

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

Minutes, February 16, 2021

Present: Janice Bywaters, Kathy Kelley (Treasurer), Jeff Kilpatrick, Bill McGannon, Becky Odlozil, Grady Schleier, Jim Smith

Ex-officio present: Rob Baber (Director of Finance), Rev. Ken Brannon (Vice-Rector), Richard D'Antoni (Warden-At-Large), Stacey Malcolmson (Junior Warden), Rev. Chris Girata (Rector), Caroline Marak (Stewardship Manager), Blair Oden (Senior Warden)

Absent: Chris Wiley

Meeting held via Zoom Video Conference

1. Approval of agenda and minutes

The minutes from the January 19, 2021 meeting along with the agenda for this meeting were approved.

2. Review of December 2020 Financials – Hard Close

Mr. Baber reviewed the hard close for December 31, 2020 noting a few small changes in the bottom line with additional expenses in operations and administration as expected from the soft close presented in the January meeting. Church operations showed a \$268,343 positive variance for the year against a zero budget.

Rev. Girata walked the finance committee through the proposal of putting the majority of the positive variance from 2020 toward several special projects in 2021. \$100,000 would be transferred to the Women of Saint Michael gifts committee to supplement their funds available for grants this year given the lower-than-normal sales from the Saint Michael Women's Exchange. \$100,000 would be reserved for volunteer and engagement activities in 2021 specifically within the mission/outreach area and the engagement area that will be a focus in 2021. Additionally, \$50,000 will be reserved for technology upgrades and staff software training. During December and January, the church had a comprehensive evaluation of our current network and software. These consultants have provided a good roadmap to increase the church's productivity and usefulness of the software.

The proposed establishment of reserves for the stated purposes was approved and will be recommended to the Vestry.

3. 2021 Stewardship Update

Ms. Marak updated the committee regarding the current activity in the 2021 stewardship campaign. Through the January 31st cutoff, 1,005 pledges in the amount of \$6,264,855 have been received. The number of pledges received was slightly behind the 2020 number of pledges by 18, but ahead in amount by \$290,146. The average 2021 pledge is \$6,234 which is ahead of the 2020 average of \$5,840 over the same time frame. The stewardship committee and the leaders, Kimberly and Joe Colonna, were congratulated for making the goal of \$6,250,000 and thanked for a very successful 2021 campaign.

4. Review of December 2021 Budget - draft

The discussion of the successful 2021 pledge campaign led naturally into the 2021 budget review. Mr. Baber reviewed the 2021 revenue worksheet which starts with the actual number of pledges received as of February 1st. Several different figures, including additional pledges to be received during the year and pledge over and under payments, are added and subtracted from this initial amount to get to the actual budget pledge revenue for the year. A 4-year average is used to make these adjustments and the final pledge revenue budgeted for 2021 is \$6,347,000. Unpledged contributions will be budgeted at \$390,000 in 2021. Collection of prior year pledges will be budgeted at \$129,000 as several 2020 pledges have already been paid as of today. The plate revenue will be budgeted at \$43,000 due the limited in person services we anticipate for at least half the year. Additional revenue will be realized from a dividend paid from the Fredericks Square building, a revenue sharing agreement for proceeds from the north land, the planned use of a school transition reserve fund along with Vestry designated funds. Total revenue in the amount of \$7,857,000 is budgeted for 2021.

On the expense side, engagement is the focus of 2021 with a multifaceted approach. Rev. Brannon walked through the additional personnel anticipated in 2021. A Director of Engagement is planned to be added to the staff to focus in this area and assist other ministry areas in this goal. A Curate is being planned knowing that Saint Michael has a talented staff and one of our duties is to train and raise the next generation of Clergy in the Episcopal Church. A Young Adult Coordinator is being planned to focus on our young parishioners that are here and those that are not here yet. Additionally, an Operations Assistant is planned to assist in the administrative duties for our busy campus. A raise pool of 3%, as recommended by the Human Resources Committee, has been included to recognize and retain our talented staff.

Rev. Girata led the committee in a discussion regarding the increased budget and the anticipated hires in the noted areas. The church leadership believes the current conditions in 2020 and 2021 are an opportunity to better serve our community while meeting the mission of the church in growing disciples in Christ and encouraging growth through engagement. The increase in pledges in addition to the use of designated Vestry funds along with utilizing reserves for this time will enable the church to grow during this time and make a meaningful impact to our parishioners and community.

The committee discussed several aspects of the budget including the use of reserves to balance the budget. A consensus of growing into the budget and correctly utilizing these reserves is proper and prudent at this time. The committee unanimously passed the budget and will recommend the budget to the Vestry on February 17th.

5. New/Old Business

The committee recognized this as Ms. Kelley's last meeting as Treasurer. She has served three years at this position and Janice Bywaters will be assuming the leadership position after the Parish Annual Meeting on February 28th. Many congratulations and thanks went to Ms. Kelley for her service and contributions to the committee and church leadership. Ms. Kelley will be remaining on the Finance Committee.

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