

May 2023 First Parish of Brookline Finance Committee Annual Report

Mission

1. Review and monitor financial condition of First Parish Brookline
2. Submit recommendation of annual budget to the Parish Board and review quarterly
3. Advise the Parish Board on matters of financial interest to the Congregation as appropriate
4. Communicate financial information to the church community regularly and transparently

Organization and Membership

1. Finance Committee is a standing committee charged with fulfilling the mission laid out above. Members include the Treasurer, past Treasurer, Canvass representative, 1-2 Parish Board members, 1-2 other parishioners, the Minister and Church Administrator.
2. For 2023-2024, members include: Margaret Williams (Treasurer) Charles Sandmel (Former Treasurer), Ed Page (Incoming Treasurer, Parish Board and Canvass), Margie Beal (congregant)
3. Meetings occur monthly and are open to all congregants. Meetings dates are publicized through Congregational channels

State of First Parish Finances

When COVID hit in the Spring of 2020, the congregation rose to the occasion with increased pledging throughout the membership. The trend continued in Spring of 2021. The numbers of households pledging during the 2020 and 2021 canvasses remained in the 125 range. COVID grants brought in close to \$170,000 over two years, making up for lost rental revenue. We felt like we were making it through.

It took a good while for those dealing with church finances to realize that in 2022 and 2023 the ground was shifting beneath our feet. Members were beginning to disengage, our pledge totals decreased in 2022 and during this fiscal year (Fiscal Year 2023) some pledges were not fulfilled. Three years into a pandemic, families became more interested in soccer than Spirit Play and the pipeline of new families has not made up for those who have left the congregation. By May of 2022, the numbers began to reflect what was truly happening.

Numbers speak louder than words. In the last three years:

- Membership - dropped by 20%
- Pledging households – dropped from 115 to around 100 families
- Annual Revenue - down \$87,000 from 6/30/22 to 5/1/23
- A drop of \$40,000 over the last 3 Canvasses can be attributed to 3 pledging households, reflecting an overdependence on a small number of donors.
- The Endowment – lost \$500,000 over two years and the FY24 projected withdrawal is 2x the average of the past 5 years. More detailed information on the status of the endowment appears at the bottom of this report.

There is good news. In a survey conducted last Summer, the membership said loud and clear that our community matters a great deal to them. And, as communities can grow smaller, with

enough work and dedication, they can grow larger too. We have our work cut out for us, but we have highly committed members who have remained with First Parish. At the May 2022 Annual Meeting, we answered the question of what sort of church we want to be and how we want to grow into sustainability. **We made a choice to invest in revitalizing our Family and Community Ministries – to further develop our RE program, and to be known in our region as a strong church for both children’s and life-long religious education.**

We set goals that over the next four years, we will:

- Actively publicize and market our RE and OWL programs, which are not available in all UU Congregations.
- Expand our Community Ministries to an average of 125 youth and adults participating in a broad array of programming
- Attract at least 30 new families
- Grow from 200 to 300 members
- Record new donations of \$200,000
- Stabilize our finances by moving to a sustainable draw from our endowment.

This involves using congregation funding for church programming and reserving endowment funding for its original purpose, which is to maintain our physical structure

Planning for 2024 and Beyond

Our planning for Fiscal Year 2024 and beyond must include strategizing about how we will meet these goals. We cannot simply hire personnel and assume that robust growth will follow. The planning for FY24 is not about stating our goals. It’s about the “how” of getting there. We have the vision. Now it’s time to create the strategies and work together to execute them. We look forward to reading the growing success story in the Annual Reports over the next four years.

Our Endowment and Its Future

In Fiscal Year 2022 we had an extremely challenging economic climate and our Endowment lost 16% of its value. During the first nine months of Fiscal Year 2023 the return of 6% was consistent with market returns and more than offset the draw of \$100,000 through March 30, 2023. As of March 30, 2023 the endowment balance was \$2,398,601, down from a high of \$2,929,262 in early 2022.

The budgeted draw for next fiscal year will be the largest in both absolute (\$200,000) and percentage terms (8.3%) since 2016. Draws of that magnitude are inconsistent with good practice. We have chosen to invest boldly in the future of First Parish; stewardship—the continuing act of keeping faith with our generous ancestors—demands that we provide sufficient income and prudent financial practices to sustain our community.