

**Vestry of St. Stephen's Episcopal Church
Richmond, Virginia
Minutes of the January 27, 2026 Meeting**

This meeting was held virtually due to weather.

The following vestry members were present: Molly Anderson, Robert Birdsey, Kathy Brock, Bill Davis, Katherine Farley, May Fox, Greta Kidd, Jay Moore, Nan O'Connell, Mary Ashburn Pearson, Elizabeth Peay, Joan Putney, Andrew Robertson, Gayle Royals, Randy Seibert, Chris Smith, Brandon Spalding

Staff Present: John Rohrs, Cate Anthony, Will Stanley, Kathleen Wilson-Kennedy

Welcome and Check-Ins:

- Opening reflection: vestry members shared the "Heart of their Week."
- Approval of minutes: Randy Seibert noted that he was present during the December 16, 2025 meeting; the minutes did not document his attendance. The minutes from the December 16, 2025 meeting were approved with this amendment.
- John provided weather updates. The church and offices will be closed again tomorrow (Wednesday) due to icy road conditions. The goal is to open late (at 10 am) on Thursday. The Thursday evening quarterly ministry night will also shift to a virtual platform.

Focus Time: Operating/capital budgets- discussion and approval

- Kathleen presented the proposed final annual budget for 2026, which shows a very small annual surplus.
- She reviewed the biggest areas of change since the draft was presented to the vestry in December 2025:
 - General revenue: Is now budgeted at \$3.65M. The draft budget presented in December assumed \$3M from the pledge campaign; after the last month, the pledge target was increased to \$3,020,000 based on anticipated pledges.
 - The budgeted revenues for line items for Hospitality, Weddings, and Funerals were also increased since December 2025.
 - The revenue budgeted in 2026 for the café was increased from \$0 to \$1,500 to better reflect actual proceeds from 2025.
 - Total budgeted income is \$4.2M, or \$117,000 over what it was projected for 2025 and slightly over what actually came in for 2025.
 - Expenses: The biggest change since the draft budget was presented in December is the Personnel/Compensation and Benefits line item. It has been a goal since 2025 to hire a fourth administrative support position; this did not occur in 2025 due to budget limitations and it was also removed from the draft 2026 budget as a way to decrease expenses (a decrease in expenses of \$60,000) to achieve a balanced budget. This is the first item to be revisited if the 2026 budget ends up running a surplus or if substantial savings are identified during 2026.

- Employees were also allotted cost of living adjustments (COLA). Select staff members were also given bonuses.
- The line item for Personnel-Staff Episcopal Meetings (bottom of page 2) was decreased because it was not fully used during 2025.
- The Outreach line item includes the food pantry, which saw an increased need during 2025. The food pantry allotment has been increased to \$20,000 (from \$15,000 in 2025), instead of the initially proposed \$25,000.
- Facilities: this line item was cut in anticipation of energy savings due to the recent upgrade to LED lights.
- Other minor cuts were made to achieve a balanced budget.

The vestry unanimously approved the budget.

- Kathleen then presented the proposed budget for capital projects during 2026.
 - Capital projects are traditionally funded from the capital reserve, which has a \$1.375M balance when capital expenses from 2025 are taken into account. Every year, 4.5% of that is used for capital projects (this year that amount is \$61,875.74).
 - The operating budget also provides funds for capital projects. In the 2026 budget, \$35,000 is dedicated from the operating budget to fund capital projects.
 - These amounts, when combined with various other funding sources such as gifts from parishioners, anticipated insurance payments, and the operating surplus anticipated when the 2025 budget is closed out, total approximately \$535,000 available to spend on capital needs in 2026.
 - The anticipated capital expenses during 2026 include:
 - UV treatment to prevent mold growth (just for the large chiller)
 - Parking lot restriping
 - Organ humidity controls
 - New computer and software for HVAC system
 - Building Automation System (part of HVAC project)
 - Painting fellowship hall after flooring repairs
 - Groundwater foundation work (conservative estimate)
 - Fan coil units, piping, and asbestos abatement [only a portion of the \$525,000± estimate]
 - A 10% contingency
 - However, after these expenses have been addressed using the available \$535,000, there is approximately \$200,000 remaining to cover the \$525,000± HVAC replacement cost (fan coil units, piping, and asbestos abatement).
 - Kathleen shared that the finance committee has recommended that the remaining funds be paid from the capital reserve account. They believe this would be more advantageous than deferring some costs to 2027, as the facility assessment report anticipated in early 2026 will likely identify additional facility needs during 2027.

The vestry unanimously approved the capital budget, including the finance committee's recommendation to cover the outstanding capital costs for the HVAC from the capital reserve account.

- The security firms serving St. Stephen's currently are not suitable. The staff has discussed and proposes that Randy Ransone, one of our sextons, provide security services on Sunday mornings with an additional firm providing a second person; and on his own on Sunday evenings. Security for Saturday mornings could either be Randy or an external firm based on availability.

Ongoing Business

Treasurer's Report [notes condensed for executive session]:

- The vestry approved the resolution drafted by Randy to amend the terms of the promissory note dated April 16, 2021. Cate and Will were not present during this portion of the meeting.
- Chris noted that monthly financial reports are pending and that a goal for early 2026 is to find a transition replacement for GuideServe, our current financial consultant, and emphasized this is a positive parting of ways. Executive director's report: Kathleen presented this report.
- The 2022 financial review and the 2023 and 2024 audits have been reviewed internally and are ready to be approved and signed by John Rohrs, Kathleen Wilson-Kennedy, and Robert Birdsey.

The vestry voted unanimously to approve the 2022 financial review and the 2023 and 2024 audits.

- The forensic accounting report is complete and has been provided to the vestry for review. Overall, the findings identified over \$50,000 in fraudulent or falsified financial transactions, which is higher than the \$38,000 that was initially communicated to the parish. The source of the discrepancy is due to the methodology used to determine what is considered "fraudulent." The next step is to submit the report to Church Insurance for reimbursement for both the loss and the cost to prepare the forensic report.
- HHJ, the accounting firm that prepared the forensic accounting report, is also contracted to provide a review and recommendation of St. Stephen's internal controls going forward. This review has not yet been received.

Junior warden's report: Kathy provided a capital projects update.

- The LED lights are installed; we are waiting for dimmers.
- We are targeting February 9, 2026 for completion of the floor replacement effort.
- The slate roof has been replaced; the flat roof replacement is underway but delayed by the weather.
- The exterior doors to the church are being improved to close and lock more effectively.

Clergy and senior warden reports

Senior warden's report

- Robert reminded the vestry of a social at his home on February 6, 2026.

Rector's report

- John reminded the vestry that the annual meeting is scheduled for February 22, 2026 at 10:10 a.m. This is when the new vestry members will be officially elected. All vestry members will have lunch together following the meeting, after which the outgoing class will exit and the vestry will hold its first meeting with the new members participating.
- John reviewed the plan for this weekend's events intended to celebrate contemplative life and the Celtic service. There has been a positive response to the events, with over 60 people registered for the Saturday retreat and over 120 people registered for the Sunday night supper.
- Robert McCormick had planned to start work this week; however his start was delayed due to the weather and a death in the family. He will begin his role as music director Monday, February 2 instead.
- John spoke briefly about the national political climate and the importance of being responsive in the ways that feel faithful.

Vicar's report

- Will virtually presented a Vestry Letter of Support for Postulancy for Candace Pate and provided some information on Candace. At least two-thirds of the vestry need to sign the letter of support; due to the meeting being virtual, additional coordination will be required to obtain the signatures.
- Gayle, who served on Candace's discernment committee, shared her sense that Candace is firm in her call.
- The vestry unanimously voted to support Candace's nomination for postulancy.

New Business/Parking Lot Items

- None were mentioned.

Closing prayer and adjournment: The meeting was adjourned at 7:35 p.m.

Respectfully submitted,

Mary Ashburn Pearson, Register