



St. Michael's Episcopal Church, Arlington, Virginia
Annual Meeting Minutes
February 5, 2023

D R A F T

The Very Reverend Beth Franklin, Rector of St. Michael's, called the meeting to order and welcomed people online into the meeting.

Appointment of Secretary. *Congregation approved* Beth Cavey to take minutes for the annual meeting.

Recognition of Retiring Lay Leaders. Rector acknowledged the following individuals:

- Outgoing Vestry members: Adrienne Pilot, Junior Warden Tom Halvorson, and former Senior Warden Caroline Haynes. Rector acknowledged their service during unprecedented times and the congregation thanked them for their service.

Establishing a Quorum. Including parishioners in person (78) and those joining online (7), Rector acknowledged that the annual meeting had a quorum and could proceed.

Vestry Nominations.

- Rector reviewed the canons governing vestry eligibility and voting restrictions. There were no questions from the floor.
- *Congregation approved* the nominated candidates (there were none proffered from the floor): Jim Dinan, Lisa Meacham, and Mary Thorne.

Approval of the 2022 Annual Meeting Minutes. *Congregation approved* last year's minutes (Attachment 1) as presented.

Approval of the 2023 Annual Report. *Congregation approved* the 2023 [Annual Report](#) as presented.

Warden's Address. Tom Halvorson presented an overview of the year with key takeaways and insights looking forward.

- 2022 Takeaways
 - o We have moved away from pandemic into a "new normal" with one service and growing attendance. Virtual access to services continues.
 - o We experienced transitions in key positions: Parish Administrator, Senior Warden, and Treasurer. With these transitions came automated check approvals, new accounting firm, and building on solid footing with financial records.
 - o We are transitioning back to routine maintenance of our facilities.
 - o We have begun aggressively paying back the Diocesan loan, with approximately \$50,000 remaining.
 - o The Capital Campaign proved again the generosity of the congregation. Parishioners take care of our church and community through financial giving and volunteering time. Volunteering seems to be part of our DNA.
- Looking Forward

- o The library is getting much needed improvements.
- o Vestry will continue to prioritize paying down the Diocesan loan aggressively.
- o Vestry has created and will continue to fund a major maintenance fund.
- [Capital Campaign Fund overview](#) was provided
- **Question:** Tom referenced the total raised during the Capital Campaign in 2022, but there was also money raised in 2021. How was the money from 2021 spent?" **Answer:** The priorities that Tom identified remained the same for all capital campaign donations. The funds raised in 2021 were quickly spent on the direct expenses that had already been incurred from the work on the roofs and rectory.

Treasurer's Report. Janet Hansen provided an overview of the financial picture of St. Michael's.

- The finances of a church are similar to a small non-profit business with the same reporting requirements of any business, plus, we have reporting requirements similar to any church in the Dioceses regardless of size.
- This year we are building on the strong base constructed by Wil Harkins. Katrina Moore was the right person at the right time to update Wil's work. We have worked to better automate systems, hired a new accounting firm that understands a church's unique financial reporting requirements, moved to online QuickBooks which allows access to financial records from multiple users, transitioned to a new payroll system, and implemented electronic bill pay where possible.
- Mission Spend Plan Results: The 2022 Mission Spend Plan projected a \$44k deficit. Final numbers are still being generated, but our new estimate for 2022 is an \$8k deficit:
 - o We were running a surplus until we needed to make up prior year's pension payments which had been underfunded.
 - o Expenses were generally on-target or below budget.
 - o Income was over budget.
- Operating Budget (Mission Spend Plan) is only part of the financial picture of the church. We are currently working to produce the end of year Statement of Position which will be posted when final numbers are received. The Statement of Position includes our Capital Campaign, Major Maintenance Fund, other specific funds outside of operating funds, and endowment funds.
- Overall St. Michael's financial picture is healthy.
- There were no questions from the floor.

2023 Mission Spend Plan. Vicki Barnett presented the 2023 Mission Spend Plan after thanking Tom and Janet for their presentations.

- The particulars of the Mission Spend Plan were distributed to the congregation via email and paper copies previously and are included [here](#).
- Overview of the MSP
 - o MSP put forward includes expenses of \$408k with a \$39k projected deficit. There was a 2% increase in pledges this year.
 - o Based on St. Michael's history, the Vestry plans for a worst-case scenario with cushions for unexpected expenses, along with an understanding of the generosity of St. Michael's parishioners.
 - o Primary contributors to the deficit are: a 4.77% increase in salaries based on Diocesan cost of living increase recommendations, increase to 30 hours/week for Parish Administrator to alleviate administration duties taken on by Rector during pandemic and recognize her contributions to administration of the church, a continued aggressive repayment of the Diocesan loan, a realization of expenses returning to more normal levels

post-pandemic, a commitment to 10% of pledges to outreach programs, and a commitment to 8% of income to the Diocese.

- o Vestry has been building to a 10% commitment to Outreach partners and reached that goal in this MSP. It is an important reflection of our Gospel-based values. This announcement received applause from the congregation.
- o Vestry believes in investing in staff as the backbone of this community. We have been keeping up with cost-of-living increases, but we have not saved for merit-based increases or to fund a sabbatical for the Rector which she is due. These needs will be addressed by the Vestry going forward.
- o 2023 is a challenging environment for many churches, and we are overwhelmed by the generosity of the St. Michael's community.
- o Rector and Vestry will continue to look for ways to share our space resources with the community and generate additional revenue for the church.
- o Vestry spent a lot of time discussing, praying and reflecting on this MSP. We are cautiously confident that this is a reasonable projection and are committed to being good stewards moving forward if the financial picture changes.
- o There were no questions from the floor.
- o *Congregation approved* the Mission Spend Plan as presented.

Featured Ministry: St. Michael's Fund Board.

- Molly French gave an overview of the importance of the endowment funds to both the Mission Spend Plan to support our various ministries and unexpected major expenses like the roof repair and rectory improvements over the past couple years.
- She outlined the source of the funds is from people of St. Michael's past planning gifts that sustain us all today. She requested that people view planned giving resources on the website for information about how to contribute to St. Michael's financial future for future generations.
- Rector announced plans to visit with people throughout the year to talk about planned giving.
- <https://www.stmichaelsarlington.org/planned-giving/>

Nursery Re-opening for Sunday Worship Services and Coffee Hour.

The Rector announced that the nursery will now be open during worship services. Caroline Haynes will organize Sunday morning teams to ensure coffee hour continues at St. Michael's.

Rector's Annual Report. Rector presented a visual slide show reflecting on the many things our community has celebrated over the previous year and God's presence within them all.

Blessing and Dismissal.

Respectfully Submitted,
Beth Cavey, Registrar