

**Finance Committee of the Vestry
Saint Michael and All Angels Church**

Minutes, August 21, 2018

Present: Janice Bywaters, Kathy Kelley (Treasurer), Jeff Kilpatrick, Stacey Malcolmson, Andy McRoberts, Grady Schleier, Jim Smith, Chris Wiley

Ex-officio present: Rob Baber (Director of Finance), Chris Girata (Rector), Warren Houser (Warden at Large), Caroline Marak (Stewardship Manager), Keith Quarterman (Executive Director of Operations), Sally Schupp (Junior Warden), Margaret Spellings (Senior Warden)

Absent: Stuart Brown, Barry Hancock

Guests: Jonathan Ryan (Director of Music and Organist)

1. Approval of agenda and minutes

The agenda was approved and minutes from the June 19, 2018 meeting were approved pending a change regarding the retirement of a committee member.

2. Review of July 2018 Financials

Mr. Baber reviewed the results of operations for the period ending July 31, 2018. Total net operating revenue was \$3,191,244 versus a budget of \$3,198,134 resulting in a negative variance of \$6,890. Total operating expenses were \$3,064,071 versus a budget of \$3,235,295 resulting in expense savings of \$171,224. This results in a net positive variance of \$164,334. Mr. Baber noted that most variances could not be categorized as permanent or temporary at this time, but we will have a better idea at the end of September regarding the larger variances.

3. Update from Operations

Mr. Quarterman updated the committee regarding the operations area of the church. Most notably, is that if we save money within the department, roughly 50% of those savings are passed to ESD through the shared services agreement. Right now, the department is short two budgeted staff members. An assistant facility manager and an additional sexton are both in the budget. They would like to fill the sexton position during the month of September, but the assistant position might remain open until 2019. Given these ongoing savings and the state of our plant, operations is targeting a positive variance of approximately \$40,000 at yearend. Mr. Quarterman quickly reminded the committee that given the age of most of our systems on campus that anticipated variance could change very quickly.

4. Stewardship Update

Ms. Marak updated the committee on the preparations for the 2019 stewardship campaign. This year we are looking at "intentionality". Our giving data will be analyzed on an individual basis and the initial stewardship letter will be catered to the parishioner reviewing their actual giving versus their pledge.

Currently we have approximately 400 families that do not participate in pledging. These families will be receiving a letter to encourage a pledge.

Squeaky Connolly is the chairperson of the stewardship committee this year and looks forward to engaging more volunteer leadership within the stewardship committee. Mrs. Marak then invited the entire finance committee to a "Coffee and Conversation" regarding stewardship presented by Rev. Karl Travis on August 29th. The finance committee will be invited, and expected, to participate in several upcoming stewardship events.

5. Update from Traditional Music

Mr. Ryan addressed the committee with an update from the traditional music ministry. We are aware of a couple accounts with negative variances at this time and anticipate to continue with negative variances in those areas, but will tighten the belt in other areas to try and offset. Specifically, special event music was under budgeted from the beginning. This was a miscommunication and mistake in the budget process. Historically, approximately \$40,000, or more, has been spent in the last few years in this area. These events have been scheduled with professional musicians far in advance, and we cannot change these contracts without detrimental effects on future events. Additionally, music and supplies have to be purchased for the growth of the programs that we have committed. The staffing of the department has been set with a music scholar that started earlier this month and an assistant music director to start early in September. The music area will be requesting an administrative assistant in the 2019 budget in support of the new choir activities and chorister programs.

Ms. Kelley then addressed the committee to approve the anticipated negative variance up to \$30,000. The committee approved the anticipated negative variance.

6. 2017 Annual Audit Review with Management Comment Letter

Mr. Baber led the committee in the review of the 2017 audit. The 2017 report is the first report that includes comparative financials presented in full compliance with GAAP. The 2017 activity was very close to the 2016 activity. The management comment letter did not include any recommendations regarding the financial operations of the church. The only comment in the letter related to the separation of duties in the administration of the Woman's Exchange. This is due to the fact of the relatively small financial staff. Mr. Baber will work with their staff in improving the segregation of duties and address this issue.

No other discussions of new or old business was needed and the meeting was adjourned.