

## Finance Committee Report, June 2022

The Finance Committee met virtually on 10 June. Attending were Pat Sweet, Clerk; Carol Redfield; Bill Wilkinson; Jim Spickard, Clerk of the Meeting, *ex officio*; Bill Sweet, Treasurer, *ex officio*

1. An honorarium for Julie Smith, CPA, who volunteered to audit our financial statements for 2021 was discussed. \$200 was decided as a reasonable token of our appreciation.
2. The treatment for terrestrial and drywood termites exhausted the Sinking Fund, which is designated for such unplanned expenses. The remaining cost was taken from the money market (savings) account at Frost Bank. After considerable discussion of alternatives, it was decided that, at present, A) the Sinking Fund would be replenished only with the standard \$500/month transfer from Operating Cash, B) the Frost money market account would not be replenished, and C) the Friends Fiduciary accounts would not be tapped.
3. The financial situation of FMSA was reviewed extensively, based on the Quaker testimony of stewardship, the final S in SPICES. This testimony covers the span from the individual, personal though global. Both short-term and intermediate-to-long-term issues were considered.
  - a. In the short-term, it was noted that, in recent years, income has not met expenses. Such shortfalls have been planned for. Near-term unexpected large expenses by some combination of the Sinking Fund, the General Maintenance fund, Cash Flow Reserve, the Frost money market account and the Friends Fiduciary investments. These contingency funds are of course limited. Continued calls on these accounts is ultimately unsustainable.
  - b. In the short-term, meaning fiscal and calendar year 2022, electricity costs have increased due to a rate increase and the early, prolonged hot weather; the lawn service has increased by a third, and the cost of the cleaning service is unchanged only because the schedule was cut.
  - c. For the intermediate term, meaning 2023 to 2026, continued increases in the cost of services – electric, phone/internet, cleaning, lawn, water and sewer – and insurance are expected. Property and liability insurance is very likely to increase 10% to 15% p.a, meaning that the premium at the end of this period is reasonably expected to equal 25-30% of the current annual budget.
  - d. In the long-term, the trends in the intermediate term are expected to continue, indeed, may accelerate. For instance, the insurance premium may be 2/3 of the current annual budget around 2034. In addition, the aging of the buildings can be assumed to require repairs.
4. Discussion of responses to these issues included what expenses could be considered discretionary and therefore cut, what non-discretionary expenses could be trimmed, and how – and whether – additional income could be generated, e.g., additional rentals such as weddings. No conclusions were reached beyond perhaps discussing possible cuts with Property Committee and initial consideration of a Forum or series on the Quaker understanding of stewardship.