



Ministries Foundation Finance Committee
Tuesday, November 16, 2021; 7:30 – 9:00am
Zoom Virtual Meeting

DRAFT

In Attendance: Maria Bonnie; Steve Kenney; Mary Lydon; Jim Reetz; Ralph Scorpio; Lacy Sietsema; Marg Wall

The Ministries Foundation Finance Committee convened on Tuesday, November 16, 2021 via Zoom. Chair Mary Lydon called the meeting to order at 7:36am.

Prayer: Ralph Scorpio led the prayer.

Minutes: Mary asked if there were any corrections to the September 21, 2021 meeting minutes. Marg suggested some word and sentence structure edits. With these changes made, Marg made a motion to approve the minutes and Jim seconded the motion. Minutes are approved.

There was a discussion about the last meeting, as not everyone was able to attend. Marg pointed out that large cash balances were reflected in the September presentation wanted clarification on the policy that addresses both large gifts and cash balances. Mary said that we don't want gifts to sit too long and that they should be moved into the cash balance for investment purposes. Mary agrees that we should have a balance policy. Part of the policy should be figuring out how much is too much in the bank account and when do we do a transfer into investments. Mary asked if the payroll is bi-weekly/semi-monthly. Jim said it is every two weeks; about \$36,000 with the retirement contribution. It was suggested that the Committee either set this up as a separate agenda item or discuss now.

Gifts/Cash Balances Policy

A discussion was had over establishing a mechanism that is between the cash balances and Fidelity, who has control over it, and who approves transfers. Ralph stated that there is a policy in place for writing checks, which requires a second signature. Since Jim can't be one of the signatures, it falls to Ralph or Catherine Mary Rosengren, CSJ. If the checks are over \$25,000, they require both signatures. Jim stated that Fidelity has a lot of features that allows Finance to rebalance the portfolio, get cash out for the grants. This is now easier to do, but there is less control. Currently, Jim would make a check request to Ralph, who then calls Fidelity, and they transfer the money. There is no system to wire money in place yet. Marg pointed out that in this world of COVID, if one person gets sick, it can greatly affect business, and these are holes that should be patched. Ralph suggested calling CLA and getting their recommendation. Marg suggested doing that and adding it to the next Finance Committee Meeting agenda.

There was a discussion about how we help the ministries with cash flow issues and transfer money to them. Mary asked if there are thoughts on a comfortable number to resolves the cash balance issue. It was suggested that Jim should have the discretion to just move the money, especially if it's been sitting

there for a while, into the investment accounts. It was stated that a hard number might not be a good idea. Jim suggested that he, Ralph, and Catherine Mary have a conversation to create some sort of paper trail. It was suggested that within a reasonable amount of time money is just automatically moved into Fidelity and that CLA might have an idea of a good number. It was also suggested that gifts over \$100,000 are automatically moved into Fidelity and that quarterly meetings could be held to go over the cash balance. Ralph asked for clarification on which policy this would fall under. Maria said she thinks this would go under the Operational Gift Policy.

October Financials

Jim presented the October Financials. Investments are up a little bit from the beginning of the year. The income statement shows that the Ministries Foundation is ahead. We are ahead of budget by about \$15,000 in Annual Giving in October. Expenses are under by \$24,000. This is because there was an open position with the Ministries Foundation for a while. It's also because of health insurance, which is age banded, and that the Ministries Foundation has "gotten younger," which means the small group plan doesn't cost as much. There was a discussion about banding with another group so that costs would remain low. Jim responded that we probably wouldn't reach that threshold until St. Mary's Health Clinics joins the restructured Ministries Foundation as a result of Bold Moves 2030. Overall expenses are at \$239,000. We are under budget this month. Jim also stated that there was an error with West Bend Insurance and the Ministries Foundation accidentally paid that bill not realizing it should have gone to the Province. The Province now owes the Foundation \$18,000. There was a discussion about how this error happened but it has now been rectified and expenses will improve. There wasn't much movement on events and grants at this time. Investments continue to grow.

Annual Fund Report

Ralph reported that we're ahead on operating income. We intentionally made our appeal later this year, but donations are coming in. The Province hasn't paid its first quarter bill for contracted services and SMHC has been billed as well. Grants are ahead. A grant with the city of Minneapolis was renegotiated for \$150,000. A Bremer grant came in for Learning In Style and Sarah's. Designated gifts are up. The next time the Finance Committee meets, the grants will have gone out to the other ministries. The Board will approve that in December.

Investment Subcommittee Report & Presentation

Mary stated that Jim has done a lot of work to rebalance the investment portfolio. Jack Hansen has been helpful with suggestions. Everything is now under the Fidelity umbrella. At some point, a social justice filter will be added to the investments.

Jim added that we used DeMarche to figure out appropriate allocations into different asset classes. Jack had suggested that we use the all country world index to figure out how to allocate into asset classes. We are using this as a basis and came up with 12% into Emerging Market Funds, 30% into Total Market Index Funds, 28% into International Funds, and 28% into Bond Funds. There was initially about 75% in equities and 25% in fixed income, which was a little aggressive. Now, the mix is 70% equities and 30% fixed income. Jim stated that it's easy to move things around and expand and use funds on the Fidelity website. It usually takes a couple of days to sell and buy. Jim said that if we wanted to rebalance this on a quarterly basis, he can do that by selling x dollar amount and moving funds into other funds. Mary suggested that this get added to the Investment Policy.

Jim shared the investment performance information. We took all of the money out of Kennedy and moved it into different things.

Finance Committee Charter Review: Investment Subcommittee Charter – Draft 1

The charter was presented and discussed. Marg reminded the Committee that back in May it had decided to review internal controls and policies as needed. Mary suggested deleting out the section on grants, since the Committee doesn't have any input or oversight on that. She also added that there is a need to keep recruiting for a more diverse committee and that one or two additional people would create a good balance. Marg stated that the "Meetings" portion of the charter should be changed to "no less than six times per year," as it leaves the Committee room to meet more if necessary.

Investment Subcommittee Charter

There was a discussion about the make-up of the Investment Subcommittee. Marg pointed out that we want people who are experienced in investments. Ralph suggested that there should be one board member on the committee so that the Board knows what is going on. Marg suggested that the subcommittee have at least two Finance Committee members and a member of the Board of Directors, and they may be the same person. The subcommittee charter was also edited to reflect that meetings will be scheduled no less than four times per year. Diversity and Inclusion will be added later.

Steve would like to go on record to say Mary does a delightful job as chair.

Next Agenda Topics: Wire processes and cash balances.

Steve moved to adjourn the Finance Committee meeting, and Marg seconded.

Adjournment: the meeting adjourned at 9:00am.

Respectfully Submitted,
Lacy Sietsema, CSJ Ministries Foundation