

St. Anne's Parish
Vestry Meeting Minutes
Tuesday, January 8, 2019

Clergy and Vestry Members Present

Rev. Tim Mulder
Linda Adamson
Monica Barry
Carrie Dana-Evans
Ginger DeLuca
Mark Grimes
Jason Houser
David Huggins
Cary Lukens
Bill Malicki
Doug McNitt
Cardie Templeton

Vestry and Executive Officers Not Present

Patrick Carlson
Josiah Dykstra
Katherine Hilton
Tripp Trippitelli
Steve Fisher, Treasurer

Non-Vestry and Others Present

Kevin Hays, Partners in Mission in Guatemala

➤ *Opening/ Welcoming of Guests*

Cardie opened the meeting at 18:32. Tim led the meeting in prayer.

➤ *Partners in Mission in Guatemala Budget (PIMIG)*

Kevin Hays began discussion on the work of PIMIG and the work being done in Guatemala. Kevin briefed the vestry on the audit of the books and the inquiry for more information from Jose “Chepe” Morales Morales.

After a review of Chepe’s work and the handling of the funds on the ground in Guatemala, it has become obvious that Chepe’s control and management of the funds can no longer be trusted. The PIMIG are “very concerned” about the handling of the funds in Guatemala.

The PIMIG stated they are working on mitigating steps over the last weeks and days, and measures will include a visit by Linda Adamson to Guatemala in the coming weeks.

Linda provided details of the extensive and thorough approach to a review after PIMIG found multiple indicators of possible malfeasance, including the risk of possible loss of educational opportunities due to the loss of funds. The school year in Guatemala starts in the coming week, and there is no public education in the country. Thus, without the scholarship funds, there would be no education for the children this coming year.

Both Kevin and Linda detailed the process moving forward and, when they are next in Guatemala, how they will continue to evaluate the situation, determine failures, and then, after an extensive process, implement a new structure and accountability measures for the control and execution of all funds in Guatemala.

Cardie asked specific questions concerning the dynamic of key staff on the ground, specifically concerning the interpersonal relationship of the key players in Guatemala who have been involved in the program.

Doug McNitt asked specific questions concerning the possible sequencing of future payments and how the funds

would be handled in the near-term based on payments due.

Linda gave specific details of the malfeasance that occurred when Chepe took funds that were allocated for the students' scholarships. During the standard audit and accountability procedures, PIMIG came to understand that the payment process for scholarships had changed from three payments to a four-payment process. It also became clear that \$3,000 dollars that had been allotted was not accounted for. Finally, during the normal auditing process, the official bank log ("bank book") was not requested, nor was it provided by Chepe.

Vestry members shared their gratitude for PIMIG's quick action on and notification of the Vestry about this problem. The Vestry charged PIMIG to continue its good work, and added its absolute faith and confidence in the PIMIG to rectify the issue, implement new protocols, and to continue the magnificent work being done in Guatemala.

Doug McNitt moved to redirect the restricted funds, and for the Treasurer to release the \$1,806 for Health and Training and \$6,783 for Education to Rev. Dr. Armas. Cardie seconded the motion and it carried by voice vote.

➤ *Executive Session*

The Vestry went into Executive Session from 19:07 to 19:30.

➤ *Church Budget*

Mark Grimes explained the assumptions for the Church budget, which is based on compiling ministry requests, determining the best estimate of the stewardship committee for pledges, plate donations and pledge receipts, and then evaluating what appropriate adjustments might be made. The Executive Committee has already made several adjustments and anticipates additional input from Vestry. At this time, the budget is about \$5,000 short of being balanced.

Income:

As of Sunday, we had \$835,000 in pledges, with an expectation of about \$20,000-\$30,000 more to come. We can expect about \$860,000 total.

Assume \$865,000 with a 99% yield, which is in line with our historical yield. Total pledge income would be approximately \$857,000. Last year, we had about \$120,000 in non-pledge, and we get \$30,000-34,000 in plate every year. We are budgeting higher for investment income because of higher interest rates.

Estimated income for weddings, funerals and etc. is in line with what we saw in 2018, with a slight reduction in memorial garden contributions, which were especially high this year.

We budgeted transfers from the endowment of 4.5%, and a 5% increase in the PASA budget. This would leave PASA with a profit of \$6,000.

Cardie noted that our surplus from this year will go to the capital fund. We did not consider that we had earlier discussed reserving money for the outreach committee. In 2019, there will be no money to give out for Outreach grants unless we re-designate funds. We ended with a \$108,000 surplus. Budgeting \$25,000 for the search committee--includes moving expenses. We are funding that with a transfer from the capital account.

Tim noted that the money that we approved for the mission was money we already budgeted, so the surplus should be reduced by that amount. Also, we should consider whether part of the surplus should go to outreach (in addition to their budgeted funds from the endowment). We also have the carryover from unspent outreach funds, which were coming into the outreach fund.

Expenses: (*Notes on each expense category*)

Compensation was discussed. Benefits includes health insurance, updated for the new rates.

Administrative expenses: Based these requests, and doubled the marketing budget. We reserved \$2,000 for conference expenses for Rectors and Wardens in February. We are deferring \$3,000 of laptop and computer purchases.

Clergy expenses have come down considerably, but are in line with 2018 actuals.

Buildings & grounds and utilities are as requested. Insurance updated as of December.

Children and youth: the request was for \$7,400. In the past few years, we have budgeted the requested amount for children and youth, and actual expenses have come in at roughly half of what was budgeted. While not budgeting for the full amount requested this year, we are increasing it by 20% over last year's actual spending. We are not minimizing the importance of our work with children and youth, simply attempting to accurately budget for it. We took a similar approach with youth education.

Adult education: Adult education is funded from the Hunt fund--cutting back would not have an impact on the General Fund.

Diocesan allocation: the diocesan allocation is pre-set.

Outreach: \$35,000 budgeted plus \$10,000 for local hands-on outreach by Rev. Jessica Sexton.

Ministry expenses: Ministry expenses include \$10,000 for children's choir. We need to replace Elissa Edward's position, but we don't currently have any candidates. There may be some room to cut back. The Welcome Ministry is also expensive (\$4,500 for each event, which includes tents). We have two options: ask the Welcome Committee to do one event, or not use tents. Also includes \$20,000 for the music budget to support the Sunday night performances. We cut that back a little bit from the original request.

We could look in a couple places to fill the \$5,000 hole: 1) children's choir 2) There is \$20,000 in gifts to the Church in a temporary holding fund. We are not aware of any restrictions on these gifts, so we could put them in the General Fund. Typically gifts over \$5,000 go to the endowment but the Vestry has the discretion to redirect funds.

Tim noted that Jess would be okay to use the \$5,000 gift in thanksgiving for her ministry toward the outreach ministry expenses, which would wipe out the deficit. The \$10,000 could then potentially also be directed to outreach.

Cardie noted that outreach is for funds to be used in grants in 2020 (\$35,000), plus the money that Jess requested for hands on outreach. We committed to 2018, so we fulfilled those requirements; we are not giving in 2019; the \$35,000 will be used in 2020. Thus, there will be no grants in 2019 unless we designate the surplus to outreach this year.

Cardie suggested adding the \$5,000 that was given to the church in thanksgiving for Jess' pastoral work to Transfers and to Outreach, which would leave us a net positive of \$4.00. Additionally, if we are adding in the surplus, then we need to move to sweep the money into Outreach restricted funds.

Tim suggested that the Church may want to consider setting up different "buckets" in the endowment for certain ministry areas, e.g. buildings and grounds, outreach, education, music, etc. People like to donate to specific causes so it's an effective fundraising method, rather than donating to specific restricted funds, which have very specific requirements. In planned giving, people also often want to designate the same areas.

Dave Huggins moved to accept the budget as revised; Cary seconded, and the motion carried by voice.

Cardie gave thanks for the hard work of all the ministries. We are spending in line with our purpose, and that's really important to the mission of the parish.

➤ *Cemetery Budget*

The draft cemetery budget projects a \$5,000 shortfall. We expect giving to be somewhat lower than it was last year, though it is in line with other years. We can't predict lot sales and burials, so we were conservative. We increased the endowment distribution to 5%, but unfortunately it was lower than in past years due to the recent stock market decline.

The biggest expense for the cemetery is maintenance, which is in line with last year.

Cardie noted that there has been a desire to increase the scope of work for maintenance and care-taking, so we may need to increase the budget, or the Cemetery Committee will need to come back to Vestry. In addition to the wall, part of Emily Peake's bequest was for the care and feeding of the cemetery, which has been put into the endowment. We could use it to fund the shortfall and/ or fix up the cemetery.

Options: transfer money from the perpetual care fund or Emily Peake's bequest.

Cardie: We should have a good reason for a 5% endowment distribution to the cemetery when we don't do it for the church, and maybe do a one-time "other transfer". Mark agreed and changed the budget to reflect another transfer rather than a 5% endowment transfer.

Doug McNitt moved to accept the Cemetery budget as revised; Bill Malicki seconded, and the motion carried by voice.

➤ *Other Budget Discussion*

Cardie noted that the Church ended 2018 with a \$100,000 surplus. In December, we directed the treasurer to sweep it into the capital account. We could sweep some of it into the outreach fund. Note that the \$25,000 for the search committee is coming out of that surplus, plus moving expenses from the rector.

Doug moved that Outreach receive \$35,000 from Capital Fund to the Outreach Restricted fund for its 2019 outreach grants, and, in addition, that the balance from the temporary restricted fund be moved to the endowment. Monica seconded, and the motion carried by voice vote.

Tim noted that we should show and cheer the special fundraising efforts during the course of the year.

Jason asked about the balance on the capital account, which is about \$300,000. We fund it with the revenue from the cell tower, among other things. Mark noted that our capital spending rate is greater than our intake, and has been for the last 3-5 years. Cardie noted that we are working on budgeting money to go to the capital account.

➤ *Recognition of Outgoing Vestry Members*

Cardie noted that there are five outgoing Vestry members: Josiah, Doug, Bill, Cary, and Monica. Tim led the meeting in prayer for thanks and praise for their work.

➤ *Announcements/Approval of Minutes/Open Floor*

Ginger moved to waive the reading of the December meeting minutes, and approve them as submitted. Carrie seconded, and the motion carried by voice.

➤ *Interim Rector's Report*

Tim distributed his report prior to the meeting.

Sunday night services with a focus on music have become a way for us to reverse our attendance decline.

Our Christmas services welcomed more than 2,400 people. Thanks to all the people at St. Anne's who made Christmas so special. Conversations with Tim's colleagues suggest that we should put more energy into Christmas Day as the feast day.

Cheer: More than 50 new pledging units for the stewardship campaign, which is great in a transition year. However, there are several people who have not yet pledged. Tim is concerned that we have only 300 or so pledging households in a church that claims 2,800 members. He will be inviting people into active membership at St. Anne's via letter later this year. Transition times are like chapters in a book, a good time to get an accurate baseline.

The 2,800 membership number comes from our old church software package and doesn't relate to our attendance, giving or programs. Tim's commitment to us is to have the records in better shape before he leaves.

There were no additional questions.

➤ *Officer Discussions*

There followed a brief discussion about potential officer nominations for 2019.

➤ *Closing*

Monica led the vestry in prayer and the meeting adjourned at 21:22.

Respectfully submitted,

Thea Chimento

Clerk