



The vestry was called to order at 7:15 pm, once a quorum (2/3) was present.

**Attendance**

Nicholas Morris-Kliment (Rector)	X	Scottie Miller (Associate Rector)	X	Duncan Allen (Treasurer)	X	Stan Hitron (Warden)	X
David Carnahan (Clerk)	X	Ingrid Melvin	X	Janet Haines		Annie Russell	X
Phil Trussell	X	Jeff Murphy	X	Stefano Migliuolo	X	Phil Bergen	X
Michael Niden		Patty Smith	X	Tim Lysaght	X	Denise DeGroff	X
Linnea Wren	X	Bob Keener	X				

**Worship/Christian Learning Chair: Nick, Parliamentarian: Scottie**

**Prayer and Formation (20)**

We read the evening devotional, BCP 139, concluding with a blessing from Ash Wednesday. Then we reviewed Awakening the Minister Within, and identified ourselves as three of these ministers. The vestry had many that identified as servants/laborer, followed by a number of listeners, friends, reconcilers, and builders.

**Information (30)**

Retreat Follow Up: Goals, Teams, and Leadership

On Friday, March 1-thru Saturday March 2, the vestry gathered at the Bethany House of Prayer, 181 Appleton Rd. in Arlington, and formulated goals for the coming year. Leaders were recruited for the top four priority goals. Other priorities may be assigned to standing committees or new committees/groups that will be formed over the year.

Points	Goal Description	Task Force Co-Leads	
25	61 Rosemary Street Review & Recommendation	Phil Trussell	Joe Leghorn*
	Create Property Rental Committee	Dusty Hecker	Joe Sweeney
14	Re-imagine Sunday 5:30 Service (Worship & Arts)	Nick Morris-Kliment	Myra Anderson
11	Re-imagine Christian Formation for All Ages	Scottie Miller	
7	125th Anniversary Celebration		
7	Focus on both new members & retention		
7	Marketing and Communication Plan		
3	Re-energize Planned Giving		
2	Develop Year-Long Stewardship Program		
2	Financial Support or Music and Organ Repair		
1	Reach out to Communities Needing Worship Space		

\* asked but not yet on board

**Community Gallery Sign Proposal**

We have been hosting art exhibits in Upper Parish Hall for ~ 1 year, with a good variety of work on display. Recent interviews will be posted online. We discussed insuring artwork if we were to have high value pieces on display. A mission for the exhibit, to focus on non-professionals was suggested. The exhibits need to be self-guided to avoid becoming a load on staff. A hand painted sign has been created by artist Nancy Carroll to identify the community art gallery in the upper parish hall.



A variety of other questions and possibilities were raised. After gathering more information, the vestry will make a decision at the next meeting if and where it will be located.

### Safe Church Training completion

The Safe Church training online has been available to all for the last month. All Vestry were expected to complete the training by the March vestry meeting. Scottie will start pestering those who have not completed the training. She has started the process to get forms for CORI checks. Some edits were made to the Safe Church policy draft, and a final version was distributed for voting.

### Property Committee recommendations

The property committee has come up with a plan for spending its 2019 budget, and also plans for spending amounts from the bequest of Florence Walsh. They include:

Priority	Request	2019 Projects	Estimate/Quote
	\$ 5,000	Annual heating system unanticipated	
	\$ 5,000	Annual unanticipated other	
	\$ 2,000	Stucco repair	Phil to call Abel
	\$ 2,200	Clean and repair sanctuary flashing staining	Phil to call Abel
	\$ 1,200	Refinish Fellowship Hall stage floor	Go
	\$ 2,000	Dig out N-E window well (kitchen), tie drainage into footing, Stone	Lussier - Spring
Total	\$ 17,400		

#	Request	Future Considerations (bequest)	Estimate/Quote
1	\$ 14,000	Exterior Basement Doors (up to four doors, not to exceed \$)	Pricing based on previous door
2	\$ 6,000	Stain Glass repair	Lowest quote - Needham
3	\$ 12,500	Exterior trim rot repair & painting - Part 1	Ken has ballpark quote
4	\$ 10,000	Commercial gas double oven cooktop	60" 8-10 Burner + 2 Ovens - Gas
5	\$ 12,500	Exterior trim rot repair & painting - Part 2	Ken has ballpark quote
6	\$ 12,000	Flat roofs over north Sanctuary entrance and chapel tower	Viola Roofing Quote in hand
7	\$ 4,000	Heating control improvements (thermostats)	Bob & Ken to quote
8	\$ 3,150	Sump pump Fellowship Hall at water service	Lussier quote, Phil to price this less
9	\$ 4,500	Exterior lighting upgrades - LED & Photocell at entry doors	Ken to quote
10	\$ 10,000	Boiler upgrade 14 Homestead Park	Fixed - Gas company
11	\$ 10,000	Rectory Cabinets	Nick to Quote
Total	\$ 98,650		

#	Request	Future Considerations (unfunded)	Estimate/Quote
1	\$ 15,000	Sanctuary Entrance Landscaping	
2	\$ -	Hardwood Floors, UPH (Remove, dispose, replace)	
3	\$ -	Chapel Carpet remove and replace	

### Discussion (30)

#### Endowment review

Nardin Baker joined us to review the composition of the endowment, which consists of ~120 sub-accounts. There are three categories of accounts: Permanently Restricted (PR), Temporarily Restricted (TR), and Unrestricted (UR) accounts.

PR accounts may be dedicated for specific purposes, typically the principal amount may not be spent, in some cases the interest is also dedicated. TR accounts are those for holding areas for specific uses. UR accounts are income accounts, each is to paired to a PR account. These UR account balances are typically designated for specific purposes as set out in the bequest. There are also into "5 Points" funds for categories including: General Memorial, Mission/Outreach, Parish Fund, Property Improvements, and Socially Responsible investment. Research on the creation of the 5 Points program and the spending rules will be conducted to determine if the principal in these funds is permanently restricted.



All accounts should be reallocated periodically to apply dividends from our endowment investment portfolio to the correct accounts, and account for use of funds. However, the last CPA review/audit and rebalancing of the endowment was conducted at the end of 2005, after which the Diocese instituted a new auditing procedure. The Diocesan auditor now reviews our accounts and we follow the new procedure, but the reallocation has not been part of this process. Nardin and the committee worked to determine how to adjust the statements to catch up on the reallocation. This has now been completed, although the work was complicated by multiple accounting software implementations from ACS, Realm, Church Windows, etc.

We can now make these adjustments to our books to place us back on good footing going forward.

See appendix A.

### Investment committee report for FY2018

The Vestry reviewed the endowment fund report for 2018 from the investment committee. Briefly, the Christ Church Endowment began the year with a value of \$900,359, and ended the year with a value of \$898,805. The endowment fund is composed of a 60/40 split between stocks and bonds, which returned a yield of -4.8%, after all fees and expenses, during the 12 months ending December 31, 2018. The fund outperformed the benchmark by 2.7% for the year as the 60-40 benchmark was down -7.5 % for the period. Net Contributions were -\$19,797 while net gains were \$18,242 for the year. Over the last three years, the fund outperformed the benchmark by 1.6 % on an annualized basis.

A separate report was generated that includes our property holding, at 61 Rosemary Street, which is appraised at \$681,000 which results in a value of \$365,408 net of the mortgage balance. The property was purchased for \$433,500 at the end of 2007. If the value of the property is included as a component of the endowment, then the 2018 beginning value of the fund was 1,228,275, and the value of the fund at the end of the year was \$1,259,821. Net Contributions were \$9,234 while net gains were \$22,312 for the year.

The investment committee recommends that the parish once again address the situation with 61 Rosemary and consider our alternatives. The committee also recommends that the annual 5% draw from the Endowment should exclude the 61 Rosemary property value.

### **Action (10)**

#### 1. Vote Safe Church Policy Approval

*A motion was made to adopt the Safe Church policy manual as submitted to the Vestry. The motion passed.*

#### 2. Bequest use of funds

*A motion was made to direct an amount not to exceed \$42,500 of funds from the bequest of Florence Walsh to the property committee, for the express use of upgrading and repairing the church property to include: exterior basement door, stain glass repair, exterior trim repair & painting, and a commercial oven/cooktop. Motion passed.*



### **Parking Lot/Other Business**

Inventory- 1/19 Vestry to fund and charge a group to conduct inventory for insurance purposes

### **Calendar**

It Happened Here: Slavery in Needham, Sunday, March 24, 5.30pm Temple Beth Shalom

Simply Grateful Lenten Supper, Sunday, March 31, 6.30pm Upper Parish Hall

Newcomer Fellowship, Sunday, March 31, 6.30pm Carnahan's House, 271 Great Plain

Simply Grateful Lenten Lunch, Wednesday, April 10, Noon, Upper Parish Hall

Next Vestry meeting will be the **FOURTH** TUESDAY in APRIL, April 23, at 7.15.

Holy Week: Palm Sunday, Maundy Thursday, Good Friday, Easter Vigil, Easter Day

Newcomer Sunday, Sunday, May 5;



## Appendix A. Endowment Report

### Christ Church Endowment Allocation

March 19, 2019

#### Review of the endowments and how they work

- Endowment accounts are accounting entries that show the value of assets and changes through time
- Investment income is to be allocated in proportion to the size of each invested account.
- Restricted endowments establish the purpose for spending and the rules. Generally, the principal is protected and the income can be spent for specified purposes.
- These are called Permanently Restricted accounts and the principal may not be spent
- The income from PR accounts goes into a related Unrestricted account that can be spent
- There are Temporarily Restricted accounts (TR) that we use as holding buckets

#### Review of our obligation to manage endowment accounts and our history

- These are regulated under UPMIFA law
  - The Uniform Prudent Management of Institutional Funds Act, or UPMIFA, is a complex law that holds sway in almost every state in the nation. It covers how charitable institutions are to administer donor-permanently-restricted gifts. This law only applies to permanently restricted gifts made by donors to charitable institutions. It does not apply to charitable trusts or donor advised funds. It also does not apply to endowment funds established by a charitable institution itself from previously unrestricted funds.
- We used a CPA to account for the endowments up until 2006 – Rogers & Suleski
- About that time the Diocese changed their audit rules and we could not afford R&S
- Since then the application of dividend income has not been performed annually
- Debits and credits to the accounts fell out of balance
- A bit of process for you. If a fund is one that we can spend only the interest on, it was set up in ACS as two funds. The principal (the donated amount) went into a permanently restricted fund account number 9PRXXXX. That number should never change. If you donate \$50,000, it should always be \$50,000 available. The second account is the temporary restricted account number 8TRXXXX (where XXXX will match like funds). This is the money we are allowed to spend. So once a year, we would adjust the 9PR to reflect market changes, then transfer the balance above the \$50,000 to the 8TR and that would be available to spend. Historically R&S would provide us the spreadsheet, then we would make the PR and TR adjustments on the same day in the beginning of the year. Then once the budget was approved, we would figure out where the 8TR funds were allowed to go (example, Music funds could go to the music line in the budget).



### Project – collect data and documents and bring endowment accounting up to date

- Duncan Allen Tim Lysaght and I planned out how to address this situation. We are not acting as church officials in doing this work, but as consultants trying to provide the church with a view as to where we are and how to reconstruct endowment entries. The investment committee has no responsibilities for making sure the accounting and audits are performed. These are Treasury functions.
- Physical documents are in poor shape
  - Searched for bequest documents not in one place or missing
  - We need to clean up and organize these docs
  - Accounting system shifted from ACS to Realm
  - Bookkeeper transitioned
  - Electronic records in poor shape

### Status –

- PDFs and excel files were generated trying to get historic accounting entries
- All years were recreated starting in 2005 and running through 2017
- The adjustment entries were best efforts
- Annually the endowment accounts are balanced exactly to the investment value
- 61 Rosemary is included
- The PR endowment principal values have been preserved
- The General Memorial account has now fallen into negative values

### Recommendations

- Get the endowment accounting records up to date.
  - Get the physical files organized
  - Copy important papers and store documents safely
-