

Finance Committee Annual Report

June 2015

I. Background

At the 2013 Annual Meeting, the membership approved a motion to recommend the formation of a Finance Committee for the purpose of supporting the ongoing financial management and the annual budget planning process of First Parish. After careful analysis of First Parish financial processes, the Standing Committee decided there was sufficient need to justify the creation of a Finance Committee and approved a charter for the Committee, effective September 2014. The purpose of the Finance Committee is to assist the Treasurer and Standing Committee in their efforts to support the Head of Staff and the Director of Operations.

According to the charter for the Committee, the primary responsibilities of the Finance Committee are:

1. To assist the Standing Committee and Treasurer to identify congregational priorities in support of the budget development process, by organizing and facilitating congregational discussions and compiling priorities for consideration by the Standing Committee, Treasurer, Head of Staff, and Director of Operations;
2. To assist the Head of Staff and Standing Committee to communicate budget alternatives to the congregation, by organizing and facilitating congregational discussions and compiling feedback for consideration by the Standing Committee/Treasurer and the Head of Staff/Director of Operations;
3. To be available to provide ad hoc financial and technical expertise to the Treasurer and the Director of Operations, and to take on special projects requiring financial expertise. Information provided by the Finance Committee will be combined with other sources of information available to the Standing Committee, Treasurer, Head of Staff, and Director of Operations, and will be incorporated into budget planning deliberations.

The Standing Committee appointed the following church members to serve as the initial members of the Finance Committee:

Tom Wilson, Treasurer and Chair of Finance Committee
Gib Metcalf
Patty Popov
Carol Smith
Fred Van Deusen
Mark Russell Prior, ex officio as chair of Standing Committee and non-voting
Fifi Ball, ex officio as Director of Operations and non-voting

II. Activities over the Past Year

The Committee has generally met monthly and has balanced its activities between organizing its work and thinking through how it can be most useful to the Standing Committee and staff. Meetings early in the year with Mark Russell Prior, chair of the Standing Committee, and Rev. Howard Dana were useful to the Committee as it developed its priorities and activities for the year.

Early in the year, the Committee set up a page on the church website to report on its activities and keep the congregation informed of its work. Committee members (and their emails) are listed on the website so church members may reach out as desired to provide input on financial issues. Meeting minutes are also posted there.

In October, the Committee held two congregational meetings to review the budget and the budget-making process, and to solicit input about congregational priorities. Those priorities were written up and provided to the

Standing Committee for its review. The presentation handout was posted on the Finance Committee's webpage as well.

During the Fall, the Committee reviewed the recent audit of church finance procedures and assisted the Director of Operations in developing improved protocols for one of the concerns raised in the audit related to segregation of duties within the cash receipts area. That work was successfully completed by the beginning of 2015 and new procedures were implemented with the assistance of the Finance Committee.

Meanwhile, the Committee continued its efforts around improving transparency in finance reporting by recommending a number of changes to the Financial Documents webpage on the church website. The current year budget is now prominently displayed at the top of this web page. Codes are now provided to help interested readers identify the various monthly reports posted on the site. We also produced two new documents posted on the site. The first is a "primer" on reading the monthly financial reports and guides the interested reader through the various reports posted on the website. The second is a "who's who" in finance at the church and identifies key individuals and committees that play a role in the church's financial operations and planning.

Throughout the year, the Finance Committee assisted the Treasurer in thinking through complex financial questions that confronted the church. Generally, the Treasurer brings an issue to the Finance Committee for its consideration. After discussion, any recommendations or helpful perspectives are brought by the Treasurer to the Standing Committee for its consideration. Issues that the Finance Committee took up at the request of the Treasurer and Standing Committee included

- recommendations regarding transfer of the Coan House from the Trustees to the Church for use as a parsonage;
- analysis of and recommendations for paying off the capital campaign loan from the Trustees; and
- some analysis of financial implications of the adoption of the divestment proposal brought to the Annual Meeting by the Environmental Leadership Team.

In May, the Finance Committee worked with the Director of Operations to review the draft budget that would go before the Standing Committee at the end of the month. In early June, prior to the Annual Meeting, members of the Committee held congregational meetings to review the proposed budget for the next fiscal year (FY16) to help church members become familiar with, and to answer questions about, the budget. The Finance Committee assisted in the preparation of the budget presentation made by the Treasurer at the Annual Meeting.

III. Summary

The Finance Committee has accomplished quite a bit despite this being a new committee with little recent precedent in the church. The Committee has focused on activities in the following areas:

- increasing transparency and understanding of church finances;
- serving in an advisory capacity to the Standing Committee on financial matters; and
- supporting staff in financial policy areas.

The Committee has made great strides in each of these areas. With one year under our belt, committee members look forward to next year and to building on the successes of this first year.

Respectfully Submitted,

Tom Wilson
Treasurer and Chair of Finance Committee