Collegiate United Methodist Church / Wesley Foundation

Finance Committee

Minutes of May 16, 2023

Members Present: Jeff Elver (Chair), Brian Brand, Jane Jacobson, Lori Kappmeyer, Nathan Kerns, Patty King, Ken Kruempel, Max Morris, David Orth, Chris Strawhacker, Ted Wolff

Members Absent: Mary Bellon, Andrew Bolstad, Jason Janssen, Noah Jean, Dean Phillips

**Call to Order** (Jeff)

Chair Jeff Elver opened the meeting with a prayer at 7 p.m.

The group reviewed the April 18 minutes. Jeff had made a correction to the second sentence about the March 2023 Financial Report, to indicate that expenses were slightly less than a year ago, but not revenue. Patty King asked to remove “receipts” from “full receipts financial statement audit” in the first sentence under Full Audit Versus Financial Review.

*Patty moved to approve the minutes of the 04/18/2023 meeting as revised, Max Morris seconded the motion, and the motion passed.*

**April 2023 Financial Report** (Jeff)

Jeff reviewed the April 2023 Financial Report, and pointed out that we have a deficit of about $60,000 more than last year, partly because offerings are down. Our 2023 budget is expected to be $32,000 in the black because it includes the one-time Earnings Retention Credit (ERC) of $125,000 given to us by the Federal government. Without it we would be $93,000 in the red. As will be covered later, our insurance is going up by $40,000, so we would be $133,000 in the red without the ERC funds. This will be an issue for next year’s budget.

Jeff asked how the endowment grants are shown in the financial report. Patty explained that Jason Janssen creates a line item for each grant approved. The cash has not been dispersed yet, so it is shown in the Restricted Revenue column on the Summary of Restricted Accounts pages. These funds don’t go to zero, so any remainder will go back into Endowments.

*Jane Jacobson moved to approve the April 2023 Financial Report, Brian Brand seconded the motion, and the motion passed.*

**Increase in Insurance Cost** (Chris and Jeff)

Chris Strawhacker reported that the Trustees met with an insurance agent to begin the process to get new quotes. The response was not encouraging. Agent Rich Moran reached out to six insurance carriers. Grinnell Mutual cancelled our policy as of May 1. Big old churches are a high risk in storms. All carriers contacted declined to cover our church except for Grinnell, but they would not cover us for wind or hail damage, and it would still cost $20,000 more than the previous year. We had a second claim on the parsonage for hail damage from late March.

Grinnell offered an option to get a secondary policy, to add a premium to reduce our deductible for wind and hail damage. The choices were:

1. $13,000 to reduce the deductible to $25,000
2. $15,000 to reduce the deductible to $15,000
3. $17,000 to reduce the deductible to $10,000

The Trustees met and decided to go with Grinnell Mutual, and to add the $17,000 wind/hail premium.

The $17,000 is an up-front payment for the entire year. The regular premium for umbrella coverage is $47,368 for the year, divided into monthly payments. Total cost of insurance for the year is $64,500. Due to the $17,000 extra premium, the May insurance bill was $21,000, while the following month will be $4000.

Brian Brand asked which companies were contacted for regular liability insurance. They were: Guide One, Church Mutual, Selective, Nationwide, Liberty Mutual, and Grinnell Mutual. While we now have a pre-paid one-year policy for wind/hail, we could switch to another for regular liability. In summary, the cost of the regular insurance jumped $20,000 in one year, with an overall $40,000 increase for insurance.

Patty said we are just being informed now, but we haven’t told the congregation. Jeff plans to look at *The Communicator* and see what they were told previously. We need to develop a communication plan regarding the increase in insurance costs.

Patty said the Annex budget will reimburse part of the cost, because the rent there will increase in August due to the higher insurance cost. Chris said that the bulk of the insurance covers the church building and garage.

Jane asked what can we do to control insurance increases? Chris said we could sprinkler more of the church, because only the new part has it. It would be expensive to do, so is not cost-effective. Patty contacted the Annual Conference treasurer, but got no answer, so will pursue what other churches have been hearing.

**Other Business**

Ken Kruempel asked what is happening with the Wesley Place house. Brian said they are taking a temporary pause to see what to do with it, and to change the culture of the house. Doug Warren is running dehumidifiers to keep the utilities minimal. There are parking places up the hill for people living in the house. There was a discussion of renting them out, but David Orth said it was not a rental lot, so the signs should just be painted over.

After a prayer from Jeff, the meeting adjourned at 7:34 p.m. The next meeting will be June 20 at 7 p.m.

Respectfully submitted by Lori Kappmeyer