

Senior Warden's Report

This year, having served as Senior Warden and Treasurer, I will begin by discussing our financial status with you. A year ago, I stood before you and told you that we needed an income of \$400,000.00 to satisfy our general fund budget and to pay our mortgage and interest on the demand note. As 2007 draws to a close, we will receive pledge and plate income of around \$341,000.00. This is \$60,000.00 short of supplying the money needed for the mortgages. The three year Capital Campaign has been very successful. We have received about 98% of our goal, an amazing feat! But, because we did not receive sufficient money in our general fund income to service our mortgages, we had to pay the monthly mortgage payment and the demand note interest out of the Capital Campaign income that was intended to pay down the principal of the demand note.

The demand note was for \$235,000.00 which was roughly the balance expected to come in during the third year of the Capital Campaign. This was a one year note on which we pay monthly interest and as much principal as we can. At this time, we owe \$90,000.00 on this note which is due on December 31, 2007. Had we not been forced to take approximately \$60,000.00 from the Capital Campaign income to pay on the mortgage and the interest on this note, we would have been able to almost liquidate the demand note. We will now turn this \$90,000.00 debt into a term loan and add the monthly payments to the \$4,200.89 monthly mortgage payments. Bottom line, we have to have a minimum of \$5,000.00 per month for debt service over and above what you as a parish have said you will contribute in 2008. We will talk about the 2008 budget in a moment.

But first, I want to be sure you understand why we have a mortgage. At the end of the construction period for this building, we still owed a small balance on the addition to the Wilkinson Center completed in the late 1990s, we owed money on the land purchase that this new chapel sits on, and we owed money on the construction of this new chapel that exceeded income from the Capital Campaign. The sum of these three parts amounted to a mortgage of half a million dollars, not bad considering what we have to show for it. When we entered into this mortgage in the fall of 2006, our plan was that growth in parishioners would equate to growth in income and provide the money needed for the debt service for the mortgage. As stated earlier, the growth in income sufficient to achieve this has not happened.

Our Stewardship campaign for 2008 is nearly complete and we thank all of you who have pledged. Many of you heard our pleas and increased your pledges, but we still do not have the income we need to pay the mortgage. Several of you have individually told me that you will continue making contributions to the Capital Campaign for another year. Some of you indicated this on your pledge cards. With Vestry's backing, I am now asking that we all prayerfully consider if we can continue to make contributions toward the mortgage payment. I am well aware that we all have sacrificed at different levels to make this new chapel a reality. And I know that I have a reputation of never being satisfied, but to continue the mission of Hickory Neck, we have to pay the mortgage! It would be extremely helpful if you would let me know if you can make contributions to the Capital Campaign in addition to your general fund pledge; email me, call me, catch up with me at coffee, tear of the bottom of your bulletin and scribble me a note, but please give this serious consideration.

And now I am charged with presenting to you the 2008 operating budget, approved by the Vestry, for your ratification. When the Stewardship team conducted their campaign in October, they set a goal of \$400,000.00. Now with most of the pledges in, we have a pledge income of \$349,000.00 to work with in 2008. Adding in projected non-pledge and plate revenue, we have \$372,000.00 to balance the budget with. This shortfall in funding has presented some serious problems for next year. So that you clearly understand the process, the various ministry committees give me their requests for funding for the coming year. The personnel committee meets and recommends salary packages for clergy and paid staff members based on their annual reviews, cost of living and merit increases, and market standards. You need to understand that I do not pull these numbers out of the air and that the parish leaders put a good bit of time and thought into the process. Several times this past year, parishioners have said to me, "Oh, if we had only known there was a problem." At the annual meeting last year, I stood before you and told you that we did not have sufficient income to cover the operating budget and the mortgage payment. Well, this year, let me be blunt; so blunt that I think it would be wise to ask the clergy and paid staff to leave the room for a few minutes.

Let me state here that I am speaking on behalf of the Vestry as advocates for our clergy and staff. We have outstanding clergy that are compensated at average levels by Diocesan standards and below national median levels by data provided to us by the Church Pension Fund. Let me quickly remove the "fear factor" from this discussion. This is not a threat of Michael leaving. This is simply a conduit of facts that you as an informed congregation need to know.

Michael, with God's help, has lead this parish to new heights in the almost six years that he has been with us. After the new chapel was completed and we were well into the transfer from a parish to a program size congregation, Michael was granted a sabbatical last summer which is a normal event for clergy. Before he left, he made it clear that he would come back re-committed to continue leading us to new missions and ministries. And he has done just that. He returned in August all fired up with energy jets wide open. This fall has been a whirlwind of new ideas and plans for new initiatives; some already begun, more geared for next year. We as a congregation, have to keep up! Many of you probably do not know this, but a year ago when we were preparing the budget for 2007, we were faced with the income shortage that I referred to earlier. When Michael realized that we could not properly compensate the staff as we wanted to, he insisted that we not give him the merit part of his raise so that Ann and Ed could have theirs. Dedicated to Hickory Neck; there is no question! Again, for the 2008 budget, the shortfall of income has made us unable to catch Michael up from last year or move his compensation to the level where he belongs.

Ann came to Hickory Neck two and a half years ago, right out of seminary. I am sure that this is a challenge for all graduates, but particularly for one coming to a dynamic parish such as ours. Michael has been a fine mentor for Ann, and together, they complement each other, and, at the same time, lend expertise in different ministries. Ann rose to the challenge of leading the congregation during his sabbatical and has emerged as a more mature Associate Rector. Diocesan guidelines on compensation for associate rectors are not as clearly defined as they are for rectors, but with the new data from the Pension Fund, Ann, too, is compensated below the norm.

I could make similar comments about Ed and Hope. Adequate compensation for staff has been a problem for two years. If we are to retain top quality clergy and staff, we must meet the income challenge to make this possible. To balance the 2008 budget, working within the income provided by you, the Parish, we have nicked and dimed many of the ministries, included funding for only the spring semester for the Choral Scholars, cut the request for two paid nursery attendants back to one, and hope that we will have allotted enough money to pay the electric and gas bills. There are some creature comforts that we have become accustomed to! We have increased our Diocesan pledge by \$4,000.00 based on the new formula approved at the fall Council meeting. There are no frills in this budget; nowhere to tighten the belt more than we already have. As I said earlier, the Vestry has approved this budget for salaries, operating expenses and the Diocesan pledge, and we present it to you, with our request that you consider whether you can increase your pledge to the General Fund or continue your contributions to the Capital Campaign so that we will have the money necessary for debt service for the mortgage. At this time, may we have a motion from the congregation to ratify this budget?

The discussion of finances is always a downer, so moving beyond that, we have a remarkable Parish! Not only do we have outstanding clergy and staff, we also have a very vibrant, active congregation. The untold number of volunteers, truly for every known ministry both here and in the community, is amazing. You see, it is not all about money. Time and talent are equally important. We all give of time, talent and treasure as we can. The important thing is that we all give toward furthering God's work at Hickory Neck and beyond our campus.

When Bishop Buchanan visited Hickory Neck on November 4th, Mrs. Buchanan was here as well. In a conversation with Ann Sloan and Sue Dugan after the service, Mrs. Buchanan said that she does not accompany the Bishop on all of his visits, but she wanted to come to Hickory Neck to see the parish that everybody is talking about! We are no longer that pretty little colonial church on the side of the road near a place called Toano. We are a presence in the community and the Diocese.

In the Visioning Process this year, we likened ourselves to "that city on the hill" and charged ourselves to let our light shine forth. We are doing that, and our "city" is truly on the hill. Last Sunday, Lauren Stanley called us a "Bold People." We invite strangers into our midst, make them welcome and carry the spirit of God from our hill to the surrounding communities. By continuing to be bold, we will continue to grow and to have the oil to keep our lamp burning in our city on God's hill.

Thank you,

Fred Boelt