



# FIRST PARISH IN CONCORD STEWARDSHIP STUDY

Presented by the Finance Committee, August, 2017

## **Finance Committee Stewardship Report, August, 2017**

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# **Finance Committee Stewardship Report, August, 2017**

## **I. Introduction and Methodology**

The Finance Committee undertook a multi-pronged analysis of First Parish stewardship activities and results during the 2016-2017 church year. The goals were to understand the effectiveness of current practices and the potential for annual giving at First Parish, and to determine what improvements might be made to the Annual Pledge Campaign.

This study was not prompted by views that the stewardship process was ineffective or needed radical modification. Rather, we hoped our arms-length study of the process might reinforce what is going well and uncover opportunities for improvement that those involved in First Parish stewardship work hadn't time to consider.

To that end, we undertook the following activities:

- A congregational survey to understand people's sense of connection to First Parish and drivers of participation in the Annual Pledge Campaign;
- An analysis of the current sources of income and the expenditures of the church to determine the level of financial risk facing the church;
- An analysis of historic pledge data to glean patterns that might suggest potential improvements in the stewardship process;
- Interviews with various church and stewardship leaders; and
- A review of stewardship practices and attitudes at other UU churches in New England.

It is a pleasure for the Finance Committee to provide this information and suggestions for improvement to the Standing Committee, Senior Minister, Director of Operations, Treasurer of First Parish, and Trustees of Parish Donations. The Finance Committee will also use this information to set future priorities and examine related areas of interest.

## **II. Summary of Observations, Findings, and Recommendations**

This report, while looking at the past, is about the future of First Parish. To what extent is First Parish able to meet the needs of its congregation? Why and how do members and friends of the church pledge to make financial contributions to the church? To what extent are First Parish's sources of income and uses of that income in balance?

This report is both quantitative and qualitative. It provides charts, tables, and graphs illustrating different perspectives on First Parish. Based on this information, the Finance Committee, and the task force that completed the work presented in this report, drew conclusions and made recommendations to address perceived needs and reinforce the good work done by others. One key question is how we most effectively fulfill our role as stewards of First Parish for the existing members, for our children, and for its future. We hope these findings add value and provide direction toward what we can and should do for and in the future.

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The following are our overall findings and recommendations.

1. **Expenses are generally in alignment with income and the income sources appear to be stable.** Both income and spending are increasing modestly. Over the past five years, both have increased less than 3% per year on average. We have been thoughtful about requirements during budgeting, and we have managed expenses conservatively. However, in recent years, the net surplus or deficit has varied widely. These variances are due to planned or unforeseen expenses (e.g., staffing and benefits changes, the vagaries of facilities management expenses) and/or income coming in above plan (e.g., “prior year pledge income” has been higher than anticipated).

How can First Parish best manage its surplus or deficit?

- a. If there is a surplus these funds should be held in a “rainy day fund” or “savings account” for future unforeseen or major planned expenses.
  - b. If there is a deficit we can utilize “available cash” or “savings” to meet these needs.
  - c. We should continue to maintain a reserve fund of at least 10% of annual income; this is both a policy and a practice we have followed.
  - d. For a major expenditure, we have a \$100,000 credit line with the Trustees of Parish Donations and cash available from previous year’s surpluses. We appear to have adequate cash or available cash to meet most anticipated expenses.
  - e. The Director of Operations should work with the Standing Committee to appropriately designate funds from any annual surplus and to minimize any deficit spending.
2. **Congregants, overall, are highly committed to the church, believe strongly in its future, and are involved in many church activities.** Those who responded to the survey are actively engaged at the church; they tend to reflect our core pledging body. This group comprises over one-quarter of the church’s active members and friends. Their opinions are the views of the more active members of First Parish.
3. **While most congregants pledge within 2-3 weeks of Celebration Sunday, garnering the last 20 percent of pledges continues to be a challenge.**
    - a. In the past, this has made it challenging to establish a realistic budget for approval at the First Parish Annual Meeting.
    - b. It would be a good budgeting practice to include an income line for pledges anticipated to be received after the Annual Meeting. The amount of anticipated pledges would be based on historic data and other relevant information.

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4. **First Parish should investigate the pledge potential of “*low-hanging fruit*”** (i.e., people who could clearly provide a higher pledge given their income and level of involvement in church activities) and consider a strategy for approaching people in this category.
5. **We should recognize and focus on a lifecycle of giving.** For long-standing members of the church, the ability to give will grow as they progress in their careers, and then, possibly, decline as they transition from earned income to retirement income. Moreover, including First Parish in a member's will is another way to support the church as part of a lifecycle of giving.
6. **This study did not examine the capital (i.e., building and facilities) needs and requirements for maintenance or improvement.** However, we are aware that the Sexton, Director of Operations, Senior Minister, and a committee of First Parish congregants, have generated and examined this list of priority facility items that need to be addressed currently or in the future. We believe the Standing Committee, in collaboration with the Sexton, Director of Operations, Building Committee, and Finance Committee, should examine the resource requirements for our building and grounds and develop plans for funding timely actions before they become serious and more costly.

### III. Congregational Survey

A survey of First Parish active members and friends was launched in late January 2017. The survey was promoted through the *First Parish Announce* email list, the monthly newsletter, and weekly inserts in Sunday orders of service. The survey was also promoted by stewards during the Annual Pledge Campaign. The survey was open for about six weeks and completed by 228 members and friends—approximately one-quarter of First Parish's members.

A concern with any survey is whether the participants are representative of the entire population. The data suggest survey participants are among the more engaged members and friends of First Parish; average pledges among survey responders is higher than average pledges overall. Several questions were similar to those asked in a survey conducted in 2012 to define ministerial search requirements. That survey was completed by over 50% of active congregants at First Parish. Similar questions received similar responses. We believe the results of this survey represent the majority, but not all, of the First Parish congregation.

Here are the primary findings of the survey.

1. **First Parish is an important “home” for many in this community.**
  - a. Being a liberal faith and a strong community are key reasons

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- b. They would recommend First Parish to others
- c. They feel optimistic about First Parish's future

### 2. People are involved in many activities at the church.

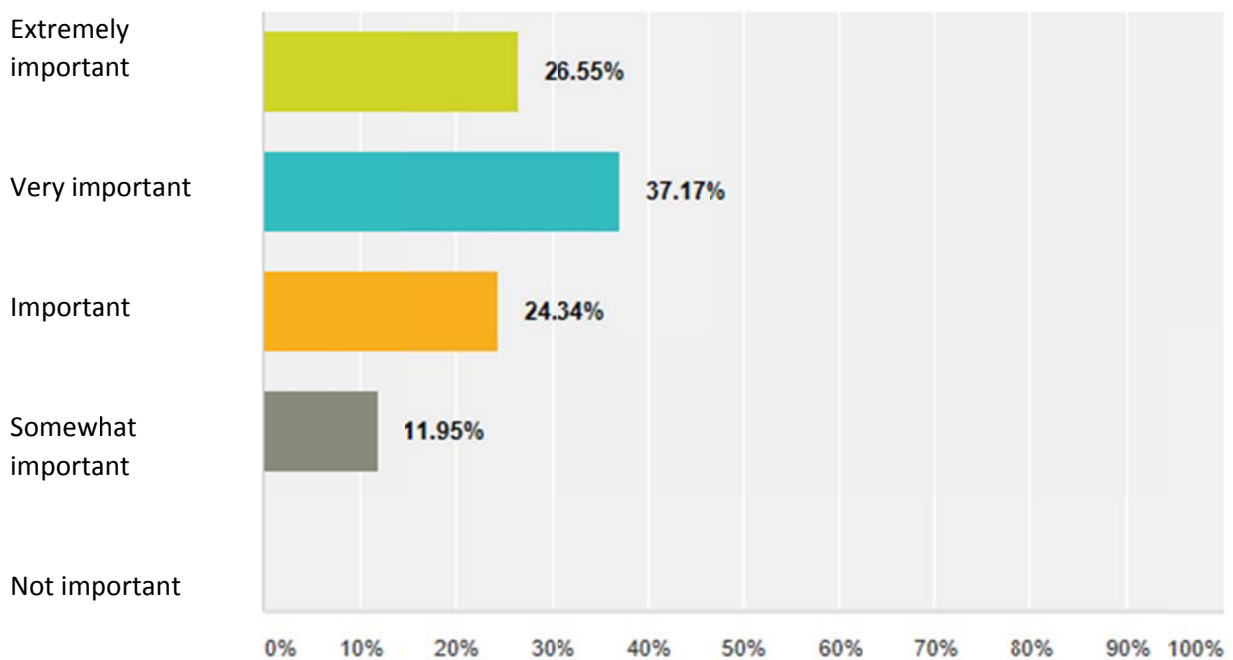
- a. The average survey participant is engaged in 3 to 5 church activities (avg. 3.8)
- b. Many regularly attend Sunday services
- c. They make other financial contributions to the church beyond their annual pledge
- d. They feel their involvement and support are appreciated

### 3. Most survey respondents are optimistic about the future of First Parish.

- a. They believe the future of First Parish is positive.
- b. They intend to maintain, if not increase, their level of involvement.

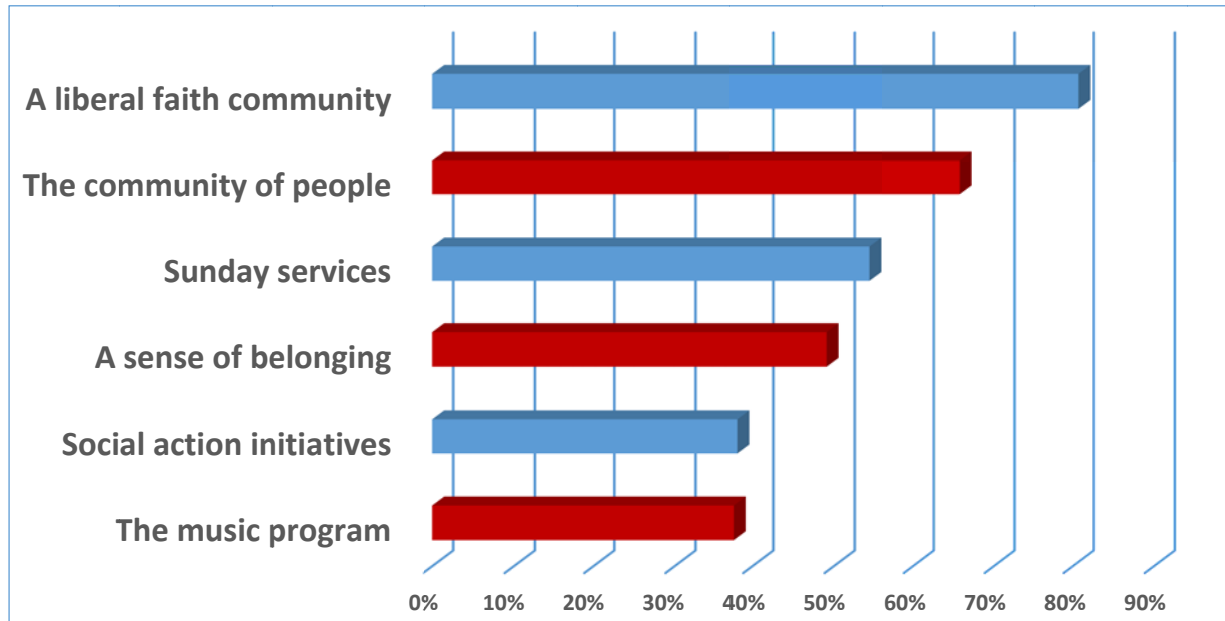
What follows are some of the actual responses from the survey that support these findings.

When asked how important First Parish is in their lives, responders replied as follows:



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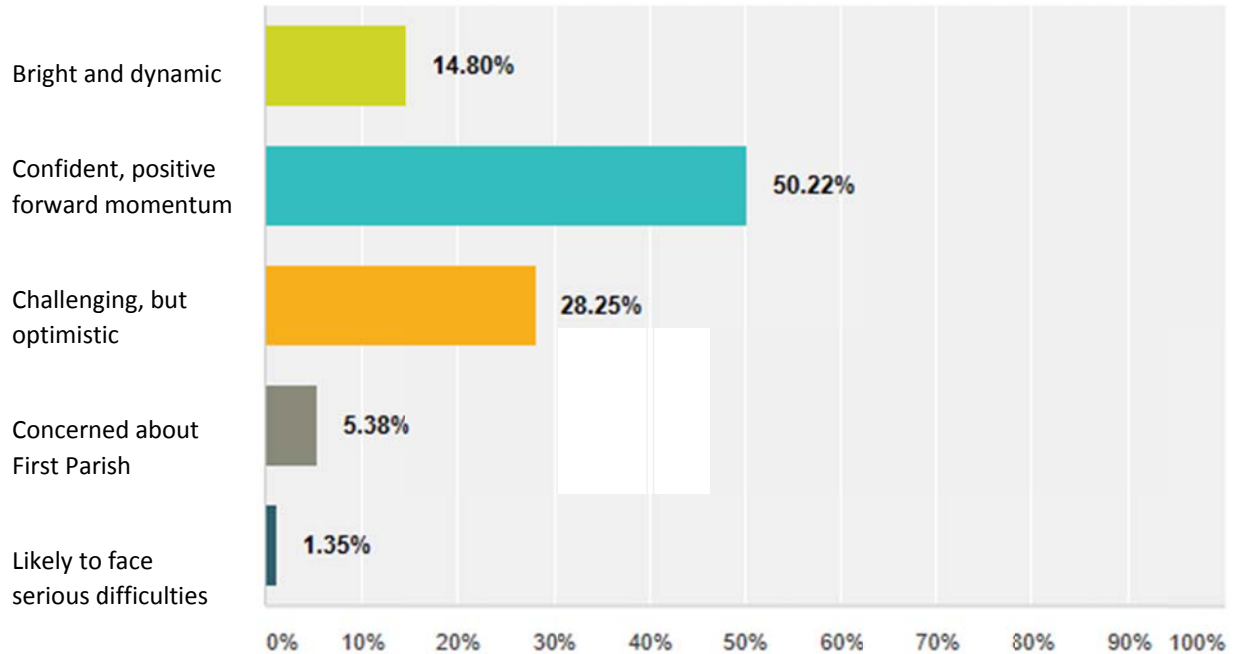
We asked survey participants to indicate up to **five attributes** that best describe what First Parish means to them. The chart below lists the **top six responses** given:



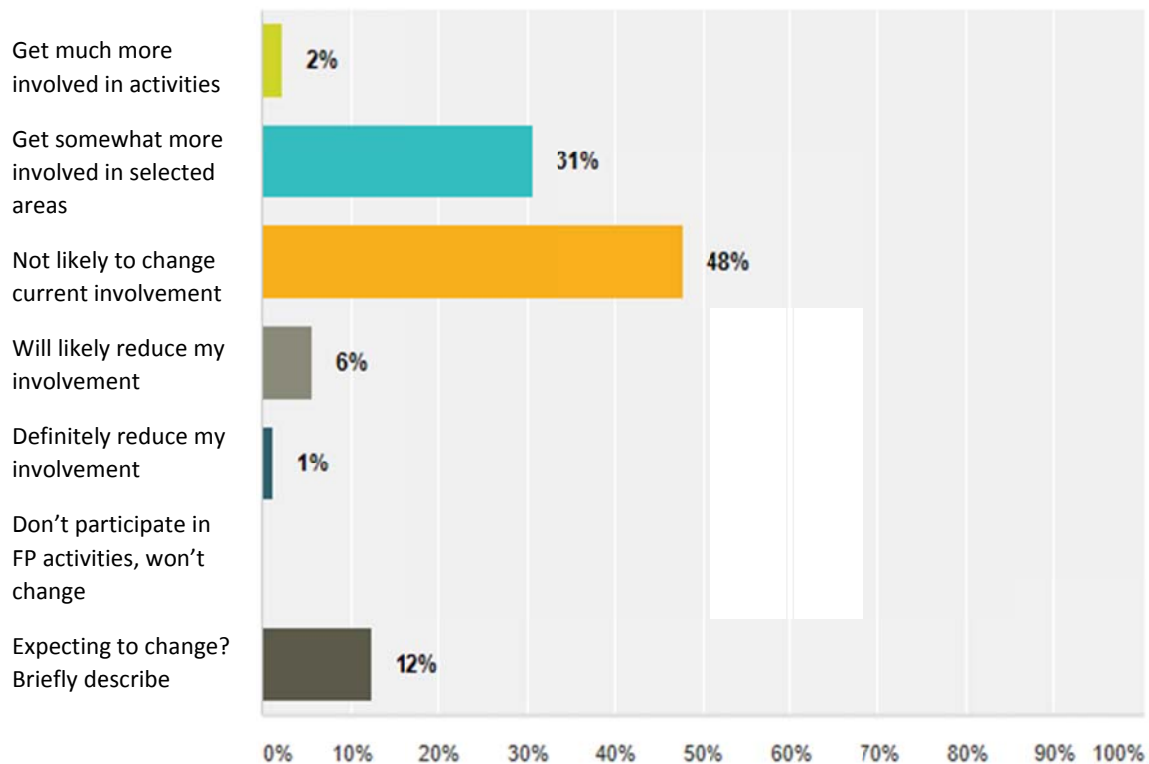


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When asked what they feel is the future of First Parish, participants responded as follows:



We also asked what people expected their level of involvement to be in First Parish activities over the next three to five years:



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### IV. Analysis of Membership and Financial Information

Looking at the First Parish financials, we find the following:

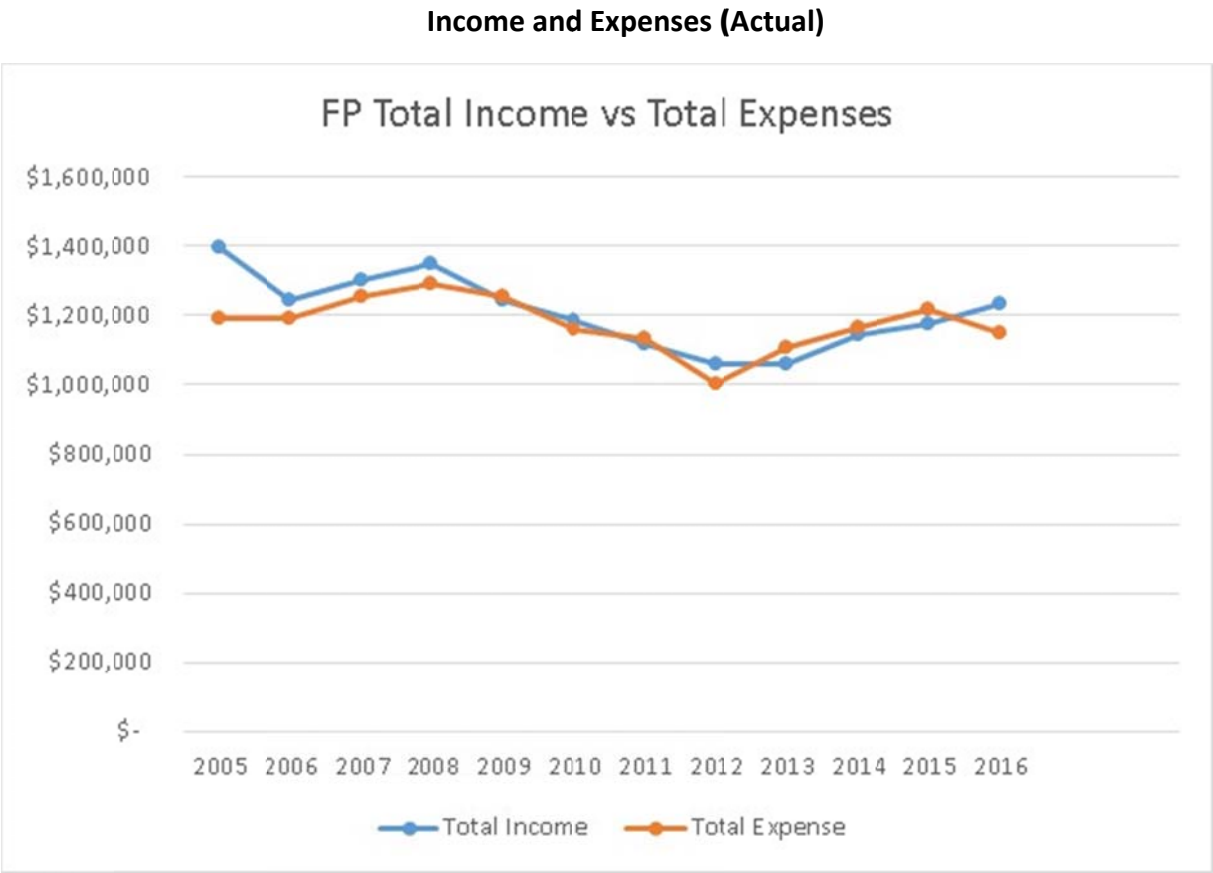
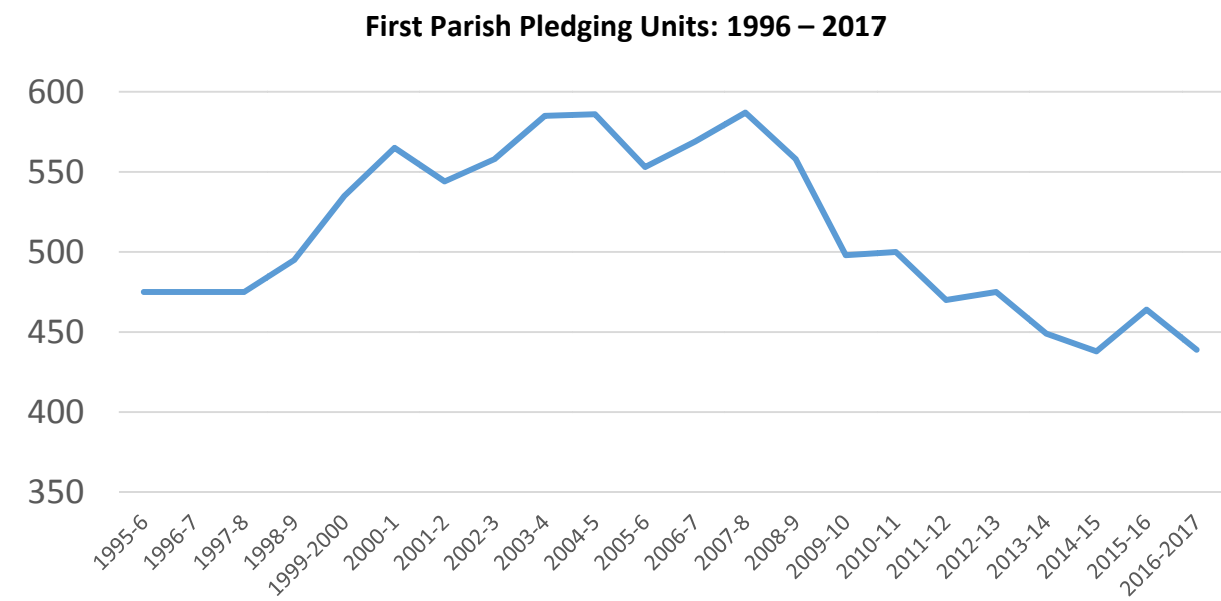
1. **First Parish has seen a decline in membership and income.** However, in the last three years, pledge income has started to increase. Both average and median pledges per household have started to increase. The average pledge has gone from \$1,931 in 2012 to \$2,328 in 2017 (21% increase). The median pledge has risen from \$1,000 to \$1,050.
2. **The number of members has declined, but the rate of decline has slowed.** The decline can be attributed to several factors: a winnowing of inactive members that became more systematic with the new Director of Operations, the natural dynamics of transition to a new minister, discontent over some personnel issues within the church, and a general decline in church membership across the country.
3. **The number of household pledges (pledging units) has also declined over the last several years.** It appears this number has stabilized and may begin to increase. On average, approximately 12% of active households do not pledge in a given year. Some households return to pledging the following year.
4. **Expenses have remained fairly constant.** Despite a rising cost of living, expenses have increased less than 1%, on average, over the past ten years. Expenses have increased an average of 1.4% over the last 3 years.
5. **Net income/loss has fluctuated, with a range from (\$50,245) in 2013 to +\$80,675 in 2016.** This was primarily due to pledge income that came in after the budget was approved at the annual meeting, though over- or under-spending against the budget also contributes to the fluctuations.

Some charts and figures follow that will provide information on these findings.

**First Parish Membership: 1996 – 2017**

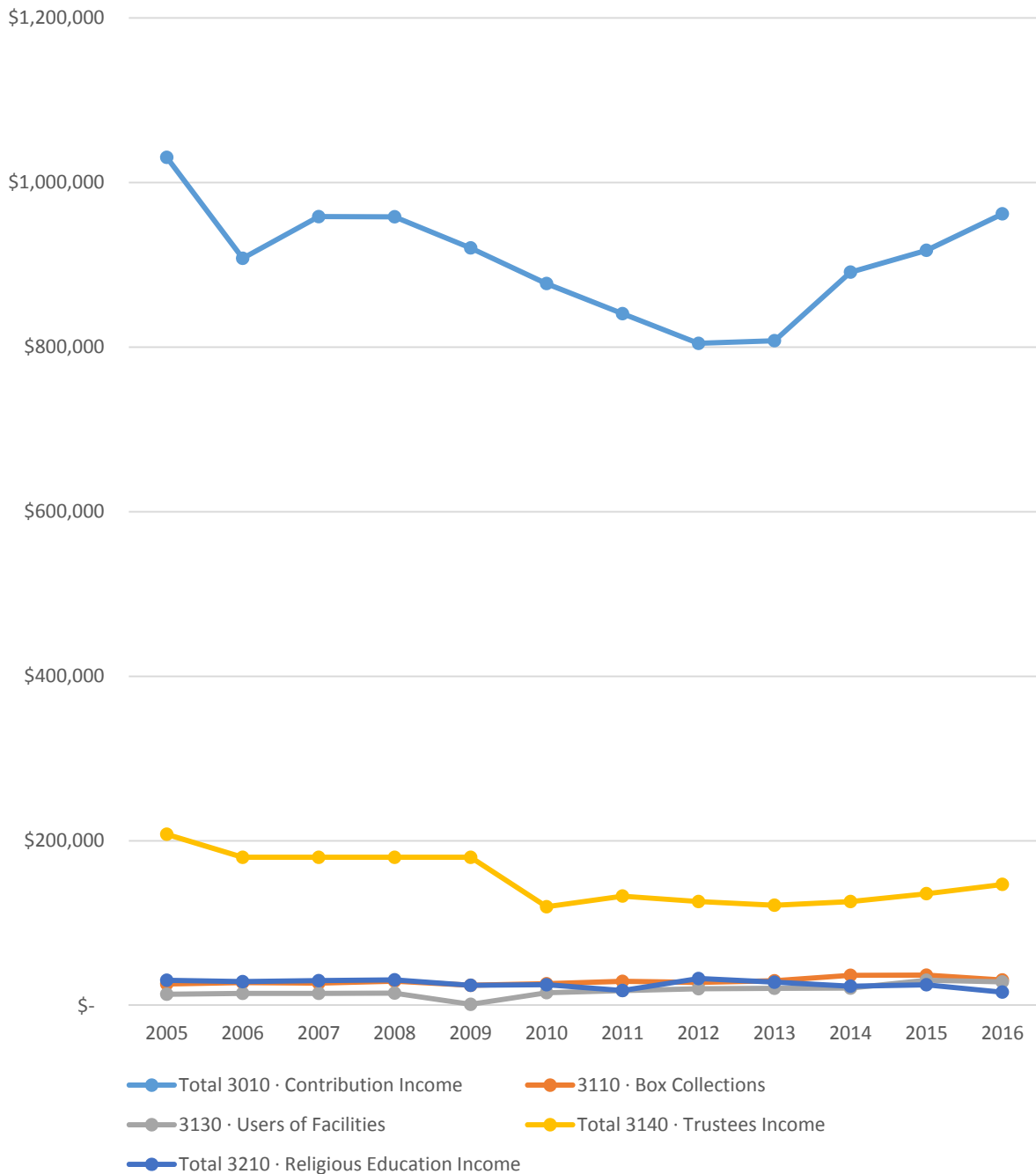


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### Sources of Income – All

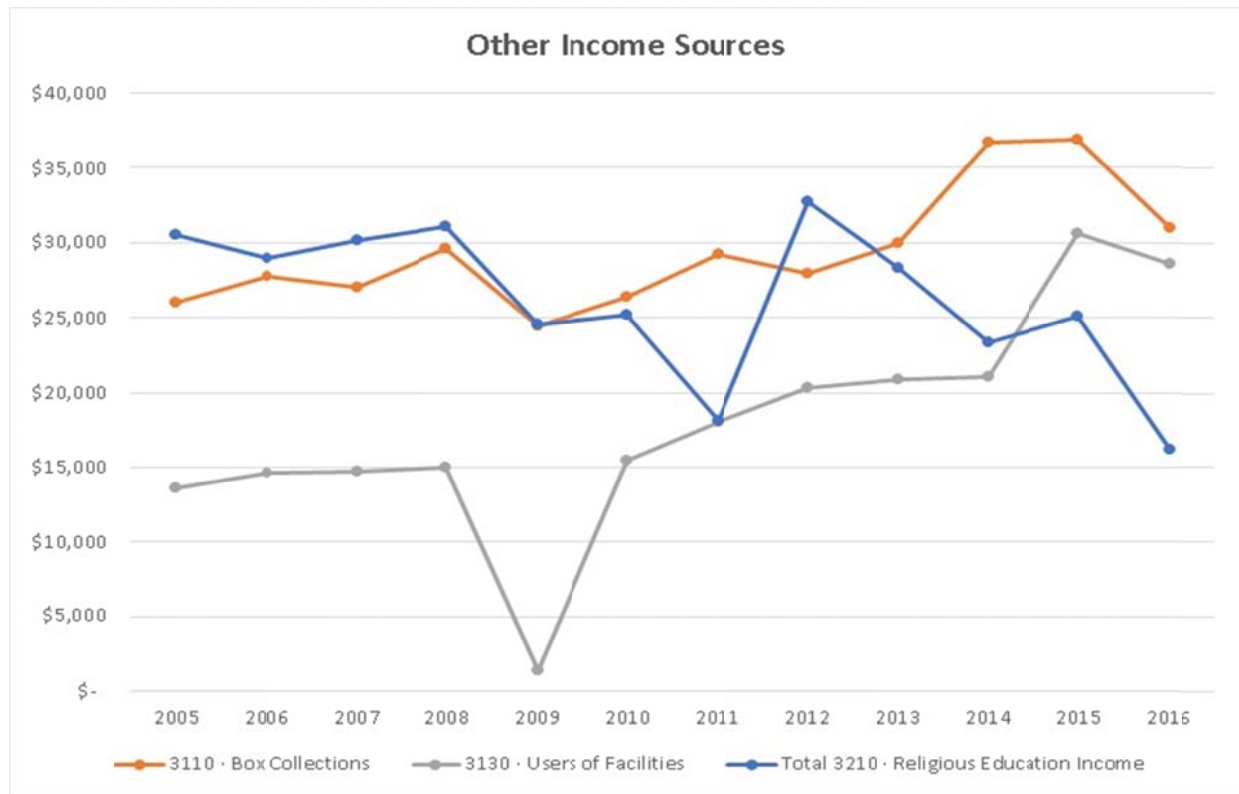


### Sources of Income – Supplemental Information

Because the previous slide is dominated by pledge income and Trustees contributions, the graph below shows the other sources of income. Box collections are showing a slight increase over several years. Income from Religious Education (RE) has declined due to lower enrollment

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and we eliminated the RE fees for budget year 2016-2017 (not shown). This decision was approved by the congregation at the annual meeting and demonstrates our commitment that the religious education of our children should be a shared responsibility, not just the responsibility of the parents. Fees from the use of the facilities are increasing at a modest rate. This includes rent from Milldam Nursery School and the increasing use of the facilities by other external organizations.

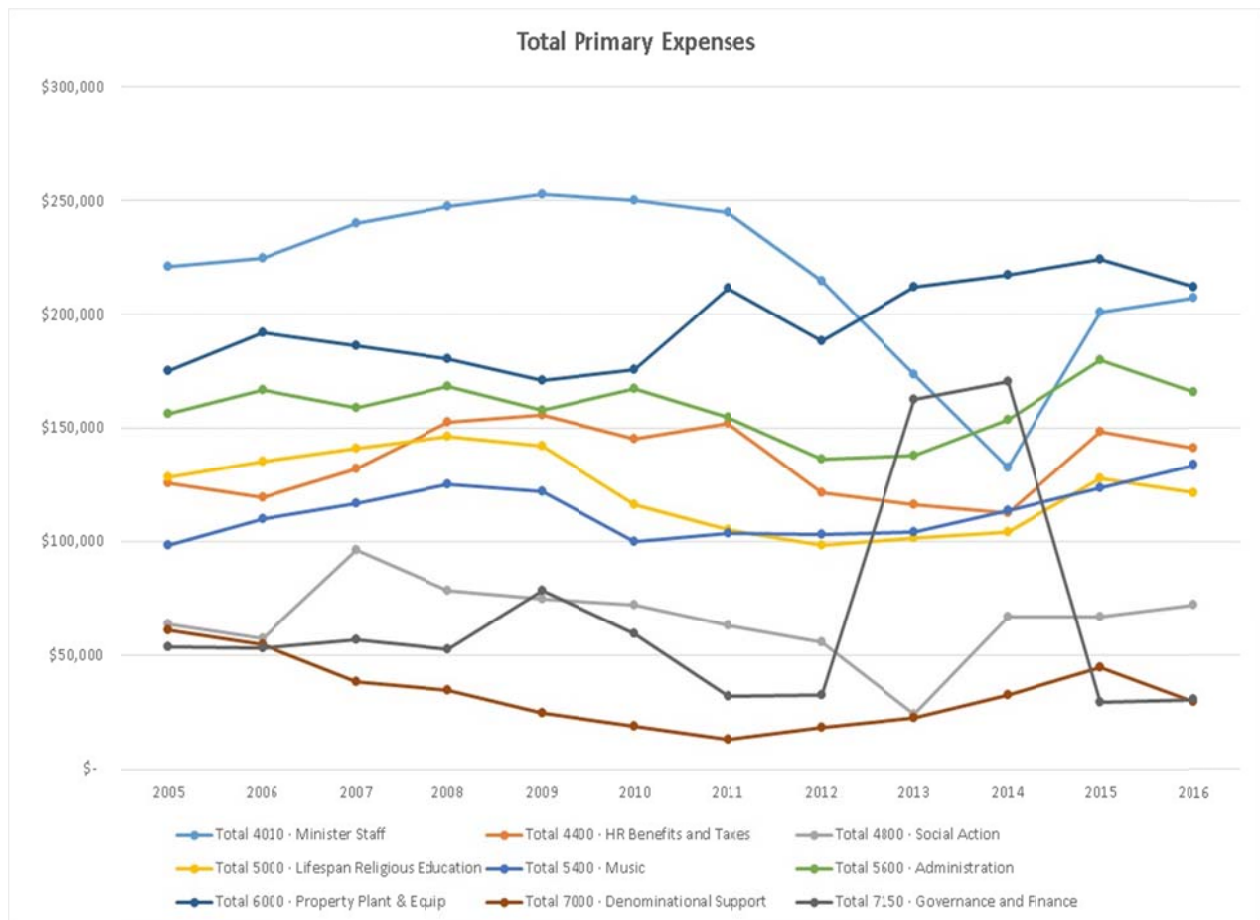


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	Jul '10 - Jun 11	Jul '11 - Jun 12	Jul '12 - Jun 13	Jul '13 - Jun 14	Jul '14 - Jun 15	Jul '15 - Jun 16	Average	Median
<b>Income</b>							12 Years	
Total 3020 • Current Year Pledge Income	\$ 824,763	\$ 772,000	\$ 788,815	\$ 878,229	\$ 889,343	\$ 924,201	\$ 854,175	\$ 875,136
Total 3010 • Contribution Income	\$ 840,586	\$ 804,459	\$ 807,672	\$ 890,990	\$ 917,490	\$ 961,839	\$ 906,293	\$ 912,667
3110 • Box Collections	\$ 29,267	\$ 27,932	\$ 30,003	\$ 36,657	\$ 36,866	\$ 31,034	\$ 29,428	\$ 28,599
3130 • Users of Facilities	\$ 18,060	\$ 20,339	\$ 20,851	\$ 21,052	\$ 30,663	\$ 28,578	\$ 17,874	\$ 16,780
Total 3140 • Trustees Income	\$ 132,904	\$ 126,324	\$ 121,752	\$ 126,204	\$ 135,822	\$ 147,075	\$ 153,173	\$ 141,449
3185 • Coan House Rental Income	\$ -	\$ -	\$ -	\$ -	\$ 10,200	\$ 8,750		
Total 3210 • Religious Education Income	\$ 18,155	\$ 32,762	\$ 28,298	\$ 23,355	\$ 25,116	\$ 16,205	\$ 26,198	\$ 26,737
3310 • Office Income	\$ 763	\$ 1,015	\$ 768	\$ 895	\$ 535	\$ 829		
3320 • FP Cafe/coffee hour donations	\$ -	\$ -	\$ -	\$ -	\$ 1,057	\$ 816		
3330 • Gifts	\$ 6,280	\$ 1,565	\$ 6,770	\$ 19,189	\$ 7,167	\$ 5,585	\$ 18,015	\$ 6,968
Total 3340 • Special Year-end Gifts	\$ 18,722	\$ 10,510	\$ 4,335	\$ -	\$ -	\$ -		
3350 • Interest Income	\$ 855	\$ 606	\$ 441	\$ 339	\$ 571	\$ 805		
3360 • SREC (solar panel) income	\$ -	\$ -	\$ -	\$ -	\$ 5,350	\$ 10,105		
3370 • Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ 27		
3390 • Special Events Income	\$ 18,411	\$ 25,657	\$ 30,876	\$ 13,357	\$ 1,736	\$ 19,578		
3410 • Wright Tavern Income	\$ 25,371	\$ 10,647	\$ 8,101	\$ 10,891	\$ -	\$ -		
<b>Total Income</b>	<b>\$ 1,116,374</b>	<b>\$ 1,061,816</b>	<b>\$ 1,059,868</b>	<b>\$ 1,142,993</b>	<b>\$ 1,174,357</b>	<b>\$ 1,232,549</b>	<b>\$ 1,209,293</b>	<b>\$ 1,208,408</b>
<b>Percent Change</b>	<b>-5.7%</b>	<b>-4.9%</b>	<b>-0.2%</b>	<b>7.8%</b>	<b>2.7%</b>	<b>5.0%</b>		

(Note: Percent change is against the previous year.)

### Breakdown of Expenses



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EXPENSES	2011	2012	2013	2014	2015	2016	AVERAGE
Total 4010 · Minister Staff	\$ 244,900	\$215,004	\$ 173,449	\$ 132,679	\$ 200,826	\$ 207,414	\$217,469
Total 4400 · HR Benefits and Taxes	\$ 152,173	\$121,353	\$ 116,266	\$ 112,608	\$ 148,173	\$ 141,246	\$135,255
Total 4800 · Social Action	\$ 63,056	\$ 55,967	\$ 24,072	\$ 66,657	\$ 67,011	\$ 72,029	\$ 65,881
Total 5000 · Lifespan Religious Educ	\$ 105,132	\$ 98,148	\$ 101,622	\$ 104,224	\$ 128,022	\$ 121,551	\$122,332
Total 5400 · Music	\$ 103,533	\$103,013	\$ 104,182	\$ 113,682	\$ 123,501	\$ 133,498	\$112,855
Total 5600 · Administration	\$ 154,516	\$136,416	\$ 137,944	\$ 153,623	\$ 179,977	\$ 165,719	\$158,664
Total 6000 · Property Plant & Equip	\$ 211,626	\$188,643	\$ 211,996	\$ 217,218	\$ 224,332	\$ 211,969	\$195,530
Total 7000 · Denominational Suppo	\$ 12,790	\$ 18,445	\$ 22,354	\$ 32,781	\$ 44,781	\$ 29,520	\$ 32,706
Total 7150 · Governance and Financ	\$ 31,932	\$ 32,629	\$ 162,693	\$ 170,546	\$ 29,226	\$ 30,411	\$ 67,591
Total	\$1,079,659	\$969,619	\$1,054,580	\$1,104,018	\$1,145,848	\$1,113,357	
% Change	-2.2%	-10.2%	8.8%	4.7%	3.8%	-2.8%	

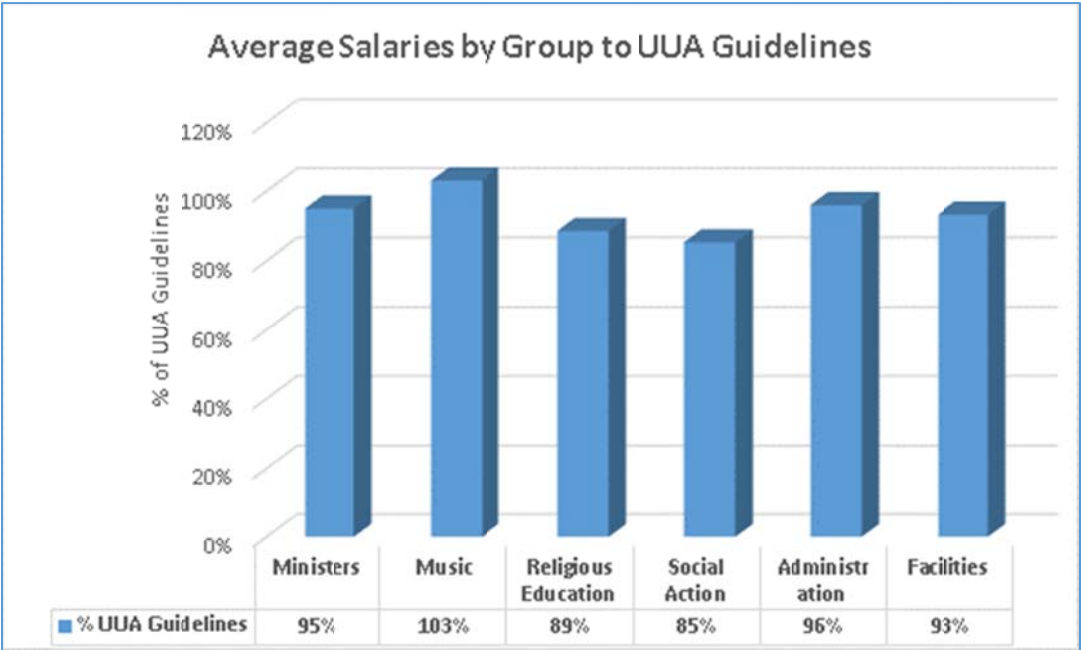
(Note: Percent change is against the previous year.)

### Analysis of Staff Compensation

The chart below shows how the average salaries of First Parish staff compare to the midpoints of the Unitarian Universalist Association (UUA) Salary Guidelines for our size church in our geographic area averaged by program or group. This indicates how “fair” our compensation is compared to the ranges researched, developed, and recommended by the UUA.

The overall average is 93% of the midpoint. Some individuals are higher than that amount, but most are lower. The following chart indicates where the employees within each group of the church is paid according to the UUA Guidelines (i.e., salary divided by the UUA Guidelines for the positions). These compensation levels are after implementation of the 2017-2018 budgeted salary increases and are modestly improved from previous years.

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### V. Analysis of Historical Pledges and Other Sources of Income

1. **While the number of pledge units (households) has declined, the average pledge per household has increased.**
2. **Pledge patterns (increases, decreases, etc.) have remained stable for the past several years.** The pattern is as follows:
  - a. 46% increase their pledge
  - b. 10% are new
  - c. 26% do not change their pledge
  - d. 18% decrease their pledge
3. **A small number of high pledgers account for a majority of our pledge income.** It will be important to replenish this group over time as current high donors transition to live on their retirement investments. Ten percent of pledging households account for one-half of pledge income while one-third of pledging households account for 80 percent of pledge income. Household distribution is:
  - a. 12% pledge more than \$5,000
  - b. 15% pledge \$2,500 to \$4,999
  - c. 35% pledge \$1,000 to \$2,499
  - d. 20% pledge \$500 to \$999
  - e. 18% pledge under \$500
4. **Approximately 80% of households pledge during the campaign.** Twenty percent pledge after the campaign is over. These late pledges total between \$30,000 and \$50,000. While a relatively small amount of total income, this amount can have a dramatic effect on discretionary items in the budget.
5. **Pledges correlate well with individuals with relatively high or low income, but there is no consistency in pledging for middle income households (\$50K - \$200K annual income).** Higher level pledges correlate generally with the level of involvement and length of time a person has been at First Parish.
6. **The Annual Pledge Campaign stewards believed their work was important and appreciated; they would gladly do it again.**
7. **Income from our Legacy Investment Fund and other real estate (all managed by the Trustees of Parish Donations) has been stable, approximately \$140,000 per year.** This

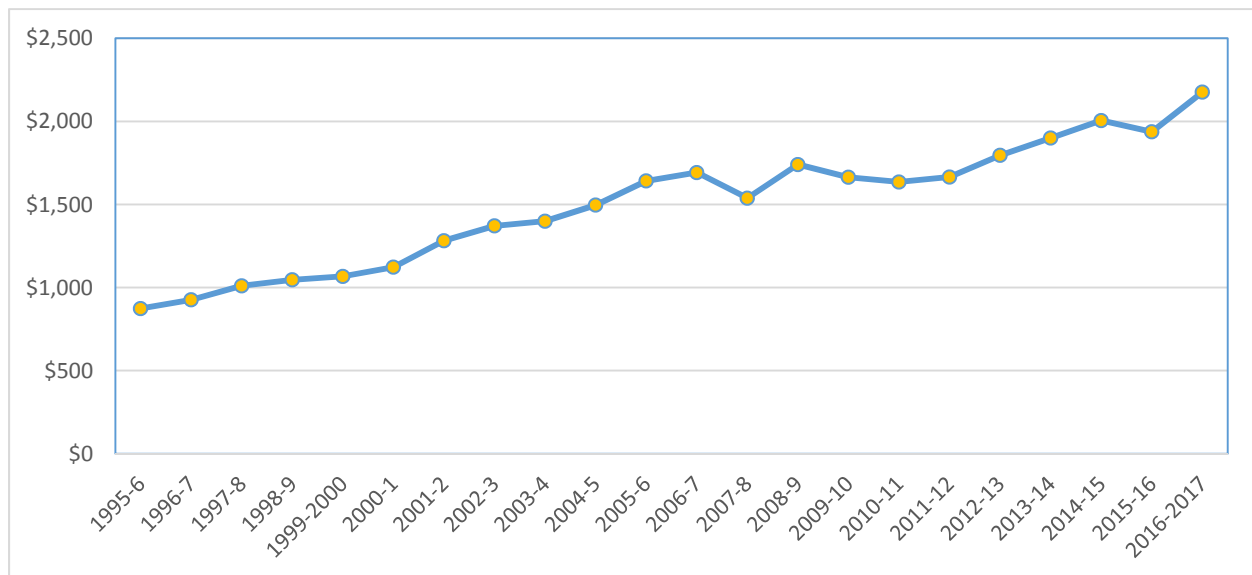
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represents approximately 11% of the church's annual income and is based on a three-year rolling average return on the investments and the net income from rental properties. There appears to be significant opportunity to increase the Trustees' investment assets if we can successfully encourage more people to include First Parish in their wills and estate plans. For example, if the Investment Fund, now at approximately \$3,000,000, reached \$5,000,000, First Parish operations might receive \$233,000 in annual income, \$93,000 more than it currently receives.

- 8. The pledging process should encourage and reinforce** community spirit, making pledging quick and easy and helping people make informed decisions about pledging.

The following charts provide an analysis of pledge patterns at First Parish.

**Average Pledge per Household**



While the number of pledging households has decreased (see earlier charts), the average pledge per household has increased. This average pledge increase is mostly created by the few people who pledge over \$5,000 per year. So, income for the church has increased, although this is from a small number of major pledgers.

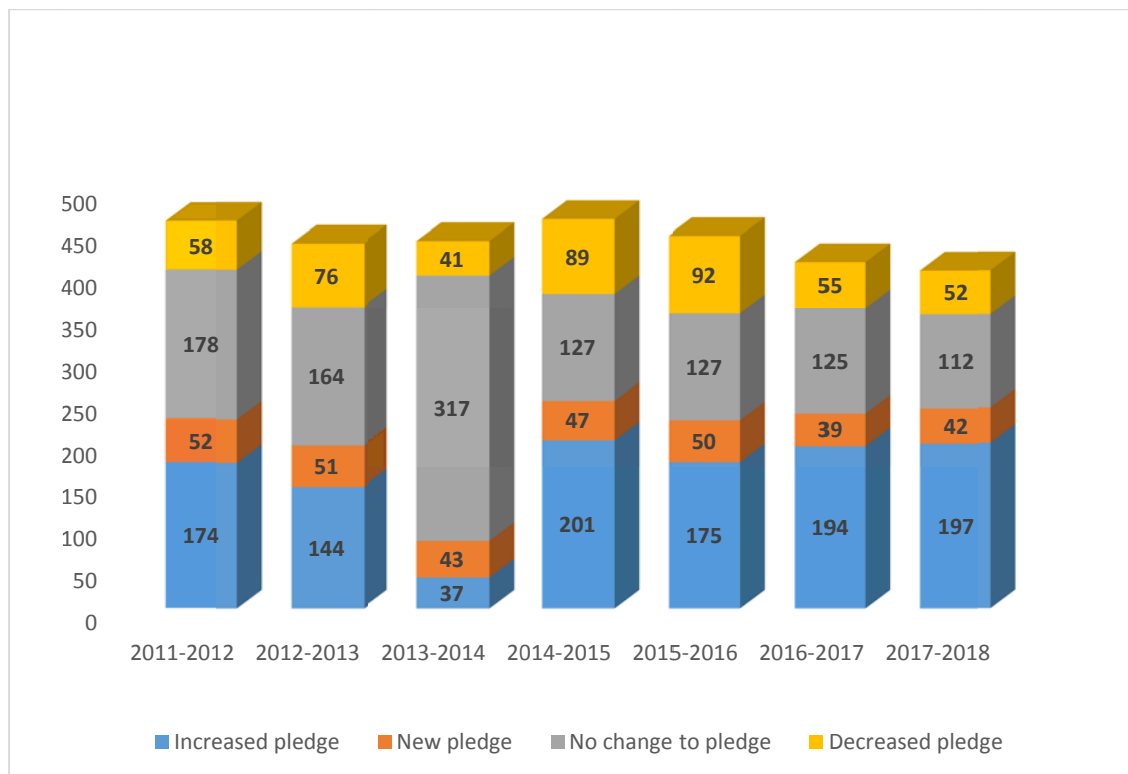
If we examine overall pledging, the median pledge has been \$1,000 since the 2011-2012 pledge year. This past year, 2016-2017, the median pledge rose slightly to \$1,050, and it rose to \$1,080 for the 2017-2018 pledge year. This means 50% of the congregation gives less than \$1,080 and 50% gives more. Twenty-five percent of pledges are \$500 or lower. This percentage has not changed since the 2011-2012 pledge year. Alternatively, 25 percent of pledges are at or above \$2,200. This percentage has also not changed much over the most recent six years through

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2016-2017. The overall pledge base is not increasing, but people who pledge in the upper range have increased their pledges to support rising operating costs.

### Number of Pledge Units

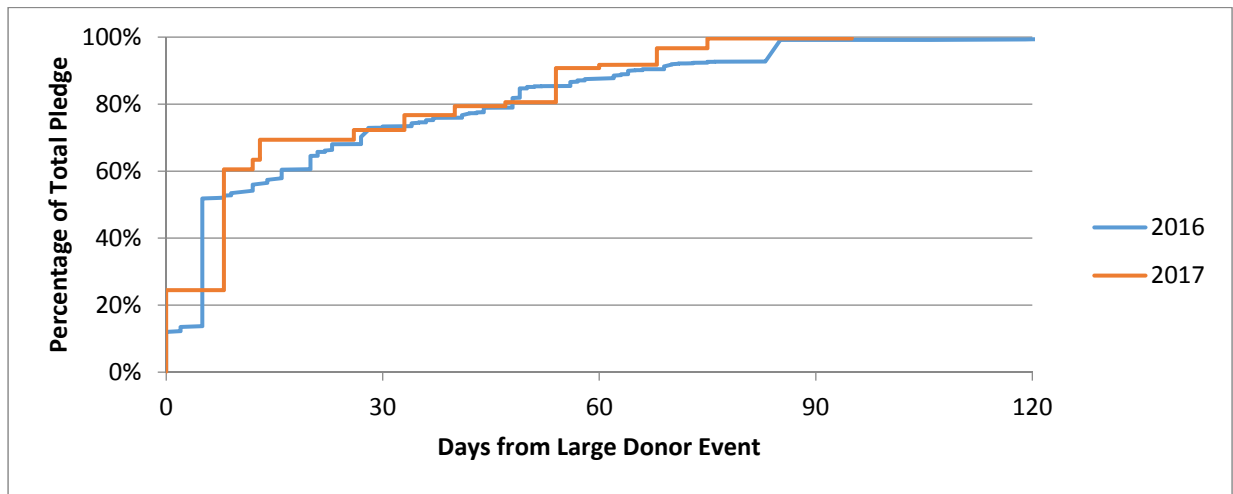
This chart shows the pattern of pledgers—those who increased their pledge, are new to pledging (for that year), have not changed their pledge (i.e., pledged the same as the previous year), or have decreased their pledge. Approximately half of households increased their pledge, and, as you can see, except for 2013-2014 (the year we installed a new minister), the pattern of pledging has stayed about the same.



The chart below shows cumulative pledges over time for two years. Roughly 70 percent of pledges are received within one month of the start of the Annual Pledge Campaign. Between 85 and 90 percent of pledges are received by the end of the second month of the Campaign. Considerable effort has been required to obtain the remaining 15-20 percent of pledges.

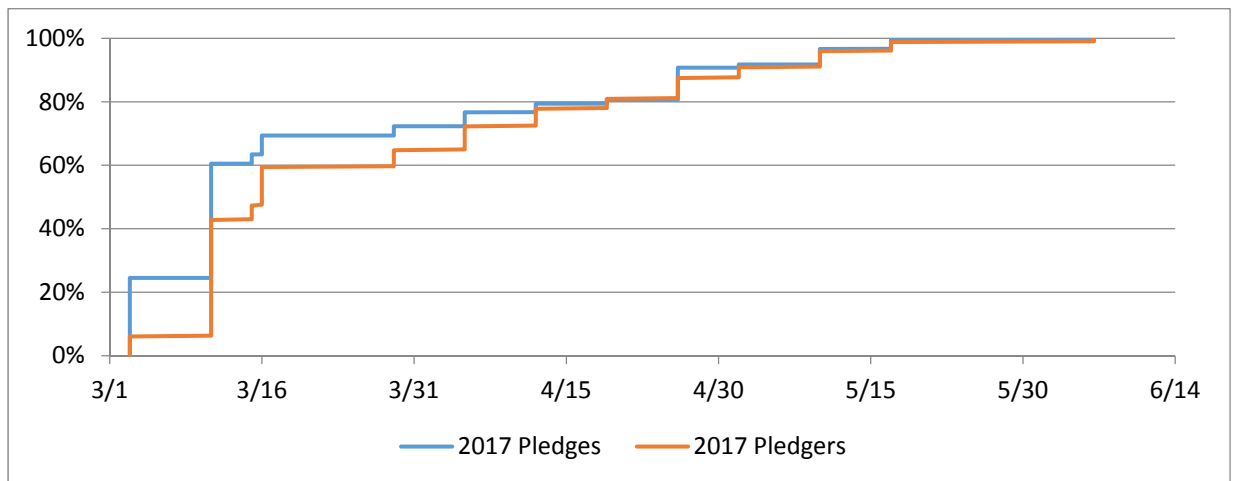
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### Timing of Pledges



Early in the campaign, the cumulative percent pledged (blue line) is higher than the cumulative number of pledgers (red line), reflecting the fact that large pledgers tend to pledge early. By the end of the pledge campaign, the two lines converge as smaller pledgers catch up.

### Pledge Numbers and Amounts



There is a small set of households that consistently pledge after May 1 (the end of the pledge campaign). A slightly larger group pledged after May 1 in two of the last three years. There are an average of 30 pledges made after May 1 each year with a cumulative pledge commitment of over \$70,000.

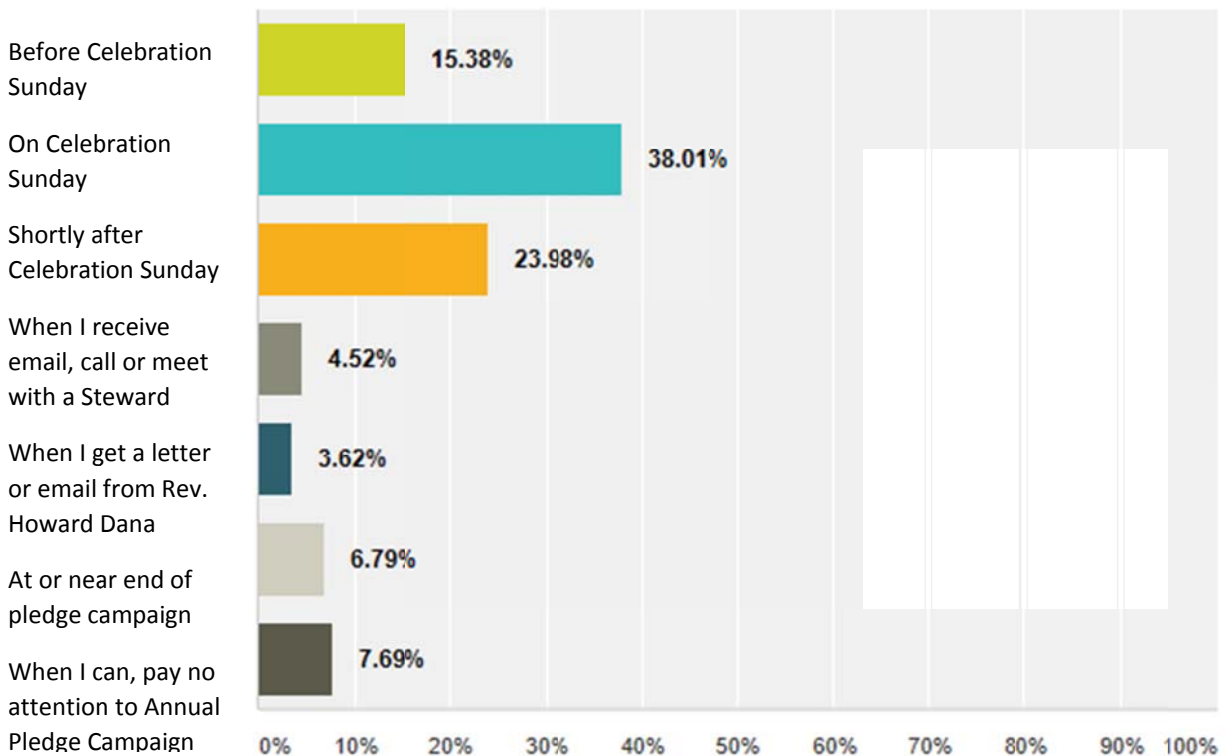
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### Information on Late Pledging

Number of Years Pledge Made After May 1	Number of Pledge Units	Average Number Per Year	Median Pledge (Mean Pledge)
3	3	3	\$900 (\$728)
2	12	8	\$500 (\$743)
1	89	30	\$600 (\$2,067)

Three-quarters of pledges are made before, on, or shortly after Celebration Sunday. The challenge is to forecast what people will “ultimately” pledge and to accurately budget for this.

### Results on Pledging from Survey



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## Additional Data on Pledge Practices

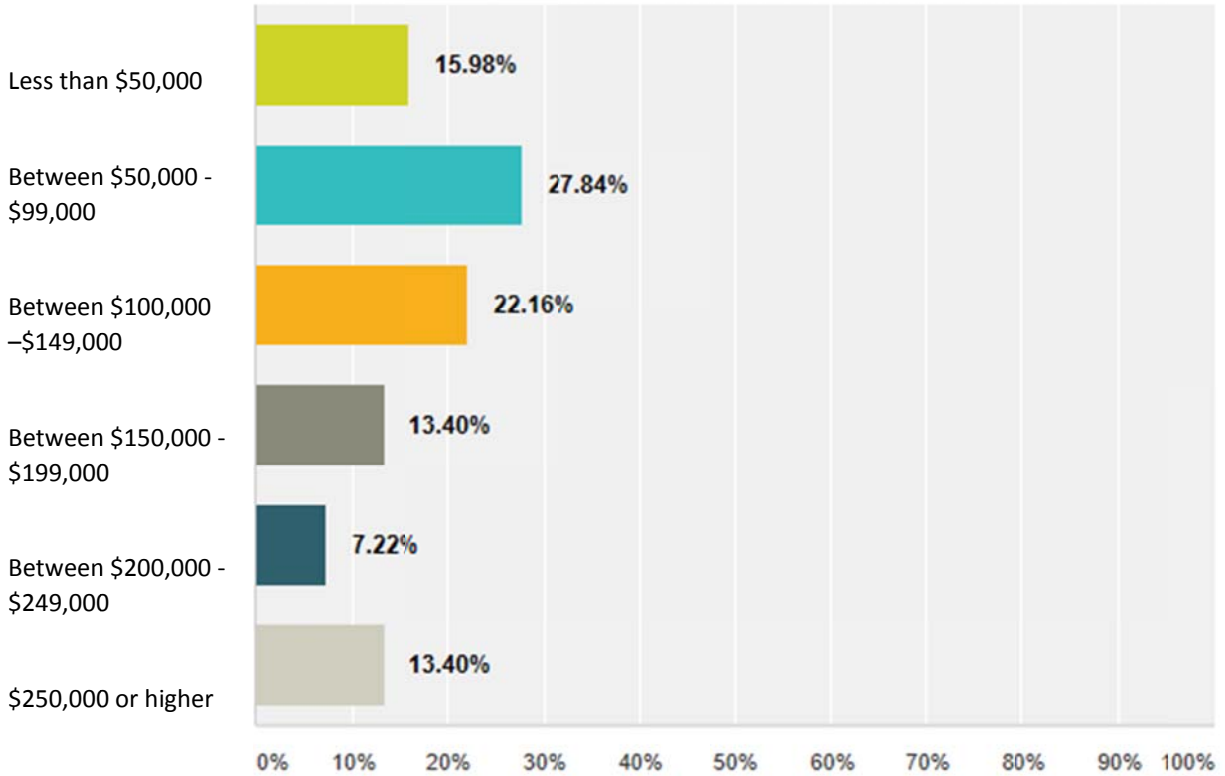
This table shows pledge patterns averaged for seven years and for the last 3 years, with the details of the last four years shown. The table shows the total number of pledgers and how many increased, decreased, etc. Overall, the number of pledgers appears to have leveled off after a sharp decline from 2007-2013, and total pledge dollars are up this year.

	2014-2015	2015-2016	2016-2017	2017-2018	7 Year Average	3 Year Average
<b>Total Dollars</b>	\$ 942,404	\$ 972,750	\$ 963,727	\$ 984,196	\$ 925,763	\$ 973,558
Total No. of Pledgers	464	437	414	413	438	421
Net change in pledges	\$ 78,611	\$ 30,446	\$ (9,023)	\$ 5,909	\$ 24,296	\$ 9,111
% Change in Total Pledges	8%	3%	-0.9%	0.6%	3%	1%
Change in # of Pledgers	25	-26	-23	-1	(7)	(17)
Median Pledge	\$ 1,000	\$ 1,000	\$ 1,050	\$ 1,080	\$ 1,019	\$ 1,043
Average Pledge	\$ 2,031	\$ 2,226	\$ 2,328	\$ 2,383	\$ 2,122	\$ 2,312
<b>Dollars from Increase Pledgers</b>	\$ 567,769	\$ 603,445	\$ 603,143	\$ 521,582	\$ 466,593	\$ 576,057
No. of Increases	201	175	194	197	160	189
Increased Pledges \$	\$ 140,093	\$ 169,754	\$ 70,790	\$ 70,581	\$ 99,616	\$ 103,708
Percent of Total Pledges	60%	62%	63%	53%	50%	59%
% increase in \$'s pledged	16%	18%	13%	10%	12%	14%
% increase in pledgers	43%	40%	47%	48%	37%	45%
<b>Dollars from New Pledgers</b>	\$ 56,600	\$ 40,980	\$ 32,075	\$ 32,220	\$ 42,446	\$ 35,092
No. of New Pledgers	47	50	39	43	46	44
Percent of Total Pledges	6%	4%	3%	3%	5%	4%
% of New Pledgers	10%	11%	9%	22%	12%	14%
<b>\$ of No Change</b>	\$ 195,035	\$ 189,016	\$ 198,789	\$ 274,774	\$ 294,580	\$ 220,860
No. of No Changers	127	127	125	119	165	124
Percent of Total Pledges	21%	19%	21%	28%	32%	23%
% of \$ from No Change Pledgers	21%	19%	21%	28%	43%	23%
% of Pledgers with no change	27%	21%	30%	29%	36%	27%
Actual Dollars Pledged	\$ 195,035	\$ 189,016	\$ 198,789	\$ 274,774	\$ 294,580	\$ 220,860
<b>\$ Decreased</b>	\$ 123,000	\$ 139,309	\$ 129,720	\$ 155,620	\$ 111,430	\$ 141,550
Number to Decrease	89	92	55	54	66	67
Percent of Total Pledges	13%	14%	13%	13%	12%	14%
\$ Decreased from previous yr	\$ (91,637)	\$ (99,589)	\$ (53,813)	\$ (42,370)	\$ (72,312)	\$ (65,257)
% of \$ from Decreases	-10%	-10%	-6%	-4%	-8%	-7%
% of Decrease in pledge amount	19%	21%	13%	-21%	10%	4%
<b>No. of No Pledgers</b>	22	76	65	53	55	65
% of Previous Year	5%	16%	15%	11%	12%	14%
If they had pledged	\$ 26,445	\$ 80,699	\$ 58,075	\$ 26,311	\$ 52,138	\$ 55,028
% of Total Prev Year Pledges	3%	9%	6%	3%	6%	6%

## Finance Committee Stewardship Report, August, 2017

### Reported Income on Survey

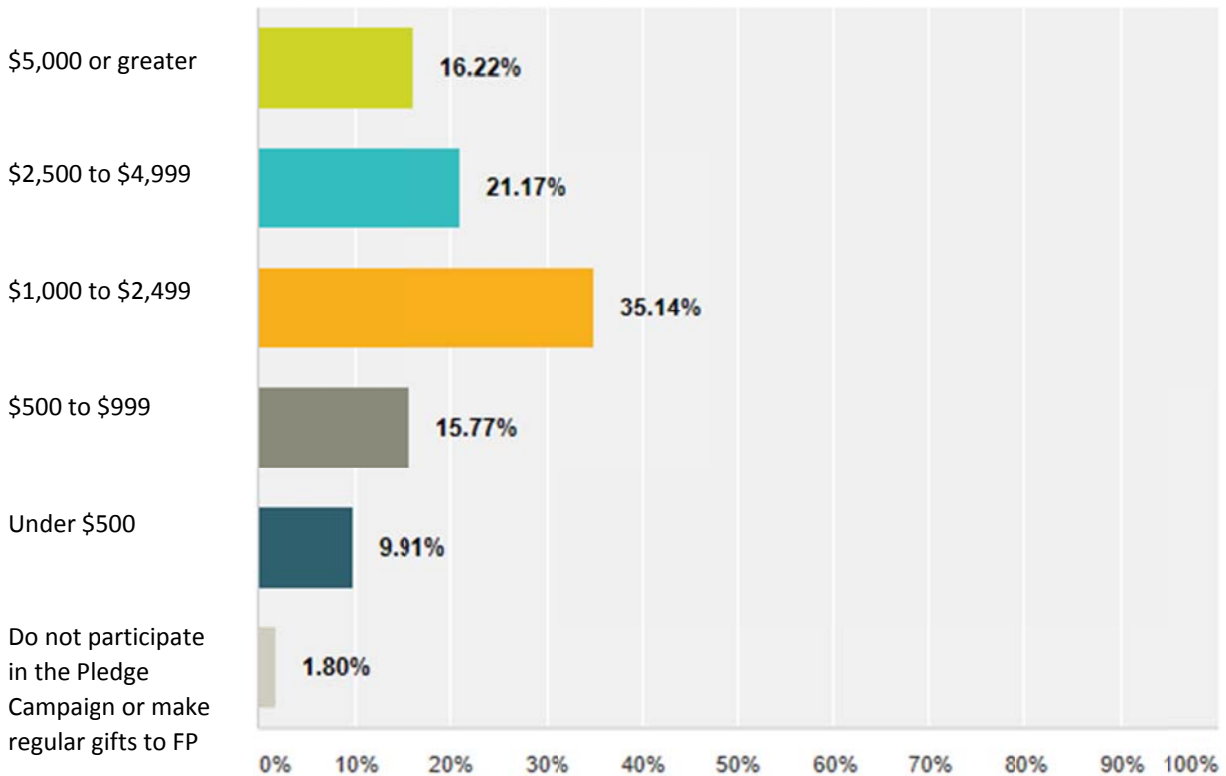
To better understand pledging households, we asked them to report their annual household income. We wanted to compare this to their pledge level.



## Finance Committee Stewardship Report, August, 2017

### Reported Pledging on Survey

We asked survey participants to indicate their annual pledge amounts. We compared responses to the actual pledge distribution. This chart shows a higher reported pledge contribution than was actually received by First Parish. In some ways, this shows a “bias” in the report. This data shows the perspectives of those who are active in and supportive of First Parish.



Pledging correlates well with a number of factors:

1. High household income correlates well with high pledges, and low household income correlates well with low pledges. For middle income households, other factors seem to determine pledge levels. However, there are a significant number of high income households who are low pledging households. We should ascertain why this is the case.
2. Pledge level correlates well with length of time at FP, age, and income. The number of activities in which one participates also positively correlates with pledge level.
3. Pledge level peaks between the ages of 68 and 73.
4. The importance of First Parish (“Importance” and “Recommend FP”) correlates well with pledge levels for those in the same income level— people pledge because they strongly “believe in” First Parish.



## Finance Committee Stewardship Report, August, 2017

### Observations and Suggestions on the Pledging Process

**From the survey, the most often suggested actions to make the Annual Pledge Campaign effective were:**

- ✓ Continue with Celebration Sunday
- ✓ Enable us to make pledges online
- ✓ Make pledge payments through credit cards
- ✓ Make pledge payments through bank transfers
- ✓ Send pledge cards to my home, with stars on the envelope
- + Do multi-year/“Sustainer” pledges, so people don’t need to pledge annually
- ✓ Use weekly envelopes to fulfill pledge
- + Hold a church-wide dinner to thank everyone
- ✓ Hold a special event for large donors to thank them
- ✓ Encourage people to use stocks/bonds to make pledge payments
- + Hold small neighborhood gatherings
- ✓ Be specific about what pledges are needed for
- + Improve communication to emphasize WHEN people should pledge

*✓ Indicates we are doing this and perhaps need to communicate better*

*+ Indicates this is new or could be improved*

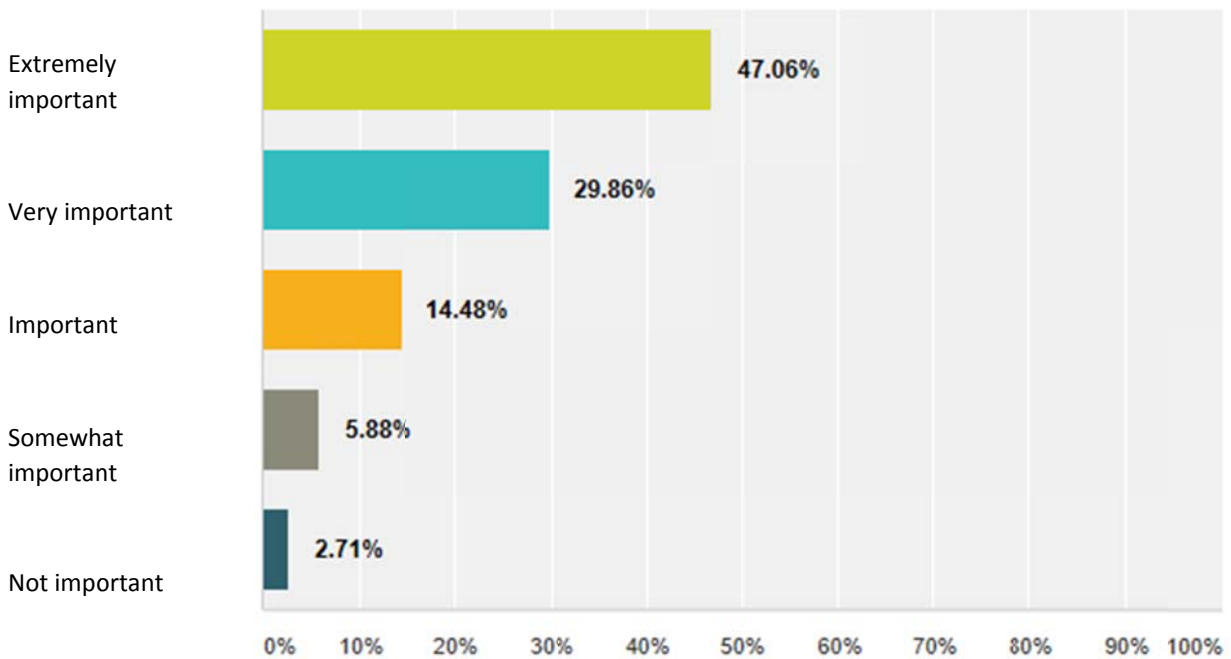
### Ideas to improve pledging process suggested by Stewards and the Pledge Campaign team

1. Add a Campaign Celebration Potluck Dinner, a “Generosity Celebration,” mid-way through the pledge campaign. Use this as an opportunity for Stewards to invite their people to the dinner and engage people who have not yet pledged.
2. Encourage Stewards to invite their people to their homes for discussion about First Parish and pledging. Make these events community-building—opportunities to meet new people and to broaden the positive feel of the pledge campaign and the church.
3. Be clear about the large donor event invitee dollar cut off. Be consistent and encourage people near that level to increase their pledge and be invited.
4. Encourage people who pledge \$500-\$1,000 to increase to \$1,000 if possible. Thank pledgers under \$500 and remind them their involvement is as important as their money in showing their commitment to First Parish. Every dollar (and hour) counts.
5. Remove the distinction between email and in-person Stewards, and enable Stewards to target those they know or want to know and indicate whether the targets pledge above or below \$1,000.
6. Provide Stewards with more sample introductions, information, and solicitation scripts.

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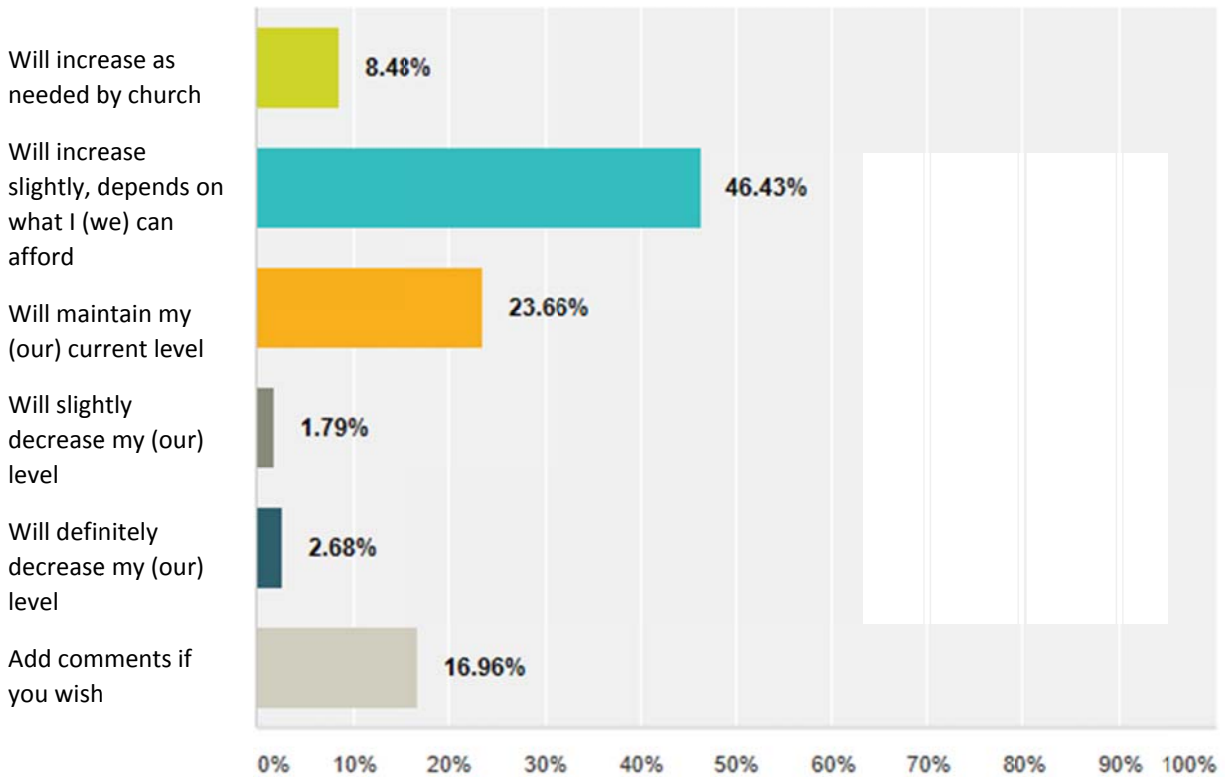
7. Assign Stewards various Affinity Groups (e.g., Choir to Photo Club) on which to focus their pledge efforts. Focus on these groups to leverage the community relationships and assure people pledge early (or within the pledge campaign).
8. Focus a team of Stewards on the “last 20%” of pledgers; do what is needed to get them to pledge earlier.

### Views from Survey Respondents on the Importance of Their Pledges

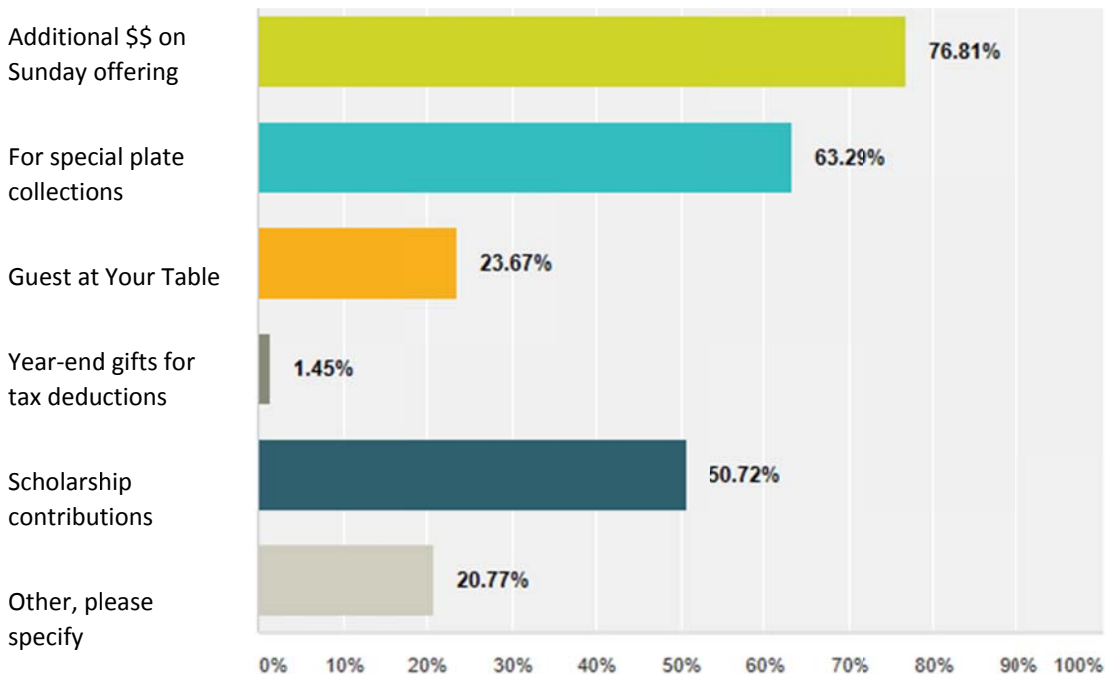


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When asked how likely they would be to change the amount of their pledge during the next few years, survey respondents answered as follows:

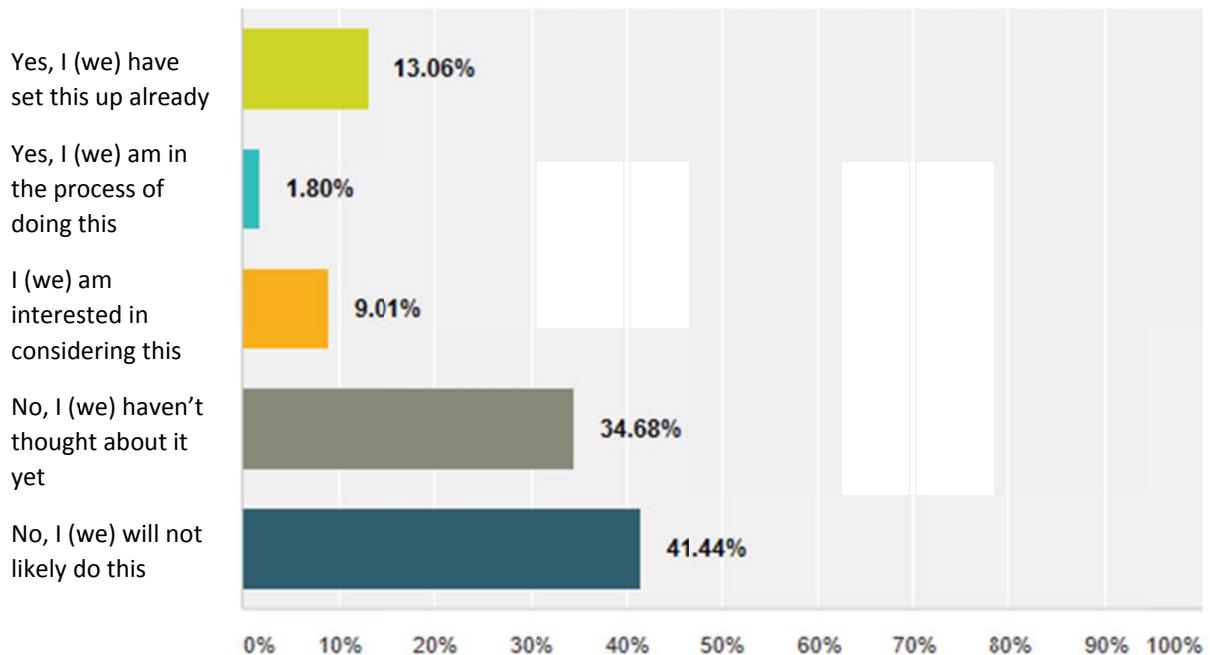


The survey also asked whether people make other financial contributions to First Parish:



## Finance Committee Stewardship Report, August, 2017

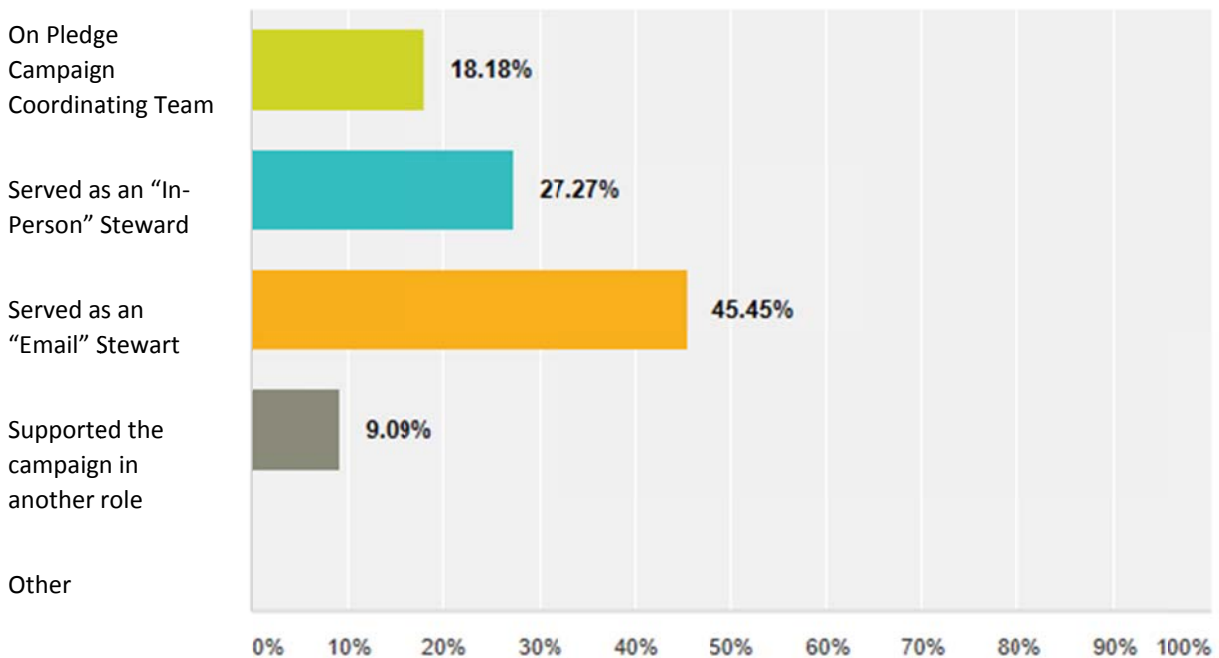
We also asked whether survey respondents had included First Parish in their wills or estate plans. The chart below shows there is both a great challenge and a great opportunity to increase the Legacy Investment Funds managed by the Trustees of Parish Donations. The majority of respondents indicated they are not likely to do this, and we should examine why and what can be done to convince individuals and families of the importance of this and how it can be done with little to no impact on the well-being of individuals and their children.



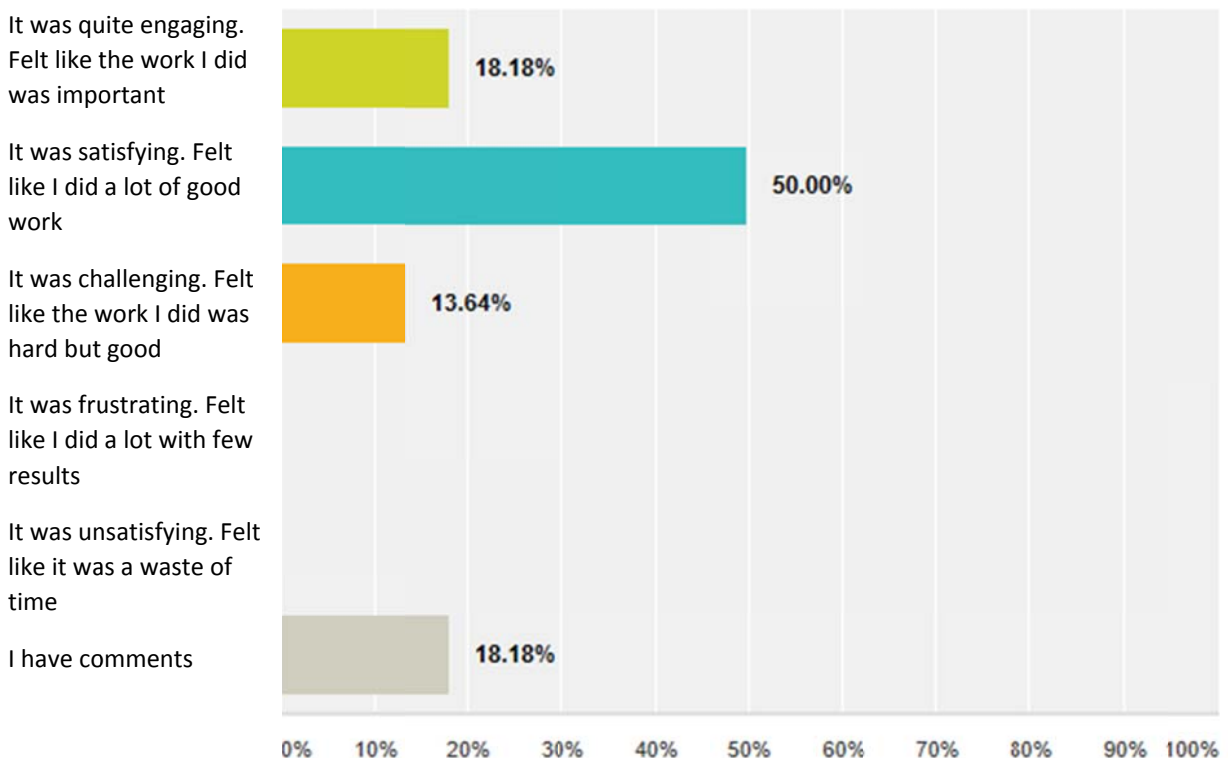
In addition to the general membership survey, we also surveyed Stewards who work on the 2017-18 Annual Pledge Campaign. It was important to understand the first-hand experience of those who solicit pledges. While approximately half the active Stewards completed the survey, responses were generally consistent with information the Annual Pledge Campaign team received anecdotally from the Stewards. All in all, the 2017-2018 Annual Pledge Campaign was viewed as successful in achieving the desired pledge income and in perceived efficiency and effectiveness.

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### What was your role in the Annual Pledge Campaign?

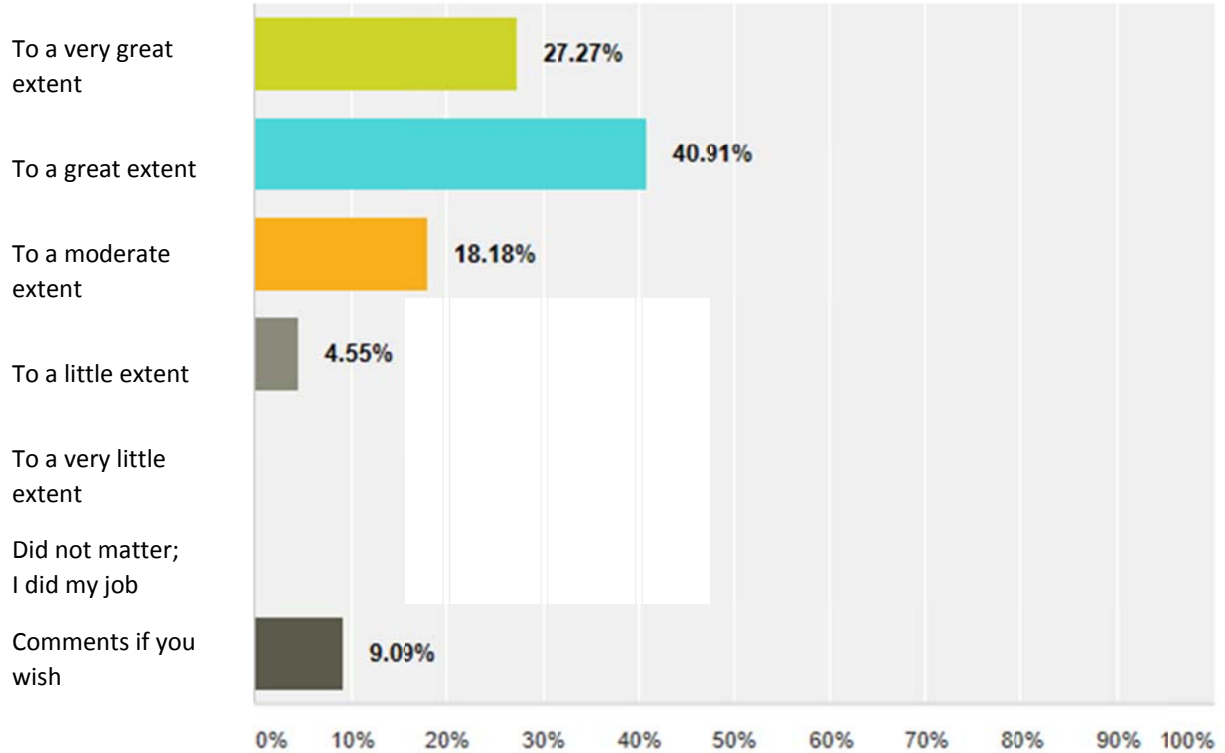


### Overall how do you believe the campaign went?

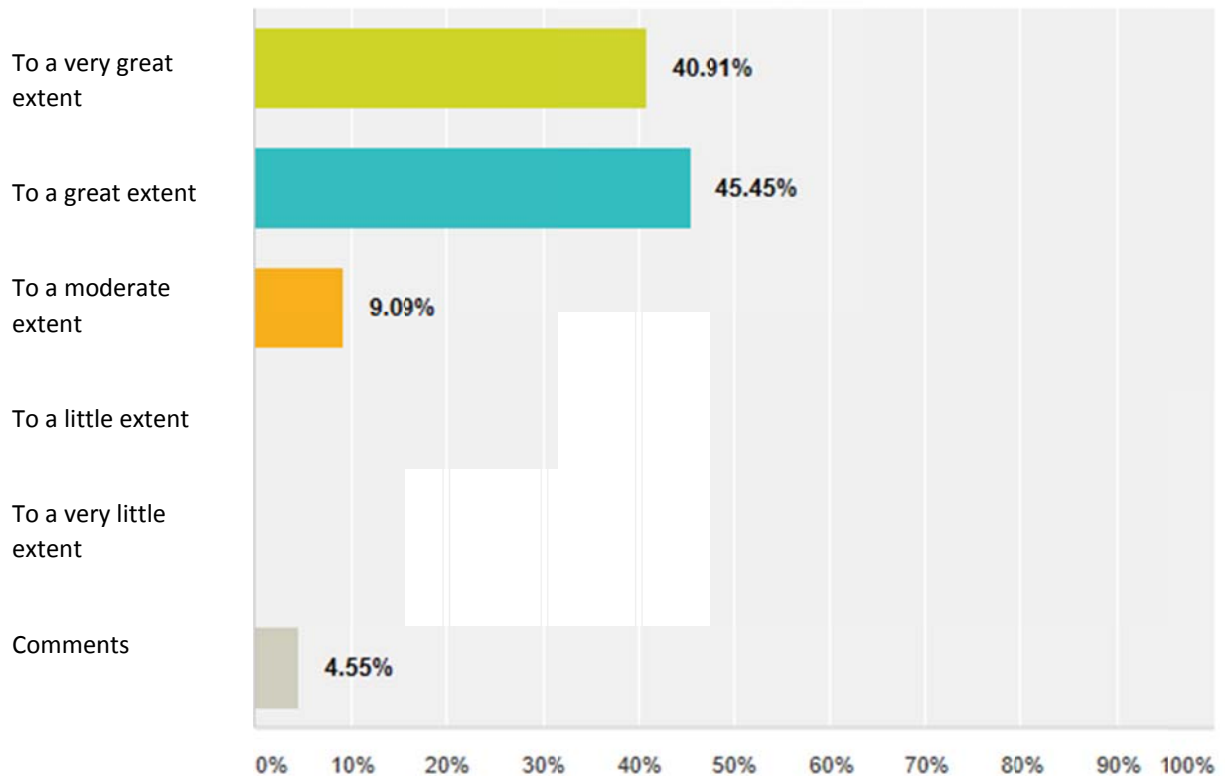


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**To what extent did you feel you were kept informed about the progress of the campaign?**

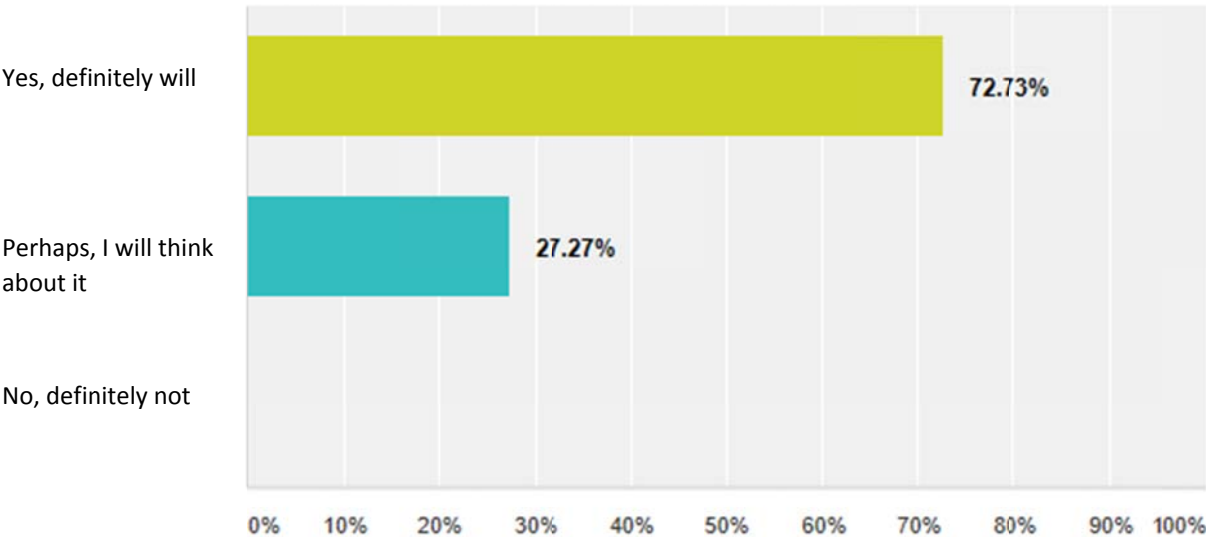


**To what extent do you feel your efforts were appreciated?**



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Would you do this role again in future years?



## **Finance Committee Stewardship Report, August, 2017**

### **VI. Stewardship Practices in Other UU Churches and Views of First Parish Leadership**

#### **Summary of Research Report on UU Churches' Stewardship Practices**

Based on the UU Church survey conducted in 2016 by a member of the UU Church in Arlington, MA, we found the following primary results:

##### **Trends common to all churches:**

1. Desire for greater efficiency in the campaign, expressed either as a desire to shorten the campaign or make it "leaner."
2. Use of themes for the campaign.

##### **Typical elements of a campaign include:**

1. Mailing to congregation
2. Large donor event/dinner
3. Sermon
4. Testimonials
5. Gather pledges
6. Steward solicitations
7. Follow-up for final pledges
8. Thank you notes
9. Celebration Sunday ("several" congregations do this)

##### **Some things to note about this UU church survey:**

1. Large donor events are a common campaign element
2. Ending celebrations are not "typical." The report notes, "The days of large congregation dinners have passed as congregations aim to streamline the canvass process."



## **Finance Committee Stewardship Report, August, 2017**

### **Interviews with First Parish leaders**

The Task Force that prepared this analysis conducted three interviews with leaders of First Parish: Rev. Howard Dana, Senior Minister; Kristin Haddad, Chair of the Standing Committee; and Rebecca Curzon, former Project Manager for the Annual Pledge Campaign and long-time member of First Parish. The following points were made:

1. First Parish has a solid identity, but it struggles with a unified direction.
  - a. Perhaps we offer too many things to too many people.
  - b. Are we missing opportunities for people to gather with common goals, to build trust and relationships?
2. Where we want to go and how we want to get there are open questions. While the church has a mission statement (i.e., Deepen Spiritually, Build Community, Make a Positive Difference in the World), there is little connection between this mission and our program priorities and spending practices.
3. First Parish is highly attractive to families with young children who want their children to have a liberal religious education. Further, First Parish is attractive to older adults when they are seeking a community and opportunities to give back to their community or be engaged in social justice/action initiatives.
4. First Parish has limited relationships with other places of worship in Concord and within the UU community. Expanding our focus outward may provide us a more balanced view.
5. Does the current US political environment provide an opportunity for First Parish to take a leadership role in Concord and surrounding communities and within the UU community? Do we have the “band-width” to pursue this leadership role? Will this help expand the awareness of First Parish and help us grow membership?
6. A key element for our future is to increase membership. We need to be both attractive and welcoming to potential members. We would gain a great deal by fostering diversity within our congregation and via our outreach efforts.

## Finance Committee Stewardship Report, August, 2017

### VII. Conclusions and Recommendations

#### I. Conclusions

1. First Parish is a highly important “home” for many in this community.
2. People are involved in many activities of the church.
3. Our overall spending is aligned with our annual income, however, we have not addressed many critical priorities essential to the long-term health of First Parish. These concerns are described below. We also recognize that:
  - a. Spending is growing modestly as is pledge income.
  - b. The number of pledging households has been falling while average pledge per household has risen.
4. While our current pledge base is relatively stable, people who pledge late or at the last minute (the last 20%) have a serious impact on our ability to plan and budget.
5. Those who pledge the highest tend to have been with First Parish a long time. Time as a member and age are highly correlated with those who pledge most.
6. The processes that support a strong pledge campaign include:
  - a. Making it a community-building, positive experience
    - 1) Celebration Sunday
    - 2) All church meal and Large Donor event
    - 3) Engaging people in supporting the life of the church
  - b. Making the process easy and short
    - 1) Pledging online, paying by credit card
    - 2) Accepting multi-year pledges
  - c. Giving people the information they need to decide
    - 1) What they have pledged the previous year(s)
    - 2) What is needed by the church and why (reasonable, specific)
    - 3) Telling people how we are doing

## Finance Committee Stewardship Report, August, 2017

7. **We may encounter declining pledge income as our congregation ages.** This can be offset by retaining and increasing members, including:
  - a. Adults moving into the “next stage” of their lifecycle of engagement in church
  - b. Parents with children, building our base for the future
  - c. Increasing the number of new members, particularly those who can replace an aging congregation
8. **We are concerned that there has been a lack of consistent budgeting in several critical categories. When our projected income falls short of meeting core expenses, these expenses are the first to be cut. Therefore, we need creative ways to support funding our critical priorities.**
  - a. Paying our staff fairly. Make compensation correlate with market standards and staff performance, capabilities, and contributions to First Parish.
  - b. Having sufficient savings and investments to do preventative maintenance on the building. There is a list of critical priorities that has not yet become a regular part of the discussion on financial resources and stewardship.
  - c. Fulfilling our obligation to the UUA in meeting our full share of financial support to the organization in support of our broader faith community.
9. **We need a vision, mission, and strategic plan to guide our programming and expenditures. Without this our spending and investment decisions respond to immediate pressures without consideration of future commitments or financial requirements.**
  - a. First Parish struggles with being a religious organization offering a wide array of spiritual, educational, and personal development programs and services, versus focusing on a few key areas. This affects our social action as well as our congregational life activities.
  - b. We are excellent at anticipating immediate needs for immediate action or investment, but lack a broader framework for assessing and making long-term investments. This is most dramatically shown in how we address requirements of the building and other facilities.
  - c. First Parish is active in many areas of social action/justice and community building/congregational life. Many of these programs involve a small group of committed congregants. But, when their level of effort wanes, we continue the program and struggle to find new people to assume involvement and leadership.

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How do we decide whether a program should be continued, invested in and grown, reduced, or eliminated? These decisions often have financial implications, but, more importantly, affect the level of engagement of members of First Parish. We have found that level of engagement is highly correlated to the level of pledging and support one provides to First Parish.

### **II. Recommendations and Suggestions for Improvement**

#### **1. Survey respondents offered suggestions to improve the Annual Pledge Campaign.**

Key themes were:

- a. Create a process that builds community– a “Celebrating Generosity and Our Community” theme.
- b. Make the process shorter and more efficient. Leverage internet technology to communicate with people and administer the program.
- c. Encourage people to pledge early or for multiple years, focusing Stewards on late pledgers.

#### **2. The First Parish Staff, Standing Committee, Finance Committee, and Trustees of Parish Donations should promote Legacy Giving in order to increase our investments and reduce the pressure and risks associated with relying on pledge income to meet substantial needs.**

#### **3. Identify critical building maintenance priorities and develop/implement a plan to address them with congregational support.**

#### **4. Foster and support ways to grow membership.** Examine when and why people pull away from First Parish and develop opportunities and services to retain their involvement at First Parish. Create a “lifecycle community” where members can be engaged over their entire lives.

#### **5. Look for easy ways to increase the pledge base and mechanisms to increase pledge income stability.**

#### **6. Create and increase alternate income sources.** These might include expanded rent of the facilities, end-of-tax-year fundraising, and other community-building activities that provide additional income.

#### **7. Engage the whole First Parish community in developing a strategic plan for the church.** This will be the responsibility of the Standing Committee (SC). The SC should

## **Finance Committee Stewardship Report, August, 2017**

actively engage key resources within the First Parish community and external experts as needed to help us develop mission, vision, values, and strategic priorities for the next five to ten years. The Finance Committee can help inform both the SC and the congregation of the financial implications of these actions and help create a fully sustainable future for First Parish.

## **Finance Committee Stewardship Report, August, 2017**

### **Thank you.**

The members of the Finance Committee are grateful to a number of people who helped conduct this analysis and develop these observations.

As the Finance Committee, which operates at the behest of the Standing Committee, we hope this information is helpful in making current and future decisions, and in communicating the importance of stewardship to our church. Without the enduring commitment and support of every member and friend of First Parish, we would not have endured and prospered for over 200 years. Let us continue to be a beacon for this community, for Unitarian Universalism, and for our world. We have done much, and there is much more to do. For this we are truly thankful.

Respectfully Submitted,

The Finance Committee:

Tom Wilson, Treasurer and Chair

Gib Metcalf

Rudi Scheiber Kurtz

Fred Van Deusen

Patty Popov, Liaison with Standing Committee

Fifi Ball, Director of Operations, ex Officio member