

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

Minutes, March 19, 2019

Present: Janice Bywaters, Stuart Brown, Kathy Kelley (Treasurer), Jeff Kilpatrick, Bill McGannon, Andy McRoberts, Stacey Malcolmson, Jim Smith, Chris Wiley

Ex-officio present: Rob Baber (Director of Finance), Warren Houser (Senior Warden), Jay Lipscomb (Warden At-Large), Caroline Marak (Stewardship Manager), Keith Quarterman (Executive Director of Operations)

Absent: Barry Hancock, Grady Schleier

Guests: Rev. Greg Pickens (Associate for Pastoral Care); John Ellerman (Saint Michael's Farmers Market Representative)

1. Approval of agenda and minutes

The agenda for the meeting and the minutes from the February 19, 2019 meeting were approved.

2. Review of Pickens Sabbatical Proposal

Rev. Pickens presented a proposal for his sabbatical this summer that would extend from August 1st through October 31st. During this time, he will spend time both for professional development and for personal time with family and friends. He has put together a schedule that allows him and his wife to travel to Boston and San Francisco to interview the pastoral care staff at two churches in those regions with healthy marriage ministries. Fr. Pickens would also travel to a third church in Charleston to conduct similar interviews. The committee engaged Rev. Pickens in an encouraging conversation regarding the importance of the marriage ministry here at SMAA. The finance committee was very supportive of this sabbatical proposal.

3. Review of February 2019 Financials

Mr. Baber reviewed the results of operations for the period ending February 28, 2019. Total net operating revenue was \$1,536,529 versus a budget of \$1,533,170 resulting in a positive variance of \$3,359. Total operating expenses were \$669,210 versus a budget of \$724,542 resulting in expense savings of \$55,332. This results in a net positive variance of \$58,691. Mr. Baber noted that that approximately \$30 to \$40,000 in credit card expenses are not accrued at the end of the month because of the wide variety of charges and the timing of when the statements are received and the date of our finance committee meetings.

Several questions came up regarding the timing of follow-up letters on unpaid 2018 pledges and the quarterly statements. Ms. Marak insured that letters for any unpaid 2018 pledges would be mailed in the very near future and the normal quarterly statements would be produced and mailed within the first two weeks after the end of the quarter.

Mr. Quarterman gave an update from operations regarding negative variances in the electric utility charges due to issues with the church HVAC systems. Additionally, a report concerning the condition of

one of the two chillers is that a major overhaul costing approximately \$75,000 could extend the life of the chiller approximately 10 years with a warranty for 3-5 years. This could be completed in the next few months versus having to replace the chiller over the summer at a cost of at least \$150,000.

Mr. Baber and Mr. Smith discussed a refund received from the diocese of approximately \$47,000. This is a one-time refund of the 2018 assessment due to the near 100% collections of assessments by the diocese, cost-cutting measures by the diocese and fewer seminarians and curates than planned. Mr. Baber and Ms. Kelley recommended these funds be put in the operations maintenance fund held on our restricted balance sheet. The committee supported this recommendation and will recommend the funds be deposited to this fund to the Vestry.

4. 2019 Budget Review – Admin and Music

Ms. Kelley and Mr. Baber followed up on some questions by committee members during and after the February meeting regarding increases in budgeted expenses in the Administration and Music departments. Mr. Baber walked through the additions in these budgets that primarily relate to the full year of salary and benefit expenses for positions added during the year in 2018. Additionally, the first year of one position was funded by the Foundation with the understanding this position would be incorporated in the operating budget starting in 2019.

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