

January 7, 2008

Dear Member of St. Mary's:

Our Annual Meeting will be held on Sunday, January 27, immediately following the 10:00am service. On behalf of the Vestry, I am providing the Junior Warden's report in advance, so that you may have time to read, reflect, and pray on its contents prior to the meeting.

2007 Parish Financial Summary

Although a final accounting has not been completed as I write this letter in late December, we should once again finish the year within budget. Our 2007 operating budget of \$355,000 was supported through member pledges of \$245,000, contributions from the endowment of \$59,800, and income from other sources including the rental of our facility to other groups.

This is also the first year that the Vestry and Investment Committee operated under a model where the contribution from the endowment was set as a percentage of the unrestricted market assets. For 2007, this percentage was 4.0%. As discussed at the 2007 Annual Meeting, this differs from past practice where endowment disbursements were limited to interest and other income. This change brings St. Mary's into line with established best practice for charitable organizations. Based on the considered calculations of the Investment Committee, our endowment can support this level of disbursement while still allowing the principal to grow at a rate that exceeds the projected inflation rate. This contribution from the endowment lets St. Mary's maintain our historic property and support programs (for example, the music program and paid Sunday School teachers) that would otherwise not be possible at our current membership and pledging levels.

2007 Successes in Membership

The main challenge identified in my 2007 letter to the parish was to step up our programs to attract and retain new members. Last year's budget included a new line item, New Member Ministries, that was funded for \$2000. Two Vestry members, Cindy Pendergast and Isabel Philips, stepped in to lead these efforts. New initiatives in 2007 included:

- A "Welcome Back BBQ" for both new and old members on a beautiful September Sunday afternoon
- The launch of a new website, designed both to bring new members into St. Mary's as well as provide regular news and other updates to existing members
- A new Olan Mills church directory currently in preparation that will be available in 2008
- "Coffee and Connections", a special coffee hour hosted by the Vestry after church in October to solicit ideas and foster conversations around the growth and development of St. Mary's

The Vestry is happy to report that St. Mary's added 13 new families to its membership roster in 2007.

Proposed Budget for 2008

As I write this letter prior to the January Vestry meeting, the proposed budget for 2008 has not yet been finalized. However, I expect that the Vestry will present a proposed spending budget for the 2008 year of approximately \$375,000. Committed pledge income for the year is expected to be \$255,700, an increase of 4.4% over 2007.

We are attempting to contain spending as much as possible. The projected increase for 2008 is almost entirely due to inflation, particularly higher energy costs (which are projected to rise nearly 20%), and a needed adjustment of the property budget. In the first four years that I served on the Vestry (2003-2006), the budget line item for property had been \$25,000, even though in practice the actual spending had been higher. This deficit was covered by drawing on certain reserve funds and one time contributions. Tom Holtey, our Property Committee Chair for the past two years, has looked at our historic spending on property and determined that a better estimate of our annual property spending that also includes preventative maintenance and necessary capital expenditures is closer to \$40,000. Our budgeted property line item for 2007 was \$30,000, and for this coming year is \$35,000. This increase brings the operating budget in line with past and projected spending requirements to maintain our historic property.

A Look to 2008 and Beyond

With the beginning of 2008, St. Mary's begins a five-year countdown to a truly momentous occasion, our 200th Anniversary in 2013. In preparation, I would like to highlight several advanced planning initiatives that we kicked off in late 2007, and ask for your support for in 2008. The purpose of these initiatives is to encourage a parish-wide conversation on the future of St. Mary's as we look to our third century, and to take the first steps in putting in place concrete plans to realize this future.

The first two initiatives involve our building and physical assets. As you know St. Mary's is a nationally registered historic property, and yet our often overlooked and overworked Property Committee is composed entirely of volunteers. I am asking Tom Holtey, our Property Committee Chair, to coordinate these initiatives, and I know he would appreciate more hands.

First, we would like to perform an "energy audit" on our building to determine what steps we can take to make our building more energy efficient. This is especially timely given the sharp increase in utility prices this past year.

Second, we would like to begin to compile a list of the major capital improvement projects that various parish members have suggested (e.g. air conditioning, a sound system) and also develop estimates of their costs.

The third Vestry-wide initiative is to continue this past October's "Coffee and Connections" program for parish members to share their ideas or just listen to conversations and updates about the emerging future of St. Mary's. We want to continue these conversations in 2008. *In particular, the Vestry will be hosting three Adult Forums following the 10am service on the three Sundays preceding the Annual Meeting (January 6, 13, 20) to discuss Christian Education, Outreach, and Worship.* Your ideas on these topics would be greatly valued.

Other Highlights of 2007

The Junior Warden's report is not meant to be comprehensive in its review of all of the considerable goings-on at St. Mary's. At the annual meeting, more detailed reports will be given on the budget, as well as reports on the different ministries, activities, and organizations that are part of our parish family.

Again, our Parish Annual Meeting is Sunday, January 27th following the 10:00 a.m. service. Please come if you can.

Yours in Christ,

A handwritten signature in black ink that reads "Paul Pyzowski". The letters are cursive and fluid, with a prominent capital 'P' at the beginning.

Paul Pyzowski