

**Presbytery of Santa Barbara
Property & Finance Committee
Minutes of the April 26, 2019 Meeting
St. Andrew's Presbyterian Church, Santa Barbara California**

Attending: Mary Blythe, Mickey Fenn (via videoconference), Scott Eschbach, Steve Ogg
Excused: James Baird, Terry Holland, Bonnie Boe

The meeting was opened in prayer at 10:00 am by Scott Eschbach.

The Financial Statements of PSB for Jan – Mar 2019 were reviewed. When the “pass-through” considerations for the Highland mortgage are eliminated the net general operations are just under breakeven (-\$1,171) year-to-date. It was noted, however, that the receipt of Ministry Share income is significantly below budget.

The P&F Committee cannot fully assess the financial health and status of PSB due to the lack of reliable, current balance sheet information which is pending development by the auditors. We do not reliably know the current balances of various restricted/designated funds or the balance of unrestricted operations cash or accounts payable. The P&F Committee encourages the timely completion of these audits.

The Financial Statements of UMB were briefly reviewed along with the DRAFT audit report for 2016 & 2017. These appear to be in good order, and it is hoped that the audit reports will be finalized soon.

The financial status of Front Porch was discussed. As of March 31 they had approximately \$46,000 balance of reserve cash. Due to the seasonal nature of fund raising at Front Porch the mission operated the first quarter in deficit, but anticipates the usual, late-year rebound.

STAFFING CONSIDERATIONS – as requested by Planning Team:

P&F once again states the difficulty in providing sound strategic financial direction in the absence of current, reliable balance sheet information. Notwithstanding this statement P&F provides the following counsel...

- P&F recommends proceeding with dispatch in the hiring of a bookkeeper. Adequate funds are currently available and budgeted to cover this position. In almost any staffing scenario this position is critical to the continuing operation of the Presbytery (the volunteer capacity of the Treasurer position has included considerable bookkeeping activity, and this is beyond what should be continued for the Treasurer job description).
- Concerning any “Executive Presbyter/Administrator” position... A critical consideration for this position is that the funding to cover the expenses of hiring such an employee must be sustainable over the long term. With the financial information available to the P&F Committee at this time the only funds available for normal operating activities of the Presbytery are the annual Ministry Share income, a very small interest income, and the (as yet undesignated) income from the dismissal of El Montecito church.
 - Without the use of revenues from the El Montecito dismissal there is inadequate funding to proceed with the hiring of an Executive Presbyter/Administrator and maintain the normal, ongoing operations of the Presbytery.

- P&F recommends use of the ongoing annual income from the El Montecito dismissal (ca. \$65,000) to support the funding for an Executive Presbyter/Administrator position. With consideration of the ancillary expenses associated with personnel costs P&F believes we could support salary, housing and incidental reimbursable expenses for this position UP TO \$80,000/year (dependent upon the nature of the description of the position). We offer, however, the caveat that without some significant change in the financial structure of the Presbytery this position may not be sustainable beyond the period of the El Montecito dismissal cash flow.
- P&F strongly recommends that the initial dismissal payment from El Montecito (\$350,000) not be used at this time in support of the ongoing compensation for and Executive Presbyter/Administrator position. Without a clear understanding of PSB balance sheet and operating cash demands associated with defining our past obligations and commitments this cash infusion provides us with some potential stability until such obligations can be clearly defined. Further, having some cash reserve is critical to the healthy operations of the Presbytery. Unanticipated expenses will almost certainly arise, and we need to be in a position to cover them without compromising restricted/designated cash. We also anticipate that there could be additional expenses associated with hiring an Executive Presbyter/Administrator... such as relocation expenses or housing assistance... that could require the use of these initial payment funds.

It was reported that the formation of a Lompoc PRT is still deferred... pending communications from Council to Lompoc regarding building and property.

P&F understands that beyond the final dismissal payment (\$3,000 designated to Front Porch and Impact) from Cambria expected later this year, the only remaining dismissal revenue anticipated is from the El Montecito dismissal.

P&F decided that there was little value in broadly sharing the financial information collected this year by Presbytery from member congregations and intends no further distribution of this information.

The principal control, earnings income balances and restrictions for the several restricted/designated endowments of PSB were briefly reviewed (functioning as an Endowment Sub-Committee). This activity is continued to future meetings.

Term completions on the P&F Committee as of June 30 were acknowledged with appreciation for Terry Holland and Mary Blythe (both of whom will not seek re-election) and Scott Eschbach (who will stand for re-election). Replacements for Terry and Mary are needed and requested from Nominating Committee.

The meeting of the P&F Committee was closed in prayer by Mickey Fenn and adjourned at 12:00 noon.

Respectfully Submitted,
Scott Eschbach, Chair