

First Parish By the Numbers

A Comparative Financial Analysis Brought to
you by the Finance Committee

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Goal: To compare First Parish's Financial Condition to Similar Churches

Research

- Located 5 other comparable churches willing to participate
- Got financials
- Conducted interviews

Analysis

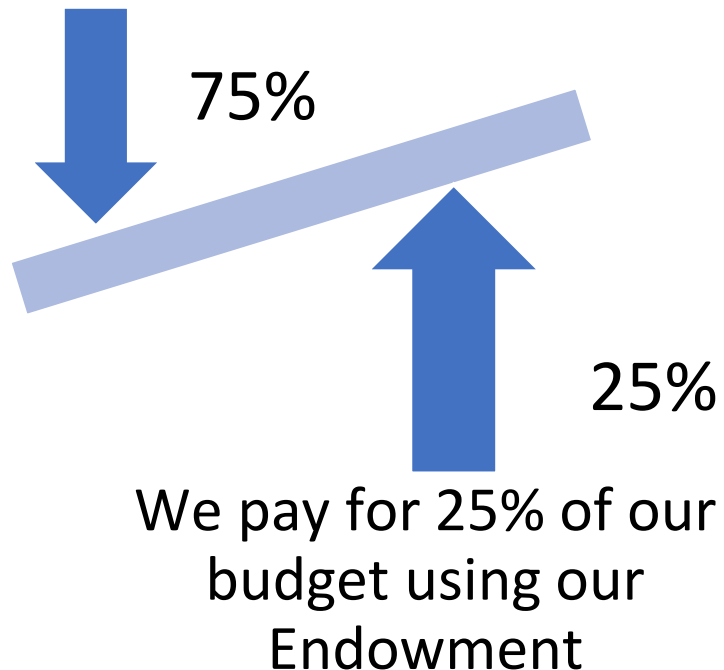
- Generated “apples to apples” financial statements
- Looked for similarities and differences
- Developed recommendations for financial sustainability

Churches: First Church Belmont, First Parish Cambridge, Follen Church (Lexington), First Parish Lexington, First Parish Needham

What We Already Know: We spend 25% more than we make

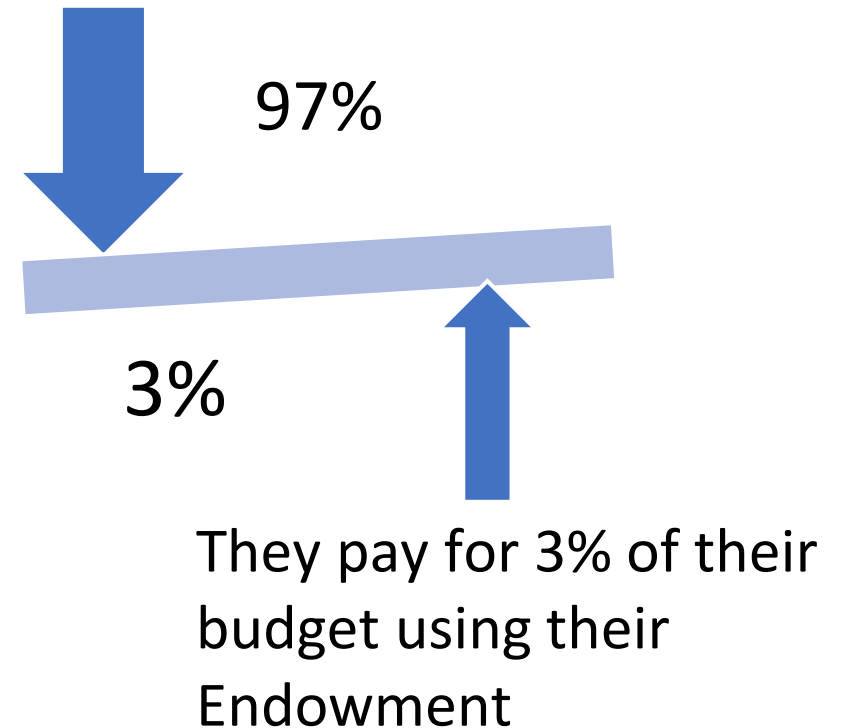
First Parish

Our Income covers only 75% of our budget



Other Churches

Other church's Income covers 97% of their budget



Income Comparison: Rentals and Fundraising - and a Surprise

	Brookline	Others
	Income per member	Income per member
	Total	Total
Income		
Pledge revenue	\$1,545	\$1,423
Rental	\$178	\$208
Plate revenue	\$79	\$50
<u>Fundraising and misc. income</u>	<u>\$39</u>	<u>\$187</u>
TOTAL RAISED PER MEMBER	\$1,840	\$1,868

If we raise the same per member, how come we have to use the Endowment for budget balancing?

IT'S IN OUR EXPENSES

The Immovable Object: our building costs are 2x per member more than other churches

	Brookline	Others	The Gap
	Per Member	Per Member	Per
	Total	Total	Member
EXPENSES			
Building expense including sexton	\$618	\$287	\$331
Administration and office	\$430	\$354	
Dir religious education and other RE	\$316	\$338	
Ministerial	\$545	\$457	
Music Director and other expenses	\$253	\$280	
Denominational	\$83	\$49	
Programs/Committees	\$38	\$80	
Transfer to capital reserve	\$160	\$40	
Debt Service	<u>\$0</u>	<u>\$59</u>	
TOTAL EXPENSE PER MEMBER	\$2,444	\$1,946	\$498

66%

Our Strong Points

- We don't borrow money
- Our endowment has more money than most

We Have Work to Do!

Four possible pathways
That are mutually exclusive

1. The Sustainability Path
2. The Do Nothing Path
3. The Go Radical Path
4. The Blue Sky Path

The Sustainability Path

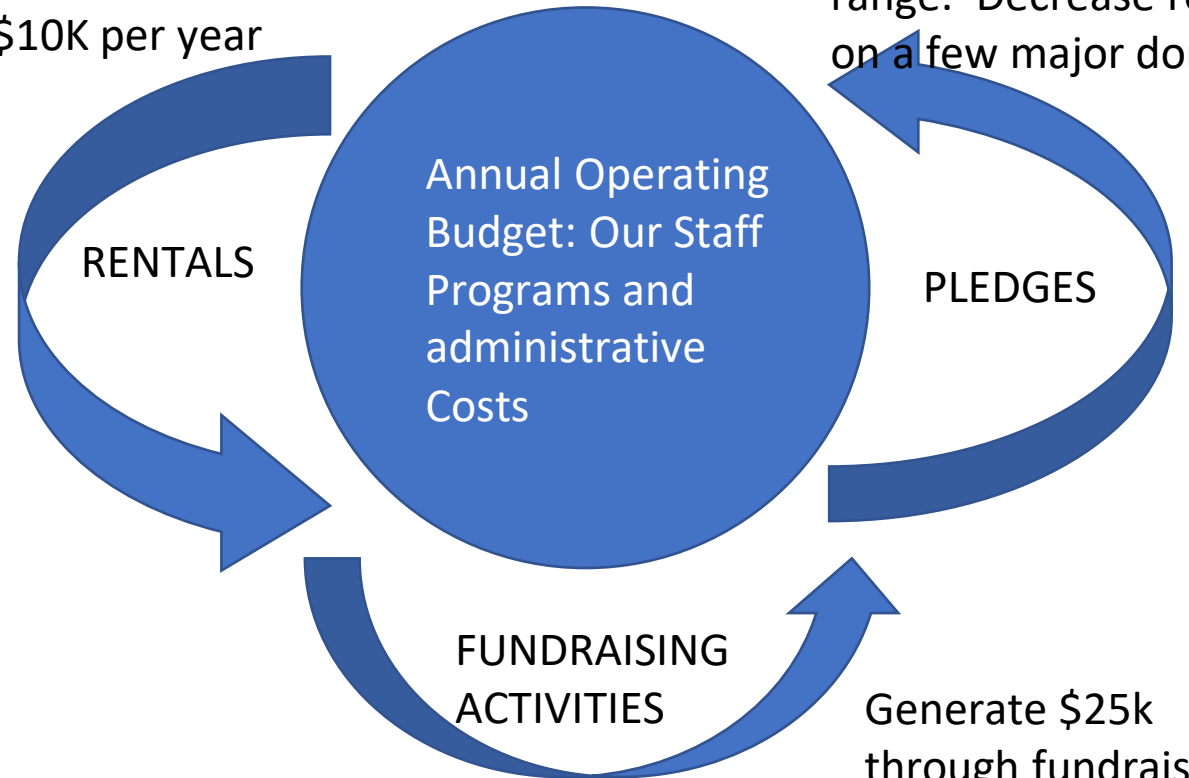
Reserve Endowment Draw (3.5%) for Building Maintenance. Use Principal for Emergencies



Generate \$64K more in income: A doable example

Increase rentals by \$10K per year

Increase pledges by \$29k. Broaden number of donors in \$2,500-\$5,000 range. Decrease reliance on a few major donors



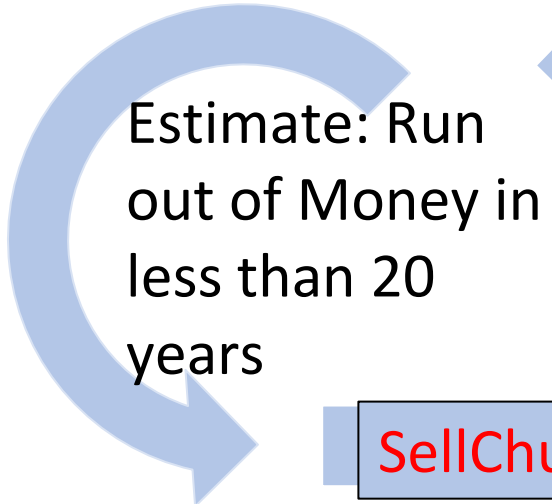
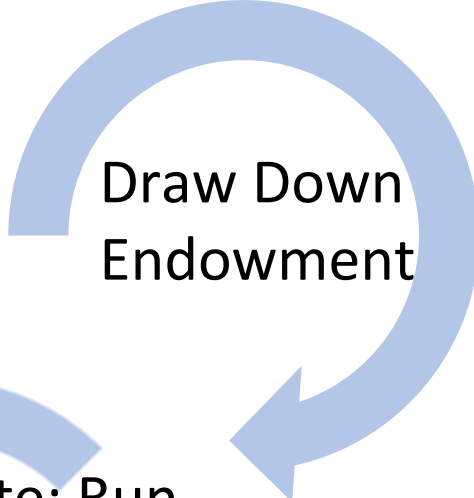
FY22 = \$86K

Generate \$25k through fundraising activities

The Do Nothing Path

Continue as we are

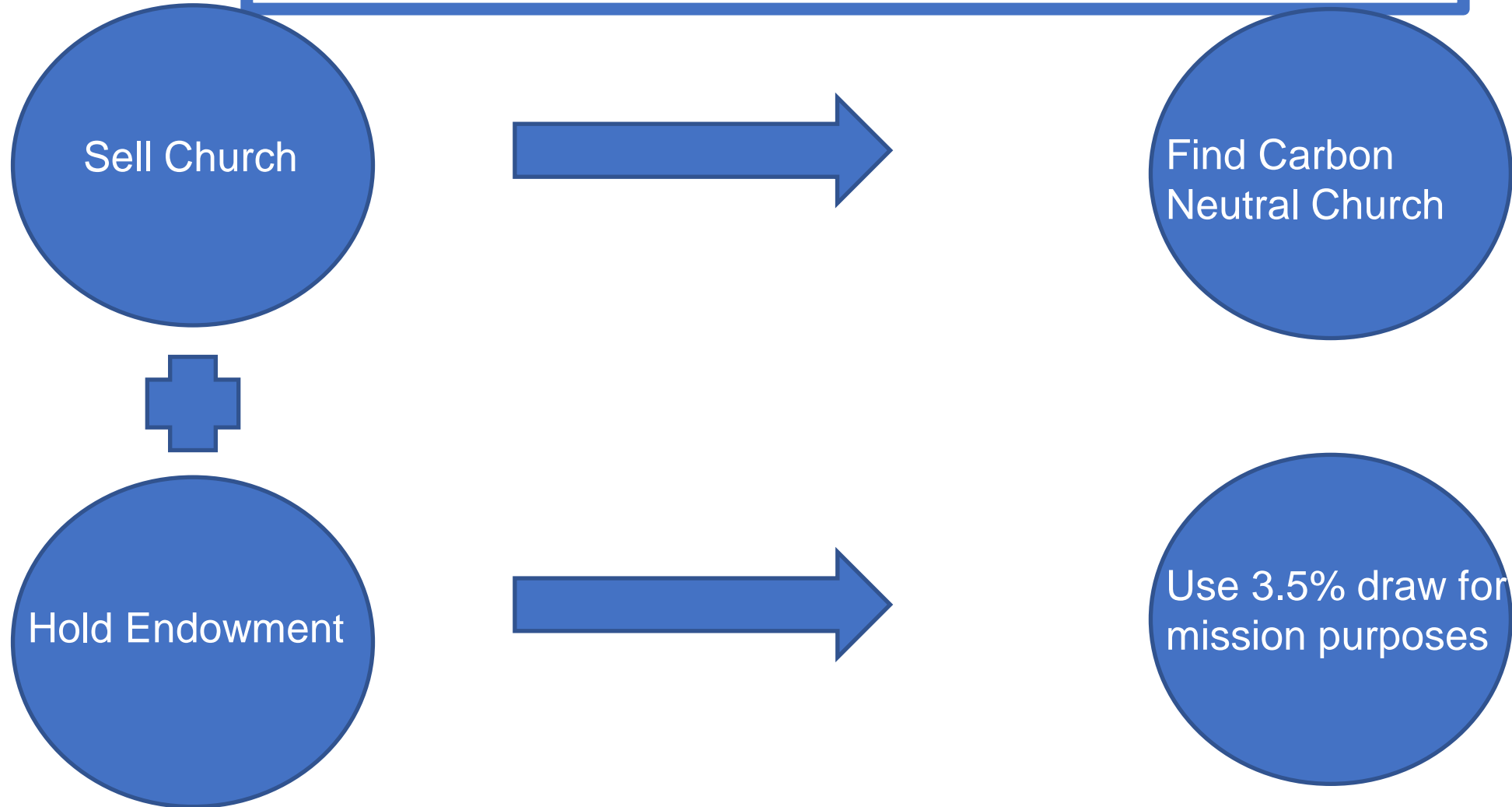
Endowment pays for 25% of annual spending as well as emergency capital needs



SellChurch

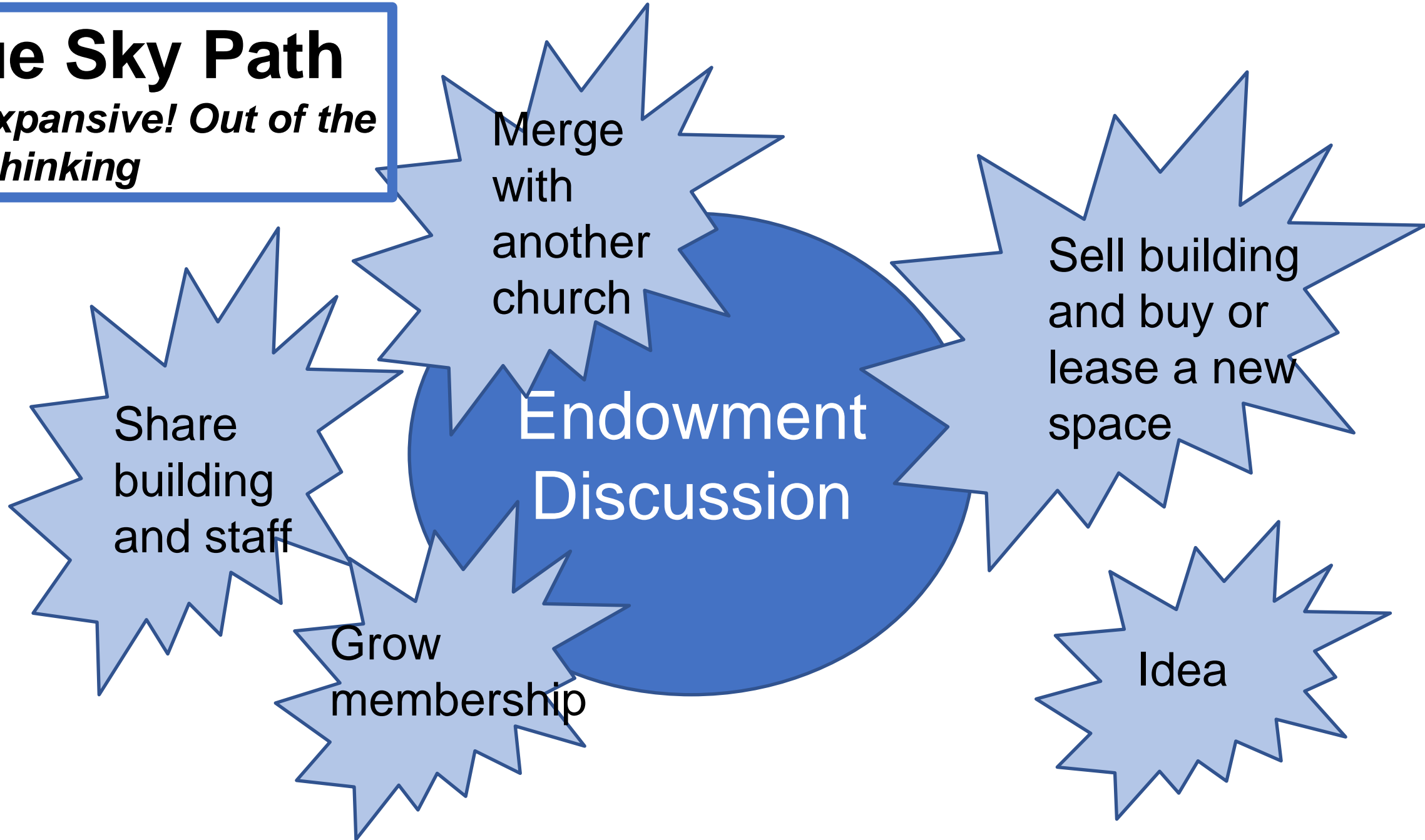


Radical Path: Leave Our Church Home within 5-7 Years



Blue Sky Path

Be Expansive! Out of the box thinking



Share
building
and staff

Merge
with
another
church

Sell building
and buy or
lease a new
space

Endowment
Discussion

Grow
membership

Idea

A Consequence of Using our Endowment For Annual Expenses

- Endowment Value in 2013 \$2,500,000
- Endowment Value in 2021 \$2,700,000

What would be our Endowment value today if we had not drawn more 2x the recommended amount from the Endowment over the past 8 years?

- S&P Market Growth 2013-2021: 13% average growth (a record)
- Including a 3.5% annual draw: Endowment today = \$5,167,000
- A 3.5% draw today would be \$165,000 - Plenty to cover operating expenses.

What Next?: Default Decision = Do Nothing Plan

Or, Begin a Process to Answer the Big Question:

How do we fully live into our Mission and sustain our Church Home?

Questions to Ponder for Today

1. What kinds of feelings does this report invoke for you?
2. What information from the report stood out the most to you?