee of the Governing Board for discussion and approval before the work is contracted.

● If the total purchase is over \$25,000, the Officers Committee will take their recommendation to the full Governing Board for approval.

~~7. Make any purchase of over \$10,000.00 without sealed bids.~~

~~8. Make on its own authority any purchase of greater than \$20,000.00.~~

9. Receive, process, or disburse funds without sufficient controls to protect against embezzlement or fraud.

10. Invest church funds in insecure instruments, including uninsured checking accounts and bonds of less than AAA rating.

11. Fail to provide the Governing Board Treasurer monthly updates on the financial condition of the church.

12. Fail to provide the Governing Board Treasurer with access to account information from which the Treasurer can independently assess and verify the financial condition of the church.

13. Otherwise risk financial losses beyond those necessary in the ordinary course of business.

14. There should be no conflict of interest in awarding purchases and/or other contracts.

#### F. Memorial Gifts Adopted: August 18, 2014

1. All donations/gifts received by the Church in the context of a memorial shall be automatically designated as gifts to the Fountain Street Church Foundation ("Foundation").

2. All donations/gifts received by the Church in the context of a memorial shall be deemed unrestricted gifts to the Foundation unless the donation designates a specific fund maintained by the Foundation, in which case the donation shall be treated as a restricted donation for allocation to that specified fund.

3. Funds raised and managed by Interest and Service Groups are designated for the sole use by the related group. For efficiency and security, the designated funds will be centralized in a FSC bank account and assigned on the church balance sheet.

#### G. Interest and Service Group Designated Funds

1. Funds raised and managed by Interest and Service Groups are designated for the sole use by the related group. For efficiency and security, the designated funds will be centralized in an FSC bank account and assigned on the church balance sheet.

2. The purpose of each designated fund will be clearly outlined and reviewed annually for appropriateness by the FSC Finance Committee. The church finance manager will keep accurate records of income and expenses for the designated funds.

3. The Finance Committee will annually approve the individuals and staff authorized to spend from each designated fund.

4. When an FSC Interest and Service Group is dormant for 3 –5 YEARS, the Governing Board has the authority after due diligence to authorize closure and transfer the related designated fund to a similarly aligned fund or the General Fund.

#### H. Cash Reserves

1. It is crucial for a church to have cash reserves on hand, which is a fund of liquid assets set aside for emergencies beyond normal cash flow.

2. The goal is to establish a cash reserve fund that is 10% of the church budget on a rolling average over the past three years.

3. If the cash reserves fall below the target amount, the Senior Minister and FSC Finance Committee will meet with the Officers Committee to make budget adjustments to bring the fund back to the necessary amount over the next year.

**Steve moved to approve the three changes to the financial policies. Kristen L. seconded.**

Discussion: Amy asked if we should just decide on how many years before a dormant fund gets absorbed. Maybe say after a “minimum of 3 years?”

**Steve modified the motion to reflect this language.**

Tony asked if this has happened before. Tim said yes, we’ve had several funds that appeared to have no use or interest. Steve said this is a matter of transparency. Agreement from the group that 3 years seems like long enough.

**Motion passed unanimously.**

Steve promised more shenanigans from Oversight :)

**Stewardship:** Tim updated:

The Stewardship Committee is meeting bi-weekly. We are working on new ideas of how to generate revenue for the church. As of 3-17-23 we have 262 pledges for a total of \$552,777.26. Our current budget proposals are based on pledge income of \$570,000, leaving us \$17,222.74 short of this goal. The Stewardships Committee's goal is \$600,000, currently \$47,222.74 short of this goal.

The auction is now open for congregants to put items up for auction. Bidding we start on April 2 and continue to April 30.

We will continue to meet throughout the year.

**Staff Report:**

Rev. Christopher updated:

Obvious staff transition with the outgoing operations management. Deep dive into how we handled and will handle things. Huge gratitude to Tim, Cele, Kristen and Amy for all the work. Looking at future years and how to really clean up operations.

We've had 17 people sign the book in recent weeks. Trying to find ways to bring them together and be more visible. This also underscores the lack of welcoming for new families and members. But we're working on that.

Joe DeWinkle has decided this is too much for him as our organist and accompanist, which was an experimental position anyway. We'll figure it out.

Lovely vigil for Ukraine last month, with a wonderful community turnout. Lots planned between now and summer.

**Old Business:**

Amy: congregant workshops are the main thing. Trying to get something for dinner other than pizza! Next one will be March 27 with a conversation on the Bell Tower.

George asked if the workshop would be less about what's wrong with the tower and more about how we're going to talk about it. Amy said, yes, we'll give background, but we don't even have an estimate yet. The substance of the conversation is how we'll work as a congregation to decide what to do. Especially as we head into the second century of this building.

**New Business:**

Officers did meet with Rev. Christopher regarding the staffing change of Melissa. Also had a Gov. Bd. info update on March 6th. We also got a new, electric water heater! This was a group effort and is a great upgrade. Cost less than \$10,000, and that included removal of the old appliance.

### **Bell Tower**

Once a quarter, the GB chair and FB chair meet. We met with Bob Chapla and Nancy Ayres, they raised relevant points.

Regardless of what we do with the Bell Tower, there will be expenses. We should consider a fundraising committee to start evaluating options. Officers thought this was a good idea, but wanted the Board to discuss. Also, it would be good for this committee to work closely with the Foundation Board. We do have some people in mind for this group.

**Kristin M. moved to form a committee that will work closely with the Foundation Board and a liaison to the Governing Board for the purposes of fundraising for the bell tower work. Tony seconded.**

Discussion on how the group would be formed. Amy said ideally we'd have volunteers and the Board might find someone to be the Chair. Direction would be under the Foundation Board. Governing Board members can join, but as church members rather than Board members.

**Motion passed unanimously.**

Legal assistance for the Bell Tower... We're considering hiring legal professionals to help us with some direction on what we HAVE to do. We're in a historic district so we can't simply tear things down. We have some ideas, but having legal assistance might help us have clearer answers on options.

Geoff asked if now is the time to get that help, or is it more helpful to have that number of the cost first? Kristen L. echoed this. Do we want to risk hemorrhaging money on legal counsel on something we don't even need? George brought up LaGrave CRC, which is going through a similar situation. Group agreed that talking to that lawyer might be helpful. Amy said to have him call her.

### **Information Access**

Amy updated that the policies limit who can have information, such as salaries and congregation giving. Right now, without an operations manager, it's really only accessible to Rev. Christopher and Tim as Treasurer. Laurie in the office also has some access.

Tim said the whole Finance Committee used to have access to that information. Policies also imply that the Governing Board has access to certain things already. But we're currently running into difficulties without access to all the information. Kristen L. said that even if we don't need the info, we need to move the data sometimes and need to be able to access.

James said that Stewardship has discussed this. There are people who don't want anyone to know what they give and where. But without that information it can be very difficult to "grow the pot." Some people, if you give the right ask, they'll greatly increase giving. Currently this weight is all on Rev. Christopher's shoulders.

Current policies say the Senior Minister can share this information when necessary, and inform the board who has access to donor information. Rev. Christopher said other churchers (where he's worked and of colleagues) do publish all salaries. He doesn't know why this church is so secretive about it... it allows for some people to be very poorly paid. Also, members may feel like giving more if they know what people make now and what things cost.

Kristen L. said this may have started as a protection, but today it's about transparency. Group said all salaries were published 15ish years ago (before which the Finance Committee could access it). Cele noted that we pay the salaries... why can't we know? James suggested asking the staff their feelings.

### **Samaritas Lease**

Amy said we had one that ended September 2022. It was a learning experience. We noted our utilities cost significantly more. Also, they were teenagers and our maintenance costs were higher than expected. We did tell Samaritas that we'd have to raise the rent, from \$17,00 to \$2,500. They left a lot of equipment up there. About 3 weeks ago they asked about coming back. Officers decided to bring it to the board. We really might just break even, but it might help a little.

Geoff noted that it's nice not to have that space in use. But we should have some small return, especially considering the liability.

The previous contract was not super detailed and FSC might have stepped over the line of what we actually have to do for them. This time we'd need a more detailed contract, as well as a good idea of how the program will work. We have thousands of square feet... but is it up to par with other downtown rental space? What can we actually charge them? We do not have a start date.

Time asked that Amy, Kristen and Rev. Christopher talk to Samaritas and get details. Geoff said we need to get our ducks in a row on cost. Amy will be in touch with them this week.

### **Committee Fair**

We've talked about having a Sunday fair for committees in the Social Hall. Hopefully within the next couple of months. We made a new committee tonight.

Shellie said we've talked about having the Governing Board table in the Social Hall too. Amy said yes, we just haven't gotten to it yet.

**Congregant Comments:** None

**Adjourn:** Tim moved to adjourn. Geoff seconded. Motion passed unanimously. The meeting adjourned at 8:50pm.