



## **Surf City Church**

*the First United Methodist Church of Huntington Beach.*

*2721 Delaware Street*

*Huntington Beach, CA 92648*

*Office: 714-536-3537*

*www.fumchub.org*

*Pastor Amy Yoon*

*31 October 2020*

**To: The Church Council, Trustees, and church family**

**Subject: Annual Audit for accounts for the period of January 1 through December 31, 2019**

Due to the COVID-19 pandemic, no audit was conducted of the church's Ledger in 2020. When we are able to conduct an audit, it will be led by Marlyn Stockdale and Jack Clapp with the assistance of the finance committee.

The balances at the beginning and end of the audit period were respectively:  
\$78,976.97 and \$105,300.27.

The 2020 finance committee members are:

Frank Parlato, Tyler Brinker, John Leonard, Terry Trabant, and Robert Valentine.

The 2020 Audit procedure will take place in two stages: pre-audit preparation which will be followed by the physical audit procedure. (See page two for Pre-audit and Audit procedure.)

Last year's recommendations have been followed throughout this year to the best of our ability as committee members during the COVID-19 safety protocols.

Recommendations: Continue to  
(a) diligently ensure checks over \$500.00 have two (2) signatures to be verified by two signatures on the retained check stub (*checks are no longer returned by the bank to verify signature*) and  
(b) annually examine service contracts (i.e. lawn and garden, trash pickup, pest, etc.) and utility contracts to ensure the best possible service agreements.

Following this audit letter (pages 3 & 4) are the first draft of the budget for 2021. With the current pandemic, it is difficult to prepare a budget. The end of year numbers were projected from the balances on October 31. The initial draft of the budget was based on an average of the projected and budget numbers with the notion that many of the groups that have traditionally rented rooms will not be returning to campus until there is a vaccine and restrictions are lifted.

Respectfully submitted,

John Leonard  
Treasurer

## The procedures to be followed during the 2020 audit

### *Prior to audit meeting:*

1. each month expenses were put in separate folders with a list of the ledger activity for the corresponding month at the beginning of the invoices, requests for checks, and bills for the month;
2. each month's deposits were collected with each week's supporting papers and deposit slips so that each of the fifty-two weeks could be examined separately; and,
3. the computer projection system in room 4 was connected to show the ledger and member records kept in 360members and 360ledger.

### *During the audit, these steps were completed:*

1. each member of the committee checked one or more months payments of \$500 or larger for proper authorization with two signatures (authorized signees include Terry Trabant, Susan Merrick, Marge Mitchell, and John Leonard);
2. evidence of property tax payments, insurance and liability coverage (through payments to Cal-Pac Conference) were evident;
3. backups for all data were discussed and the integration of church data through the Concordia Technology Solutions integrated software 360Members and 360Ledger were agreed to be sufficient for record keeping (off site backup);
4. credit card holders were verified (Lee Selby, Amy Yoon, and John Leonard);
5. bankers and their respective bankcards were verified (Terry Trabant, Tyler Brinker, and John Leonard);
6. Coastline status was verified;
7. benefits and payroll processes were verified (Sure Payroll) for proper payment of taxes, workman's compensation, etc. for both employees (2: Lee and Amy);
8. balances for income accounts (checking, reserve, savings), expense accounts (checking), Vanguard, and loan accounts were verified;
9. donor records were shown; and,
10. W-4s and 1099s were discussed.

Additionally, the committee will be asked to explain the processes for

1. trustees (i.e. small repairs, pest services, janitorial service, grounds keeping, and major repairs) as they affect finances and
2. the office staff (i.e. purchases, reimbursements, and bill tracking).

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### **Additional notes for the *Charge Conference Form#13 Fund Balance Report:***

1. The fiscal year runs from January 1 through December 31 which is the calendar year.
2. To find the beginning and ending balances in all accounts for the fiscal year,
  - a. log into Church360:Ledger.
  - b. Under the book icon near the top right, select "Balance Sheet".
  - c. Select the Audit year.
  - d. Collapse the account detail by clicking on the "up/down" arrows to the left of the account main categories: Assets, Liabilities, Income, and Expense.
  - e. The result will be a four by seven table with the starting and ending balances for the audit period. Form#13 of the Charge Conference forms requires the figures from the Assets row.
  - f. Because we do not keep separate funds/books/ledgers for Benevolence, Building, etc. mentioned within the "Charge Conference Form#13 Fund Balance Report" Section III, no figures need be entered until section IV.

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Income, Expense & First draft budget for 2021

Prediction/draft of budget for committee discussion.

Committee/council will need to look at reducing expenses and increasing income.

Account	Budget for 2020	Actuals for ten months 2020	Projected thru Dec 31, 2020	First Draft of Budget for 2021
<b>Income</b>	\$ 302,611.00	\$ 162,248.16	\$ 194,697.79	<b>\$ 231,706.00</b>
<b>Dedicated Funds</b>	\$ 7,036.00	\$ 3,925.33	\$ 4,710.40	<b>\$ 5,800.00</b>
<b>Rental Income</b>	\$ 121,886.00	\$ 48,944.06	\$ 58,732.87	<b>\$ 89,100.00</b>
Coastline School	\$ 58,576.00	\$ 14,664.06	\$ 17,596.87	\$ 40,800.00
Dwelling Place	\$ 26,500.00	\$ 11,875.00	\$ 14,250.00	\$ 24,000.00
Parking	\$ 7,972.00	\$ 9,280.00	\$ 11,136.00	\$ 9,000.00
TheWell At Surf City (Robinwood)	\$ 14,400.00	\$ 10,375.00	\$ 12,450.00	\$ 12,600.00
Alcoholics Anon	\$ 1,350.00	\$ 1,175.00	\$ 1,410.00	\$ -
Overeaters Anon	\$ 1,700.00	\$ 250.00	\$ 300.00	\$ -
Cloggers	\$ 1,200.00	\$ 300.00	\$ 360.00	\$ -
Dancing Stars	\$ 750.00	\$ 75.00	\$ 90.00	\$ -
Childrens LrngCnctn	\$ 3,175.00	\$ -	\$ -	\$ -
Other Room Use	\$ 5,963.00	\$ 950.00	\$ 1,140.00	\$ 2,400.00
Other event donation	\$ 300.00	\$ -	\$ -	\$ 300.00
Bricks 4 Kids	\$ -	\$ -	\$ -	\$ -
<b>Offerings</b>	\$ 123,227.00	\$ 80,733.17	\$ 96,879.80	<b>\$ 102,000.00</b>
On-line Donation	\$ -	\$ -	\$ -	\$ -
<b>Grants</b>	\$ 42,501.00	\$ -	\$ -	\$ -
<b>Apportionments</b>	\$ -	\$ -	\$ -	\$ -
Coastline School Utility	\$ -	\$ -	\$ 2,880.00	\$ -
Reimbursements	\$ 6,472.00	\$ 2,400.00	\$ -	\$ 4,800.00
Childrens Church	\$ 599.00	\$ -	\$ -	\$ -
Miscellaneous Offerings	\$ -	\$ 24,646.86	\$ 29,576.23	\$ 30,000.00
Hospitality/ Festivals	\$ -	\$ -	\$ -	\$ -
Bible Study Reimbursements	\$ 340.00	\$ 10.00	\$ 12.00	\$ -
<b>Memorials</b>	\$ -	\$ -	\$ -	\$ -
UMFCU Savings (113000)	\$ -	\$ -	\$ -	\$ 6.00
Bank Error	\$ 550.00	\$ 1,588.74	\$ -	\$ -

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Committee/council will need to look at reducing expenses and increasing income.

Account	Budgets 2020	Actuals 2020	Projected thru Dec 31, 2020	First Draft of Budget for 2021
<b>Expense</b>	\$ 276,356.00	\$ 202,859.11	\$ 243,430.93	<b>\$ 274,860.00</b>
Utilities	\$ 25,121.00	\$ 21,308.73	\$ 25,570.48	\$ 26,000.00
Music Ministry	\$ 10,092.00	\$ 6,549.58	\$ 7,859.50	\$ 2,400.00
Outreach	\$ 6,576.00	\$ 3,349.13	\$ 4,018.96	\$ 1,200.00
Maintenance	\$ 19,799.00	\$ 21,349.56	\$ 25,619.47	\$ 24,000.00
Gifts	\$ 3,734.00	\$ -	\$ -	\$ -
Capital Improvement	\$ 6,154.00	\$ 5,017.67	\$ 6,021.20	\$ 1,000.00
Worship (musicians,supp	\$ 3,572.00	\$ 706.25	\$ 847.50	\$ 1,440.00
Taxes	\$ 4,922.00	\$ 5,000.65	\$ 6,000.78	\$ 6,000.00
Payroll	\$ 113,024.00	\$ 89,310.71	\$ 107,172.85	\$ 108,000.00
Staff Expenses	\$ 8,532.00	\$ 3,251.00	\$ 3,901.20	\$ 4,800.00
Office Supplies	\$ 12,175.00	\$ 8,246.46	\$ 9,895.75	\$ 9,600.00
Committees	\$ 1,748.00	\$ -	\$ -	\$ 1,200.00
Insurance	\$ 16,470.00	\$ 13,687.26	\$ 16,424.71	\$ 16,500.00
Apportionments	\$ 31,157.00	\$ 24,982.11	\$ 29,978.53	\$ 30,000.00
Loans(InterfaithFCU,men	\$ 12,999.00	\$ -	\$ -	\$ 18,600.00
Coastline School	\$ -	\$ -	\$ -	\$ -
Memorials	\$ 281.00	\$ 100.00	\$ 120.00	\$ 120.00
<b><u>Income less Expense</u></b>	\$ 26,255.00	\$ (40,610.95)	\$ (48,733.14)	<b>\$ (43,154.00)</b>