

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

Minutes, June 18, 2019

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

Ex-officio present: Bonner Allen (Junior Warden), Rob Baber (Director of Finance), Rev. Chris Girata (Rector), Jay Lipscomb (Warden At-Large), Caroline Marak (Stewardship Manager), Keith Quarterman (Executive Director of Operations)

Absent: Stuart Brown, Barry Hancock, Bill McGannon, Grady Schleier

1. Approval of agenda and minutes

The agenda for the meeting and the minutes from the May 14, 2019 meeting were approved with one change in the attendance record.

2. Review of 2018 audit report and management comment letter

Mr. Baber reviewed the 2018 year end audit report that was completed in May of this year. The audit committee reviewed the audit with the auditors in May. The audit committee recommended acceptance to the Vestry in the May Vestry meeting, and the audit was accepted by the Vestry. Along with the actual audit report, a summary page, prepared by the auditors, was included in the finance committee package and highlighted trends in the Statement of Financial Position and the Statement of Activities. The consolidated financials reported include the Woman's Exchange, Saint Michael Episcopal School and Fredericks Square office building. Positive trends were noted in cash and assets along with overall net assets. Contribution revenue along with other revenue has also increased in each of the last three years. Several ratios were also noted including Assets to Liabilities and Expense percentages by the different areas of Program, Administrative and Fund Raising. All ratios and percentages were well within industry norms and very healthy. The management comment letter did not have any matters of concern and the one previous comment regarding a segregation of duties at the Woman's Exchange has been addressed and is no longer an issue.

3. Review of May 2019 financials

Mr. Baber reviewed the results of operations for the period ending May 31, 2019. Total net year to date operating revenue was \$2,697,740 versus a budget of \$2,554,020 resulting in a positive variance of \$143,720. Total year to date operating expenses were \$1,985,145 versus a budget of \$2,081,409 resulting in expense savings of \$96,264. This results in a net positive variance of \$239,984. During the month of May, we had a negative revenue variance of \$132,852 which was a correction to the large positive revenue variance we had experienced through the end of April. However we are still maintaining a respectable positive variance in revenue. Mr. Baber also noted that that approximately \$20,000 to \$30,000 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.

4. Stewardship update

Ms. Marak updated the committee regarding the current activity in the stewardship area. The new stewardship committee participated in an all-day retreat hosted at the house of two of the committee members. The retreat was led by a speaker known for his work and leadership in stewardship. The committee got to know each other and learned principles related to the growth from grace, gratitude to generosity. Committee members noted a very positive experience and look forward to a successful stewardship season this fall. Additionally, a new staff member, Monica Rosser, has joined the staff of Saint Michael and will be assisting the Rector and Stewardship Manager in several areas of stewardship including all areas of giving including the Foundation. Specific attention will be given this year to invite parishioners that have not pledged to participate.

5. Review of Restricted Fund Revision - Good Samaritan Fund

Mr. Baber reviewed this request which was proposed by the mission outreach and pastoral care areas. In 2008, two separate funds were established for the disbursement of funds related to benevolence and assisting the needy. The Koinonia Fund was established specifically to assist the members of Saint Michael when specific needs arose. The Good Samaritan Fund was established at the same time to assist individuals outside of the church and non-profit organizations that provide assistance to needy people. Fund raising for these two funds has been confusing for committee members and parishioners not knowing the actual existence of two separate funds. This proposal combines the two funds into one called the Good Samaritan Fund. The Good Samaritan Fund Statement of Purpose and Guidelines are modified to include member of Saint Michael that are in need. The Rector sets the Associate in charge of the fund with all of the Clergy staff having access to the fund itself. The revision was approved and will be recommended to the Vestry at the next meeting.

6. Operations Update

Mr. Quarterman updated the committee regarding the ongoing issues with the church HVAC system. One of the chillers has not been operational since last fall. Several companies gave us a diagnosis and estimates to make the second chiller operational or potentially replacing the unit. The Building and Grounds committee recommending having Trane rebuild the unit giving us a warranty on their work and expecting a useful life of approximately 12 to 15 years. At this point, Trane has completed most of the work and had to do some additional work on valves that were not included in their original bid. After the completion of this rebuild, Trane personnel will be evaluating the other chiller and giving us an estimate regarding rebuilding it in the future.

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