

**Minutes of the MCCDC Board of Directors
Tuesday, October 26, 2015**

Members Present: Kathleen Carey, Rev. Dwayne Johnson, Mark Kornmann, Knut Panknin, Bobbi Strang

Guests Present: Rev. Cathy Alexander, Jeff McGary / CPA (for parts of the meeting)

Call to Order/Opening Prayer

Rev. Dwayne called the meeting to order at 6:36 p.m. and he opened with a prayer. A quorum was established.

I. Consent Agenda

Knut moved to accept the agenda (preparation of the Congregational Forum Agenda and Reports) and Kathleen seconded. The motion carried unanimously.

II. Discussion/Voting Items

A. Nominations Committee

Knut presented a proposal from the Nominations Committee. The Committee had received four applications (Fenicia Ballard, Quanti Davis, Bobbi Strang, and John Merriwether) and asked the Board to approve the full slate of candidates. He also reported that while all applicants met the formal requirements to run for the open Board positions, there was dissent on one candidate. Two Committee members had reservations around this candidate based on perceived performance, church attendance, and visibility.

Additionally, the Committee asked the BoD to revise Art. VI, Section C of the Bylaws in order to redefine the definition of the duties of the Committee. Members of the Committee were not clear on how to define a “qualified” candidate and whether “formally” qualified candidates could be denied approval. The Committee also reminded the BoD to evaluate its own performance and take corrective steps if Members of the Board are not meeting expectations when it comes to BoD meeting attendance, participation or church attendance.

Mark moved to receive the proposal from the Nominations Committee and to accept all four applicants as candidates for the Board elections. Kathleen seconded and the motion carried unanimously.

The suggested Bylaws changes cannot be implemented in 2015, as proposals to amend the bylaws must be approved by a majority vote of the Board taken at least 30 days before the Congregational meeting (this year, October 23rd). The Board offered the Committee to suggest a Bylaws change for 2016 and asked for a written proposal.

B. Accountant's Compilation Reports

CPA Jeff MGary was present to answer the Board's questions on the two financial statements and accountant's compilation reports for 2013 and 2014 that he had prepared.

Mark thanked Jeff for his work and asked about a difference of about \$34,000 in offerings and fees in 2013 as compared to Lance's spreadsheet that reflects cash and checks offerings for the same year. Both reflect unrestricted funds only. Jeff's assumption is that the church's spreadsheet is not correct, as his amount is the reconciled amount based on QuickBooks. He also said that accruals and payables are not recorded on a regular basis (e.g. held payments) and that is why big financial swings happen at the end of a year when finances are reconciled. If we want our statements to match liquid assets, we would need a monthly reconciliation. Since we do not have an accountant and Lance cannot handle that as a part time bookkeeper, he suggested not using interim financial statements and referred to the Profit & Loss statements that are correct. He also suggested for Lance to be part of the finance discussions at Board meetings.

Mark said that we could not wait for the correct P & L to make financial decisions as the Board. Kathleen responded that she and Rev. Cathy are looking at the cash that comes in every week to determine which checks to cut and which payments to hold off for a week or two. She also said that no financial obligations are carried over to the next month.

With regards to finances for 472, Jeff asked why this was a restricted fund as this does not make sense from an accounting point of view. Mark responded that we are accountable to what Eagle Bank gave us as a loan for construction. We want to keep track of the loan money separate from the 474 operating expenses.

Jeff was also questioning why the Buchanan Fund had a separate account. Kathleen and Mark responded that this does reflect the wish of the congregation when 474 was financed and built. Cathy recommended using this opportunity for a Buchanan Fund reform in 2016 to determine what goes into this account, what goes out and what gets charged. The Fund should be revamped, updated or rebuilt. Buchanan is still a money market account and should be transferred into a checking account.

Mark agreed with the reform proposal and that it would tie into the discussion

about one single fund for the church.

Kathleen asked Jeff when taxes for 472 would be due in 2016, and how much we had to pay in property taxes next year. Jeff said that taxes are due on April 15, 2016 and are based on income minus expenses. 472 incomes would be taxed at a corporate tax rate of about 15%. The exact rate depends on the actual income and can be retrieved from the IRS' website (Form 990-T). Mark asked whether we could carry over losses from 2015 into 2016 but Jeff said that this would not be possible.

C. 2016 Budget

As the basis for the 2016 budget, Kathleen used the P&L for Jan-Dec 2015 (projected) and added a column for 2016. She had two basic questions: 1. How detailed do we want to present the budget to the congregation? and 2. What numbers do we want to present – a “bare bones” budget or an aspirational one? Kathleen offered an aspirational budget with her 2016 numbers but she did not add them up yet to determine what our weekly/monthly giving needs to be to meet the budget.

While Bobbi favored a less detailed budget since people can get caught up on one little budget item, Mark advocated for more detail. The congregation was asking for more detail last year. He also said that we need a clear message to the congregation – if people do not give consistently at the level required to meet the budget, we will have to face some tough cuts which basically can only come from salary or staff positions. The trend for the past three years is downward and we are in a different situation this year as compared to last. He also suggested handing cards for giving with the presentation of the budget.

A discussion ensued around suggested stipends for outside services for three ministries: A/V, Children's Ministry and Unid@s. Cathy explained that the rationale behind that was to establish consistency and that it would be based on priority, with a first priority given to the A/V ministry. Dwayne agreed that the technical aspects of this ministry would justify a stipend. Mark questioned the message we would send with this to other ministries who perform well and where volunteers step up and lead. Congregants and ministry leaders would receive a mixed message and paying for services cannot solve our broader issue with people staying committed. He also said that we would have to start with stipends right away to see an impact and the only option then would be to cut them once funding does not come in as expected.

Another discussion centered on the question of raises for Pastors and Staff. The suggested amounts were 4% for the Pastor and Associate Pastor and 3% for Administration and Facilities. In the course of the discussion, Dwayne offered to forego a raise, as his salary would have the biggest financial impact. Cathy suggested a nominal bonus for Facilities instead of a percentage raise.

Mark said that the salary increases are too high and that he would like to see total budget numbers with and without the increases as well as the required weekly giving before making a decision. He also suggested combining the line items for salary and housing allowance for the Pastors as the Pastors receive only one salary and decide for themselves how much of that they would like to have applied as housing allowance. Any potential raises should be based on that one salary number.

Mark also suggested cutting all line items for 472. Income and expenses for 472 are not part of the General Budget and have never been. We should not start mixing funds. The only line item for 472 that will most likely come in for 2016's General Fund is the rental income that is left after all expenses (property and income taxes, Menkiti etc.) have been paid. Kathleen suggested having a separate presentation at the Forum on 472 with projected incomes and expenses for 2016.

The Board will vote on the 2016 budget at the next special meeting on October 28th. Kathleen will prepare a "bare bones" budget that the Board can add to.

D. 472

Mark reported that we passed three of the four inspections for 472: mechanical, electrical and plumbing (with some repairs that still need to be done). We did not pass the inspection for framing, as the framing does not match the drawings. DCRA requires revised drawings to show the rooms and the patio in the back. DCRA also wants a structural engineer to sign-off on the joist fix that our contractor Dennis did in the back bedrooms.

Menkiti Group will talk to the inspector, and they also know a structural engineer. However, we do need the original architecture drawings. Kathleen will try to contact Pinkney Services and ask for the electronic drawings (CAD). They are property of the church, and there is proof that we own them. If we have to do new drawings, it would cost about \$10,000.

The Board decided to have another special meeting on Wednesday, October 28th, at 7:15 p.m.

Rev. Dwayne closed the meeting in prayer at 9:12 p.m.