

Council on Finance and Administration (CFA) Minutes  
Minnesota Annual Conference of the United Methodist Church  
Minnesota Church Center  
122 W Franklin Ave, Minneapolis, MN  
October 17, 2019 Approved Minutes

**Members Present:** David Parker; John Mitchem; Jane Gilbert, Brenda King, Sharon Fields, Randy Koppen, Tom Biatek; and Connie Sheely.

**Members Absent:** Keith Peterson; Steve Richards; Deb Marzahn; Linda Gesling; Daniel Wetterstrom, and Paul Hoekstra.

**Officio & Services:** Barb Brower Director of Finance & Administration and Treasurer; Kathleen Keller Controller and Cindy Gregorson, Director of Connectional Ministries.

### **I. Opening Matters**

John Mitchem called the meeting to order at 12:15p.m. The agenda was adopted by consensus. The minutes of the August 15, 2019 minutes were approved by consensus.

Sharon Fields was nominated and approved for the Secretary position.

### **II. New Business**

Cindy Gregorson gave the report of the Director of Connectional Ministries. Barb Brower gave the report of the Treasurer. Both Cindy and Barb explained that two administrative assistant positions and the conference statistician position have recently been filled.

John Mitchem opened the apportionment discussion with an analogy of the local church: receipts are down YTD but a significant portion typically comes in at year-end. Receipt collection in September may not be indicative of receipts for the year. However, at the end of September apportionment receipts were down 9.8% from last year at this time and general giving was down 19% from last year. The Council discussed the various reasons why this might be including GC2019 decision, aging membership, and the tax law. John then led the Council into the 2021 budget discussion.

Barb Brower explained the GCFA will be reducing their apportionments by 18% for the next quadrennial. This amount should be approximately \$300 thousand. If the conference would pass this reduction to the local churches plus an additional \$200 thousand that would be a total reduction of \$500 thousand or 8%. This would make a significant impact to our local churches.

Cindy Gregorson explained that it is difficult to cut the infrastructure, like rent, insurance, supplies that go up with inflation. So staff ends up cutting the programs and resources for the local churches. Cindy suggested that with the level of reduction discussed, staff budget by negotiating a pool of resources to each area. Then each director can work with their ministry team to use the funds in the best manner. They can adapt the budget timely for decisions made.

Kathleen Keller explained that the accounting office using Shelby is very manual. As we transition to NetSuite, more activities may be automated potentially reducing staff. Kathleen also explained that the Methodist Church structure is very complicated and also contributes to the cost of doing business.

Cindy explained that she and the strategy team are working on how to move the 85% of our congregations forward to stay strong together as a conference. Tom Biatek noted this and the

uncertainty of General Conference in May 2020. Cindy suggested that we may want to do a couple of budget scenarios for the Annual Conference to vote on. Materials have to be to the delegates by early May for the June 10, 2020 meeting. There were no further comments on the 2021 budget and staff will move forward with the reduction and strategy discussed.

John Mitchem explained that GCFA plans to reduce the Episcopal office and housing support in 2020. Barb Brower expects this amount to be approximately \$20 thousand. Some of this cost is shared with the Dakota's Annual Conference. The Episcopal Fund also has reserves it could potentially use to support this increase in cost. Kathleen Keller agreed to prepare an analysis of the cost of the Episcopal home and office and also determine the restrictions on the Episcopal reserves for CFA. In summary, in regard to the Episcopal funding shortfall for 2020 the Council agreed to:

1. Look for alternative funding from the Episcopal Fund – would the Bishop approve this?
2. Use Conference reserves to fund for 1 year.
3. Review the 2020 budget for areas that could be reduced to cover this shortfall.

Brenda King stated that the Foundation Board is using more of their reserves with the philosophy that people gave the money for ministry to be used and not to be saved earning interest. Randy Koppen made a recommendation that congregations that withheld the general church apportionments should be made aware that our apportionments are increasing for this pass through. John agreed and said that a task force including, John, Barb, Judy Zabel, Chair of the Episcopacy Committee and Jeff Pospisil, Dakotas Treasurer will meet to discuss.

John reminded CFA that Sheilah Kyburz, the Bishop's Assistant will retire August 1. We expect to have at least one month of overlap for training the next person. Also, Bishop Ough's last day will be August 30, 2020.

Barb Brower introduced the list of credit card holders with their limits and the total limit for the organization of \$100 thousand for review and approval. Tom Biatek made a motion to approve the list of credit card holders, limits and the total \$100 thousand limit. Connie Sheely second.

**Motion approved.**

Barb Brower explained the changes and the reason for the changes to the Employee Handbook. Sharon Fields made a motion to approve the October 2019 Employee Handbook. Tom Biatek second. **Motion approved.**

Barb Brower outlined the terms of the three-year office lease proposed by the Minnesota Council of Churches for the 4<sup>th</sup> floor and Bishop's Office. Cindy Gregorson gave the history of the building and the ecumenical partnership along with the UCC and ELCA. The Minnesota Council of Churches does significant work with refugee resettlement so this is also a ministry decision.

Cindy also explained that the building houses our server and they provide server support at additional cost. Sharon Fields noted the timeline and the cost to move. John Mitchem summarized with the church facing an uncertain time a three year lease is appropriate, clergy like the ecumenical nature of the building, staff will be hosting GC2020, are involved in two major conversions and have a new Bishop September 1, 2020 so they probably can't endure the stress of moving. Therefore; John will recommend to his counterpart at the Board of Trustees to sign the three year lease with the Minnesota Council of Churches.

John Mitchem gave an update from the Bishop's Disaffiliation Task Force. A FAQ on the disaffiliation task force will be going out in MN Connect this week. The task force is working on a draft disaffiliation agreement to be refined at the November meeting. The goal is to have an agreement available if needed January 1, 2020.

Kathleen Keller gave an overview of the two system conversions. The first is a conversion of the customer relation or clergy and church information from Shelby to Brick River. The second is a conversion of the accounting software from Shelby version 5 to NetSuite. Kathleen explained that we will load the 2018 trial balance and the 2019 data into the new system with a goal of going live November 1. John Mitchem and the Council gave a collective thank you and round of applause to Kathleen Keller for this accomplishment!

Kathleen Keller gave an overview of the September 30, 2019 financial statements and investment reports. Being no further business, the meeting adjourned at 2:05pm.

Respectfully submitted,

Barbara Brower