



your....

Finance Committee

Quarterly Report to the Congregation

50 YEARS
1957-2007

*Serving God...
and the Community*

St. Philip's United Methodist Church
June 30, 2007

Reflection

There have been some discussions regarding the use of donations received on Miracle Sunday. The intent was always to use those gifts for needed repairs and replacements and not for paying down the sanctuary renovation loan. While it was true that we raised considerably more than anticipated, the roof, air conditioning units and now the defunct heating system for the sanctuary will cost about \$160,000 and should be underway very shortly. Other expenses have already cost over \$31,000 and, we have other air conditioning replacements underway. So, the Trustees are certain that all the Miracle Sunday funds will be spent soon.

Meanwhile, we are continuing to make payments on the sanctuary renovation loan. Because the loan is at a fixed rate of 5.75%, substantially less than we could get now, the Finance Committee recommended last year that the contributions from Miracle Sunday be used to cover needed repairs and replacements.

The following boxes give a snapshot of monies due on the loan and monies available and needed for the maintenance issues.

Sanctuary Renovation facts and figures		
June 2004	Original Cost	\$306,000
	Original Pledges and Contributions	\$148,000
July 2004	5 yr loan @ 5.75% interest. \$120,000 balloon payment.	\$163,000
July 2007	Current loan balance	\$130,200
July 2009	Termination date of 5.75% loan	

At maturity, or at anytime, we have the option of paying off the loan without any pre-payment penalty. At maturity, we may be able to renew the loan at the then-current interest rates. Any payments we can make to reduce the balance of the note will help immensely. Below is how we have done so far in 2007:

2007 Principal payments to Sterling Bank	\$5,936
2007 Principal only payments included above	\$1,900

Miracle Sunday Total (6/30/2007)	\$247,050
Repairs made: Parking lot and Trip hazards	\$27,276
A/C in Administration building has been replaced.	\$5,400
Current approximate cost for Sanctuary roof and A/C with Boiler replacement*	\$160,000

* There may be an asbestos abatement issue to be resolved before the contract can be finalized.

There are a number of high priority projects pending, including repair of a roof leak in the day school building, replacement of the Choir Room air conditioning unit and other A/C units. Insurance will cover some of our maintenance issues but the amount covered is unknown at this time. The overflow roof must be replaced, the office door needs to be redone or replaced, and the walkways need a new roof. In addition, there are other long-term projects on the drawing boards that are continually prioritized and researched.

The Miracle Sunday money being held in reserve for those projects is earning 4.55% in a money market account.

Conference Apportionments

We want you to know that Conference Apportionments payments are on track to be paid in full by year-end. Our Apportionments for 2007 is \$51,000. To date, we have paid \$25,000. We believe with your help, Apportionments will be paid in full for the first time in three years.

Programs

During the first quarter, there were a number of programs to reach out into our community. First and foremost, St. Philip's was one of (25) churches to receive the (Welcoming Congregation) award by the Texas Conference for meeting certain criteria designed to show "Radical Hospitality" to our visitors each week.

Staffing is in a state of change, brought on by the resignation of our choir director/worship leader. Our janitor left over a month ago to go out of the country and has not returned. Ben Hinshaw has taken on new responsibilities, becoming the worship leader at the 8:45 am service, the children's choir director and will be assisting with programming. Barbara Jennings in returning to St. Philip's as the Director of Music Ministries. She will be directing the Chancel Choir at the 11:00

am service and handbells, and she will have general oversight and coordination of the overall music program to meet the needs of the church's ministry through worship. The Staff Parish Relations Committee is working diligently to determine the best approach to handling the janitorial situation.

Prayers, Presence, Gifts and Services

Continue to pray for the financial strength needed to meet all our operating expenses, with enough funding for St. Philip's to be able to reach out into the community and bring others to Christ. Though not a finance committee function, we encourage you to give of yourself as we work through 2007. There are a number of major programs planned for the rest of the year and you are needed. And, there are ways you may be able to help even more, if you happen to be over 70 1/2.

Tax Rule Helps You and St. Philip's

You may recall that the committee stressed the opportunity to donate by making a Qualified Charitable Distribution (QCD) to the church from your IRA, provided you have reached 70 1/2 years of age. A Qualified Charitable Distribution is made directly to the church and is not included in your income for tax purposes. You will not have to pay income tax on the proceeds, even if you can only use a standard deduction on your tax return.

It is important to understand this tax feature is scheduled to expire December 31, 2007. Thus, if you want to take advantage of this very good tax avoidance feature of the tax rules, contact your broker or investment advisor for assistance in handling the distribution. Your contribution can be used for the general budget or for a special project such as the sanctuary renovation note.

Here is an example as to how the new IRS tax ruling can reduce your tax burden for 2007 only:

First, you must be 70 1/2 or older and have one or more IRAs in your investment portfolio. Since you are required to withdraw a certain amount from your IRA under the Required Minimum Distribution (RMD) rule each year, these funds are also eligible for a charitable rollover to the church. Ordinarily, the distribution is taxed as ordinary income. However, any amount you choose to donate to the church is not included in your income and not taxed, as long as the distribution is made directly to the church; that is, the check from your broker is made out to the church and sent to the church, not to you.

Normally, the only way to deduct donations is to itemize your deductions on Schedule A. During 2007 only, you win because the rollover amount to the church is not taxed, thus reducing your overall tax burden. Contact your broker or investment advisor for the details associated with your personal investment

portfolio. A large portion of our Miracle Sunday victory resulted from such rollover distributions to St. Philip's last year.

Your total QCDs for the year cannot be more than \$100,000. If you file a joint return, your spouse can also have a QCD of up to \$100,000. However, the amount of the QCD is limited to the amount of the distribution that would otherwise be included in income. If your IRA includes nondeductible contributions, the distribution is first considered to be paid out of otherwise taxable income.

Should you need further clarification, you can contact Phil McGowen or Ray Lacour.

We have two years to pay off the sanctuary renovation note. Otherwise, we must take out a loan at the prevailing rate, which will likely be higher than the rate we are paying. If you can take advantage of this gift feature of the tax laws for 2007, your donation will go a long way toward raising the funds needed to pay off the note by July 2009.



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