

Finances at the First Church in Belmont

Thank you for your interest in the finances of First Church, and for recognizing your role as a steward of the church. While money can be a sensitive subject within some church communities, at First Church we strive to manage and report our finances transparently. This brochure aims to answer questions you may have about our income and expenses, and what it takes to maintain the fiscal health of First Church.

Let's start with expenses:

Our total annual operating budget for the fiscal year ending June 30, 2017 is \$720,000 (not including sabbatical costs). Major budget categories include:

- **Staff:** First Church employs 10 half-to-full time employees, plus additional part-time employees, who support a wide range of programs, including worship, music, children's and adult religious education, administration, and maintenance. Staff costs are *roughly two-thirds of our budget*.
- **Building Mortgage Expense:** We pay \$74,000 in annual debt service, *roughly 10% of our budget*, on a 30 year building loan (starting in 2002) to build the new parish hall wing and the church basement renovation. Of the original \$5.6 million project cost, \$4.1 million was raised in a capital campaign, and \$250,000 was a grant from our endowment. On the other \$1.25 million of original costs, we still owe

\$186,000 on a loan from our endowment, and \$709,000 on a private foundation loan.

- **Other Expenses:** Other expenses include utilities, UUA dues, plowing, and building and administration costs.

Now, let's look at income:

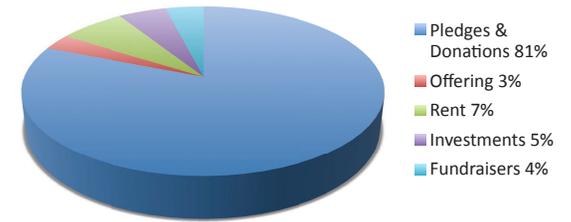
- **Pledges:** Pledges and donations from First Church members and friends make up *roughly 80% of our annual budget*. Like other UU churches, First Church receives no outside financial support. Our congregation must cover the vast majority of our annual operating costs through generous annual pledges. See below for more about pledges.

- **Endowment Income:** The church's modest \$1.67 million endowment provides some long-term stability to our operations. This past year, \$30,000 of income went to church operations, and \$10,000 to the building fund.

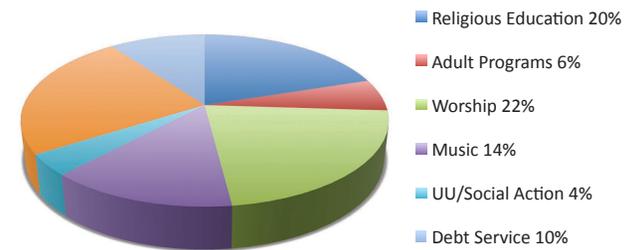
- **Rental Income:** We receive over \$50,000 in annual income from the rental of our facilities for outside groups and non-church events.

- **Auction Income:** Our bi-annual auction is a strong community-building and fund-raising event, generating \$40,000-\$50,000 in income that is spread over two years to offset church expenses.

Another View. The following two pie charts provide further detail on the budgeted sources of church income and expenses for the 2016-2017 church year, as voted by members at our May 2016 annual meeting:



FY 2017 Budget Income



FY 2017 Budget Expenses

Tell me more about pledges:

In the March Stewardship Drive, we ask all First Church members and friends to make a pledge, i.e., to let us know the amount of financial support they will provide during the upcoming fiscal year (beginning July 1) to cover church operating expenses. The pledges can be fulfilled (paid) over the full course of the following church year (i.e., up to 15 months from the March pledge). Pledge payments can be made by check or by a monthly automatic transfer – helpful with our church's cash flow needs. Gifts of stock, with tax benefits for the donor, are also welcome.

What is an appropriate amount for a member or friend to pledge?

While we all have numerous other charitable commitments, we urge members and friends to include First Church among their top charitable priorities. All gifts of whatever amount are appreciated. Here is some information that may help you decide how much to pledge or give.

Last year's pledge results: During the March 2016 Stewardship Campaign for the fiscal year ending June 30, 2017, we raised \$572,139 from 273 "pledge units" or households, including families, couples, and individuals. This works out to an average pledge of \$2,100, and a median pledge of \$1,300, levels that have remained flat for several years. Over 35% of the pledge total came from households pledging \$5,000 or more.

This year's campaign. The pledge goal for the 2017 March Stewardship Campaign is \$610,000. This increase is needed to eliminate the operating deficit, provide reasonable increases to staff compensation, and cover increased operating costs. To reach this goal, and to maintain healthy pledging in coming years, we need to increase the median pledge to \$1,500, and the average pledge to \$2,500. This takes increased pledges at all levels of giving, including at the \$3,000, \$4,000, and leadership level of \$5,000 and above. Each year, pledging at the higher levels suffers attrition due to members or friends moving away, retiring, or passing away. It is vital to the financial health of the church that others step forward each year to take their places.

Suggested Pledging Guidelines. It is our responsibility as a faith community, grounded in covenant with one another, to recognize that we all have a role in the financial stability of our church. In light of these realities, may we ask:

- If you are newly involved with First Church, would you consider a generous annual gift?
- If you are an active member or friend giving below the target median pledge (\$1,500), or the target average pledge (\$2,500), would you consider increasing your annual support toward one of these levels in the coming year?
- If you find your connection to the church has deepened over time, would you step to a higher tier of support and make a leadership gift of \$5,000 or more?

We are all beneficiaries of our church's programs, services and community, and we are the stewards of its future. Thank you for taking the time to learn about the church finances and to consider your role in supporting First Church!

Sincerely,

The First Church Stewardship Committee

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Finances at the First Church in Belmont Unitarian Universalist



An Introduction for Newcomers (and Long Timers too!)

February 2017