

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

Minutes, August 18, 2020

Present: Janice Bywaters, Mike Ernst, Kathy Kelley (Treasurer), Jeff Kilpatrick, Stacey Malcolmson, Bill McGannon, Becky Odlozil, Grady Schleier, Jim Smith, Chris Wiley

Ex-officio present: Rob Baber (Director of Finance), Rev. Ken Brannon (Vice-Rector), John Ellerman (Junior Warden), Rev. Chris Girata (Rector), Jay Lipscomb (Senior Warden), Caroline Marak (Stewardship Manager), Blair Oden (Warden at Large), Stewart Thomas (President, Saint Michael and All Angels Foundation of Dallas)

Absent: Andy McRoberts

Guests: Sally Schupp (Tela, Honduras Mission Trip Representative), George Baldwin (Chair, Audit Committee)

Meeting held via Zoom Video Conference

1. Approval of agenda and minutes

The minutes from the June 16, 2020 meeting were approved. The agenda was approved with the addition of a Foundation Grant Request added.

Ms. Kelley introduced the guests attending the meeting today. Sally Schupp is a representative of the mission trip to Tela, Honduras and George Baldwin is a Vestry member and chair of the Audit Committee.

2. Review of fundraising solicitation – Tela, Honduras

Ms. Schupp presented the fund solicitation request to the committee. The purpose of this request is to raise approximately \$3,500 to provide a scholarship to one of the youths in Tela, Honduras to attend a university in Miami, Florida. The request will be presented to approximately 8-12 past participants of the mission trip with the goal of \$3,500. The funds would be collected by the church and a check will be made out to the university for the scholarship recipient. The fund solicitation request was passed by the committee.

3. Foundation Grant Request – Purchase of laptop computers

Mr. Baber presented the grant application to the committee. This grant request would fund the purchase of 17 laptop computers for church employees that currently are working with desktop computers. A number of employees were able to take the church desktop computer home or have been able to use a personal computer for the last several months during this quarantine. In the coming weeks, church leadership anticipates employees to be working from home and at work on a rotating basis. Carrying a desktop back and forth will not work in this scenario. Approximately half of the church staff already have laptops, and an attached audit outlined the placement of the 17 laptops and the type of computer needed by each individual. The total funding request was for \$31,000 and would be funded from the Undesignated Fund of the Foundation. Several members of the committee were concerned that the

church operations should fund this purchase especially given the positive variance shown year to date and the receipt of the PPP loan proceeds. A motion to approve the funding request failed. Members of the committee expressed their support for the purchase of the laptops, but requesting funds from the Foundation was not appropriate at this time. The executive leadership of the church will review the purchase and explore other funding opportunities.

4. Review of 2019 Audit Report

Mr. Baldwin walked the committee through the 2019 audit report and management comment letter. Early in June, the audit committee met with the auditors to review the final draft of the 2019 audit. The auditors went through the audit with the audit committee and the issuance of an unqualified opinion. Additionally, the management comment letter did not include any issues. A comparison to previous years was also included noting the continual improvement of key ratios, summarizing the church is in very good financial condition. The audit committee recommended the acceptance of the audit to the Vestry at the June meeting. The audit was accepted by the Vestry and finalized on June 23rd.

5. Review of July 2020 financials

Mr. Baber reviewed the results of operations for the period ending July 31, 2020. Total net year to date operating revenue was \$3,677,713 versus a budget of \$3,409,347. This included a positive variance of \$60,024 because the Diocese of Dallas elected to not collect the monthly assessment due in April. This was budgeted at \$60,024 for the month, therefore, the total positive net revenue variance was \$268,366. Total year to date operating expenses were \$3,096,059 versus a budget of \$3,330,956 resulting in expense savings of \$234,897. This results in a net positive variance of \$503,263. Mr. Baber noted pledge revenue was under budget by approximately \$79K for the month. Upon analysis in the previous month, several large pledges have been received earlier than normal accounting for some of the positive variance shown at this time. Mr. Baber reminded the committee that we do not accrue for expenses that are placed on church credit cards during the month that usually total \$30,000-\$35,000.

Mr. Baber expects a slowdown in pledge collections during the year due to the slowing economy brought on by government orders to shelter-in-place. At this point it is difficult to predict the exact revenue shortfall to be experienced by SMAA but we will watch trends and plan accordingly.

6. Stewardship Update

Ms. Marak updated the committee on the continued plans of the stewardship committee including a retreat scheduled later in August. During the summer most all materials for the fall stewardship campaign have been completed. The theme this fall will follow the overall message shifting into discipleship including sermons, journals and podcasts.

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