



# Securing Our Church's Future

*Spring 2023 Board Update*

FIRST  
UNITARIAN UNIVERSALIST  
CHURCH *of* Austin




TOGETHER WE NOURISH SOULS, TRANSFORM LIVES,  
AND DO JUSTICE TO BUILD THE BELOVED COMMUNITY.



# Discussion Topics

- ① FUUCA Values and Aspirations
- ② Overview of Financials
- ③ Future Outlook
- ④ Potential Paths Forward

# Introduction



First UU of Austin is still navigating the impacts of COVID. We have managed to tackle the big roadblocks successfully in the last 2 years.







*But*, as we look to the horizon, bigger challenges need to be addressed in order to fulfill our aspirations and live up to our mission.

# FUUCA Values

## Our core values ...

- Transcendence** To connect with wonder and awe of the unity of life
- Community** To connect with joy, sorrow, and service with those whose lives we touch
- Compassion** To treat ourselves and others with love
- Courage** To live lives of honesty, vulnerability, and beauty
- Transformation** To pursue the growth that changes our lives and heals our world

## ... and how we live them

-  Religious Education
-  Music Program
-  Pastoral Care
-  Social Action
-  Worship
-  Fellowship



# FUUCA Aspirations

## Our collective aspirations ...



*Source: 2023/23 Congregational Survey & Listening Circles*

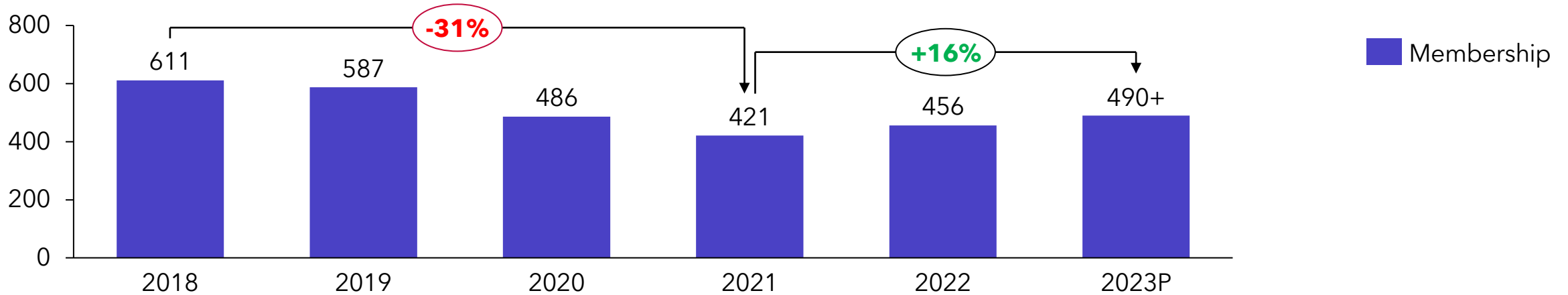
## ... and how we have recovered from the pandemic

- In-person worship services have been back since 2022
- Music program is flourishing again, including Youth Choir program
- Memorial services are back
- Path to Membership classes are back
- Religious Education attendance has increased ..... and more!

***We love what we have, and we would like to do more of it!***

# 1 Pandemic impacted membership but the church rose to that challenge

## 5+ Year Membership Trend



## 5+ Year Pledging Trend

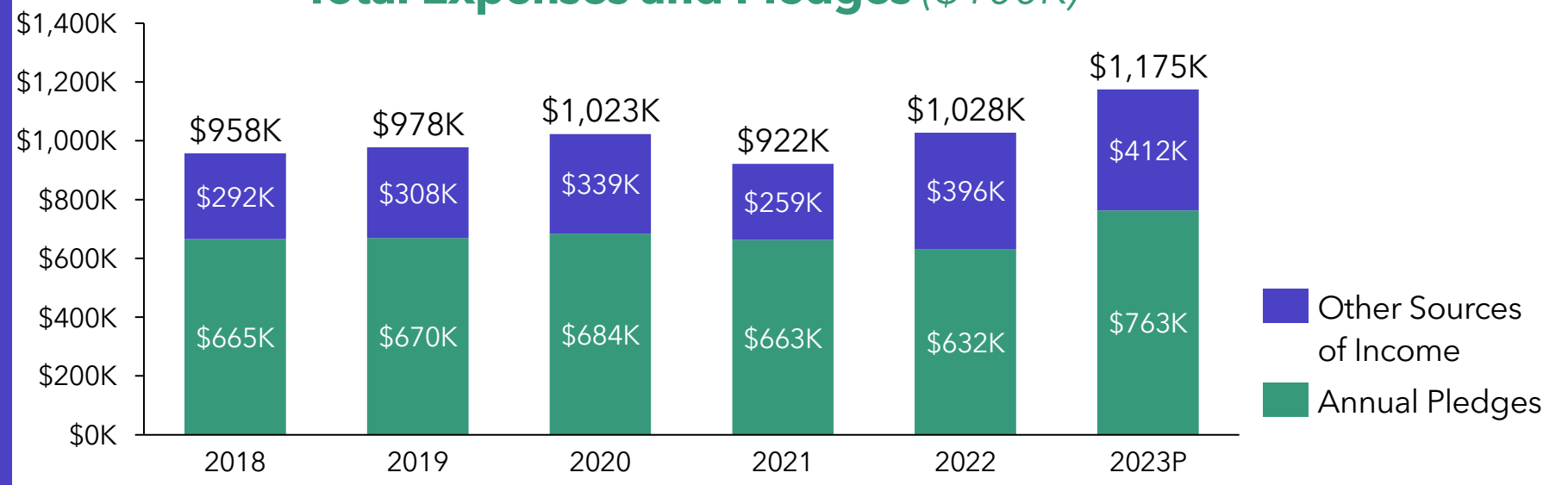


# Expenses & Pledges

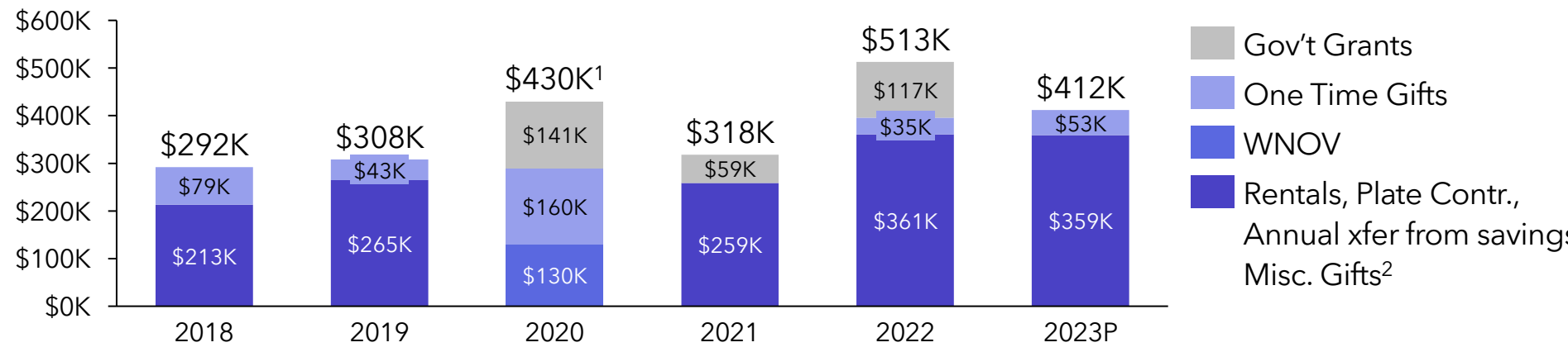
*Annual expenses and church's ability to adequately cover them has fluctuated with fluctuating membership.*

*Timely one-time gifts from members and gov't grants have been significant to ongoing church operations.*

### Total Expenses and Pledges (\$100K)



### Other Sources of Income (\$K)



Source: Church source of records; Stewardship Committee Analysis

- 1) Surplus funds in 2020 were transferred to our cash reserves
- 2) Cash reserves are leveraged during years with budget deficit

# Future Outlook (1/2)

## *Anticipated incremental expenses in 2024+*

### **Outstanding Mortgage**

Capital campaign funds will be exhausted in 2023, so monthly mortgage payments will begin in Jan 2024.

In addition, mortgage interest rates are projected to rise in 2026.

### **Staff Build Out**

To fulfill the aspirations of our growing congregation and setup the next minister for success, we require a fully fleshed out staff.

### **Deferred Maintenance**

To ensure continuity of church operations, some aspects of church facility related maintenance require attention.



# Future Outlook (2/2)

## Anticipated incremental expenditures in 2024+

Category of Expenditure	Near Term	Long Term
<b>Recurring Expenses</b> <i>(per year estimate)</i>		
Mortgage Payments <i>(\$9000/month for 25+ years)</i>	~\$108K	>\$125K
Staff Build Out <sup>1</sup>	~\$140 - 425K	
<b>One Time Expenses</b>		
Deferred Building Maintenance <sup>2</sup>	~\$198 - 258K	-

**Note:** Total outstanding mortgage principal is **~\$1.2M**

# Potential Paths Forward (1/2)

*The Board is exploring ideas to proactively address these anticipated expenditures.*

## Preliminary Options

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**Resource Idea 1:** Unrestrict specific savings funds<sup>1</sup> that are currently restricted

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**Resource Idea 2:** Capital campaign to cover monthly mortgage payments

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**Resource Idea 3:** Sale of portion of church property

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**Important Note #1:** No decision(s) will be taken without additional congregational discussions.



**Important Note #2:** Some combination of these or other options would be needed to cover all anticipated expenditures.



**Important Note #3:** These options do not preclude the need for strong stewardship campaigns.

***We wholeheartedly welcome additional ideas from the congregation!!***

# Potential Paths Forward (2/2)

## Preliminary Options

### *High Impact Idea*

**Resource Idea 1:** Unrestrict specific savings funds that are currently restricted

**Resource Idea 2:** Capital campaign to cover monthly mortgage payments

**Resource Idea 3:** Sale of portion of church property

- The Board is actively exploring solutions to 'unrestrict' specific savings funds
- While we are primarily relying on internal research now, we will likely need outside legal counsel at some point shortly
- Unrestricting these savings funds will provide the church access to liquid assets that will:
  - Boost cash reserves (*current levels are at 3.5 months*)
  - Help with monthly mortgage payments starting in Jan 2024 (*while the Board continues to explore ideas #2 and #3*)
  - Address immediate operational concerns (*such as building maintenance*)
  - Improve the financial security of the church, thereby making it more attractive for the next settled minister



**Nesan  
Lawrence**  
President, Board  
of Trustees

**Dave Riehl**  
Treasurer, Board  
of Trustees

**Thank you**



# Appendix

# Deferred Maintenance

Maintenance Item	Low	High
Paint Courtyard	\$3,000	\$4,000
Replace Room Dividers	\$30,000	\$45,000
Replace Floor Scrubber	\$3,000	\$4,000
Paint nursery/toddler/pre-K	\$3,000	\$4,000
Parking Lights	\$20,000	\$40,000
Replace Floors	\$100,000	\$110,000
Replace west fence	\$8,000	\$20,000
Repaint parking lot	\$5,000	\$5,000
Clean up field parking	\$1,250	\$1,250
Level underfoot in courtyard	\$25,000	\$25,000
<b>Estimated Total</b>	<b>\$198,250</b>	<b>\$258,250</b>



**Important Note:** This list does not include repairs that require urgent attention this year. This includes repair of 1) leaky roof in Howson Hall and 2) one of the HVAC systems (and associated electrical work). Other unforeseen repairs and maintenance might continue to be addressed through the course of this year.



# Staffing Plan (1/2)

*This ideal staffing proposal will secure the future of our church*

Staffing Category	Role	Comments
<b>Ministry</b>	<p><u>Interim Period (Aug 2023-July 2024)</u></p> <ul style="list-style-type: none"> <li>▪ Full-time Minister</li> <li>▪ Full-Time Interim Minister</li> </ul> <p><u>Post Interim Period (2024+)</u></p> <ul style="list-style-type: none"> <li>▪ Full-time Senior Minister</li> <li>▪ Full-time Assistant Minister</li> </ul>	After the interim period, the alternative model is two full-time co-lead ministers.
<b>Religious Education</b>	<ul style="list-style-type: none"> <li>▪ Half-Time Director of RE</li> <li>▪ Full-time RE Coordinator</li> <li>▪ Half-time Adult RE and Owl Coordinator</li> </ul>	Currently RE Coordinator is half-time. Adult RE and OWL coordinator would grow to a fulltime role
<b>Program Support</b>	<ul style="list-style-type: none"> <li>▪ Full-time Exec Director</li> <li>▪ Full-time Office Manager</li> <li>▪ Part-time facilities manager</li> <li>▪ Technical Director</li> <li>▪ FT Congregational Life and Membership Coordinator</li> <li>▪ Half-to three-quarter time kitchen/events manager/sexton</li> <li>▪ Contract accounting bookkeeping</li> </ul>	None
<b>Music</b>	<ul style="list-style-type: none"> <li>▪ FT Director</li> <li>▪ HT Coordinator</li> <li>▪ HT Assistant</li> </ul>	None

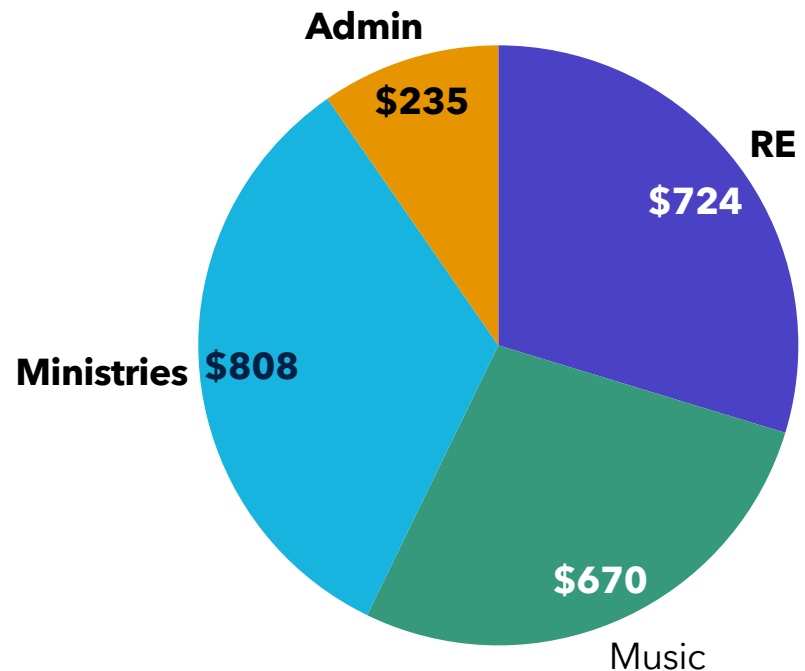
# Staffing Plan (2/2)

Work in progress

	Near Term (2024)	Long Term (2025+)	Total	Comments
<b>Salary Adjustments</b> (existing staff)	TBD <i>Open question - How much of the salary adjustment can be phased in?</i>	TBD <i>Open question - How much of the salary adjustment can be phased in?</i>	<b>~\$142K</b>	<ul style="list-style-type: none"> <li>Costs to bring current staff to the new UUA recommended midpoints for salaries in 2024</li> </ul>
<b>New Hires for Staff Build Out</b>	~\$166K	~\$106K	<b>~\$273K</b>	Prioritization is as follows: <ol style="list-style-type: none"> <li>Sexton/events/facilities (Full Time) - \$62,389</li> <li>Technical Director (Part Time) - \$12,595</li> <li>Congregational Life (Full Time) - \$91,501</li> <li>All Other - \$106,520</li> </ol>

# Cost of Operating the Church

## Cost of Serving per Member



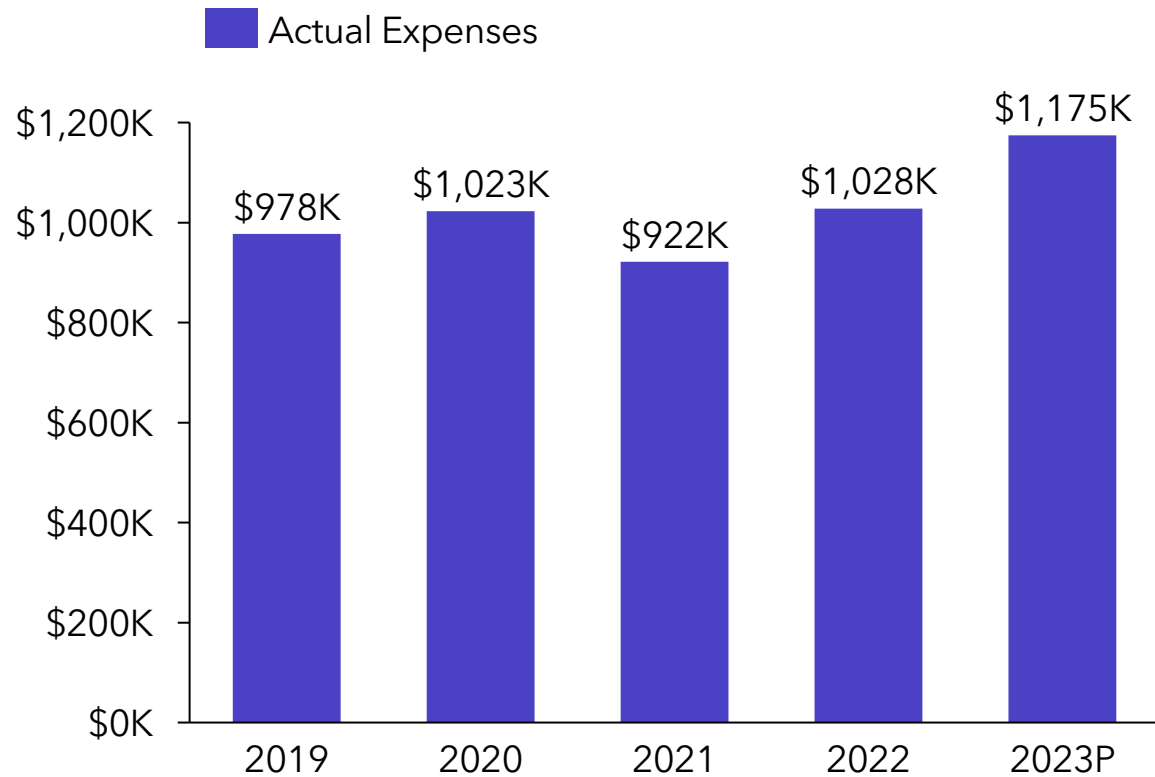
**Note:** The costs of social action are embedded within the programs of the church above. We estimate it is 22.5% of our total budget.

## Comments

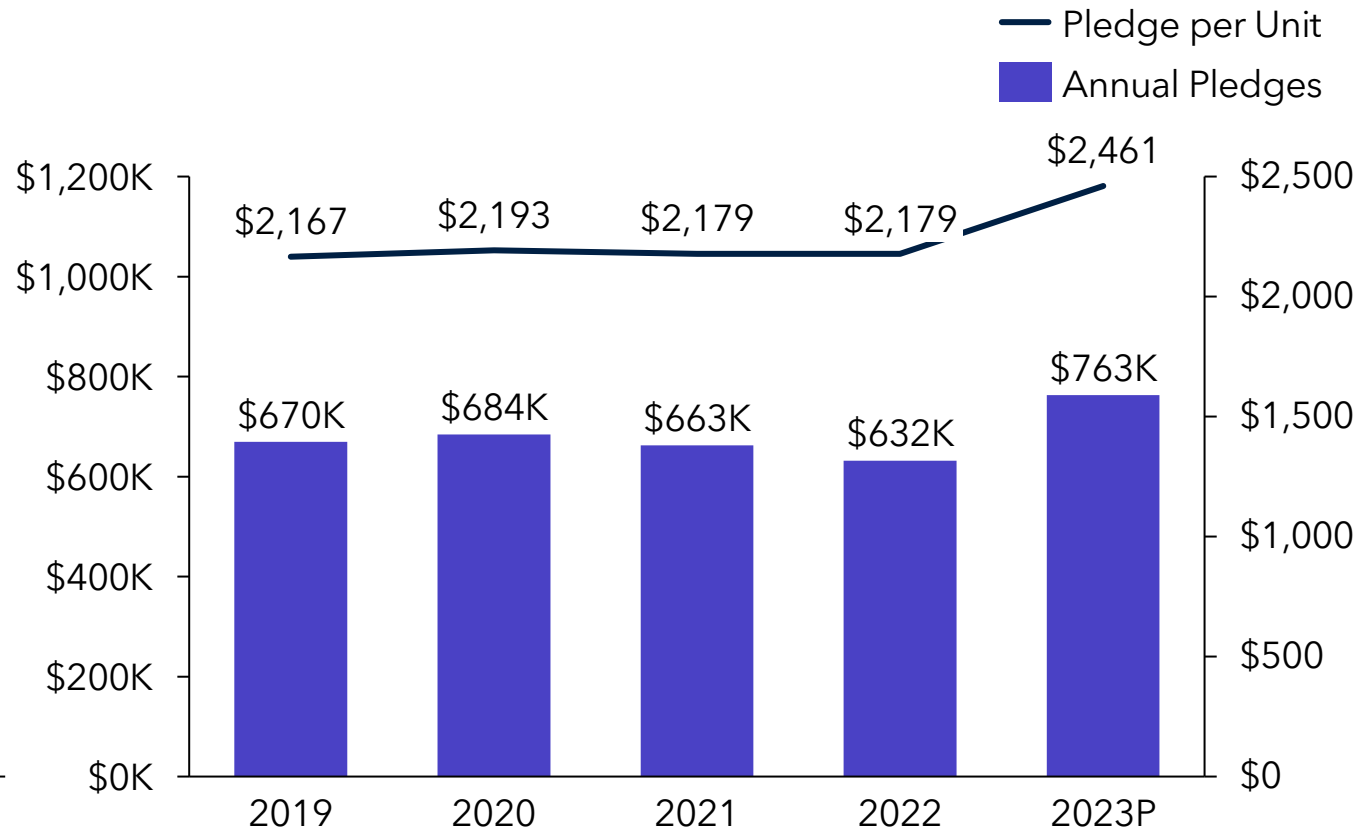
- **Total cost** of serving **per member** is **\$2,437** based on 2022 financials.
- **RE program** includes the costs of our religious education programs for children and adults, and special training we provide related to them.
- **Music program** includes music for worship but also the children's choir and other aspects of church life involving music.
- **Ministries** includes the costs of the work of the ministers and their support: the ministerial aspects of worship and worship planning, pastoral care, and staff and ministry team oversight, as well as life events such as weddings and memorial services. It also includes witnessing for the church in our community.
- **Administration** includes support functions for all our other programs and items such as supplies, postage and utilities not specific to a particular program.
- **Social Action** includes our work for social justice, interfaith work and educating our children and adults on anti-oppression and anti-racism issues.

# Expenses and Pledges

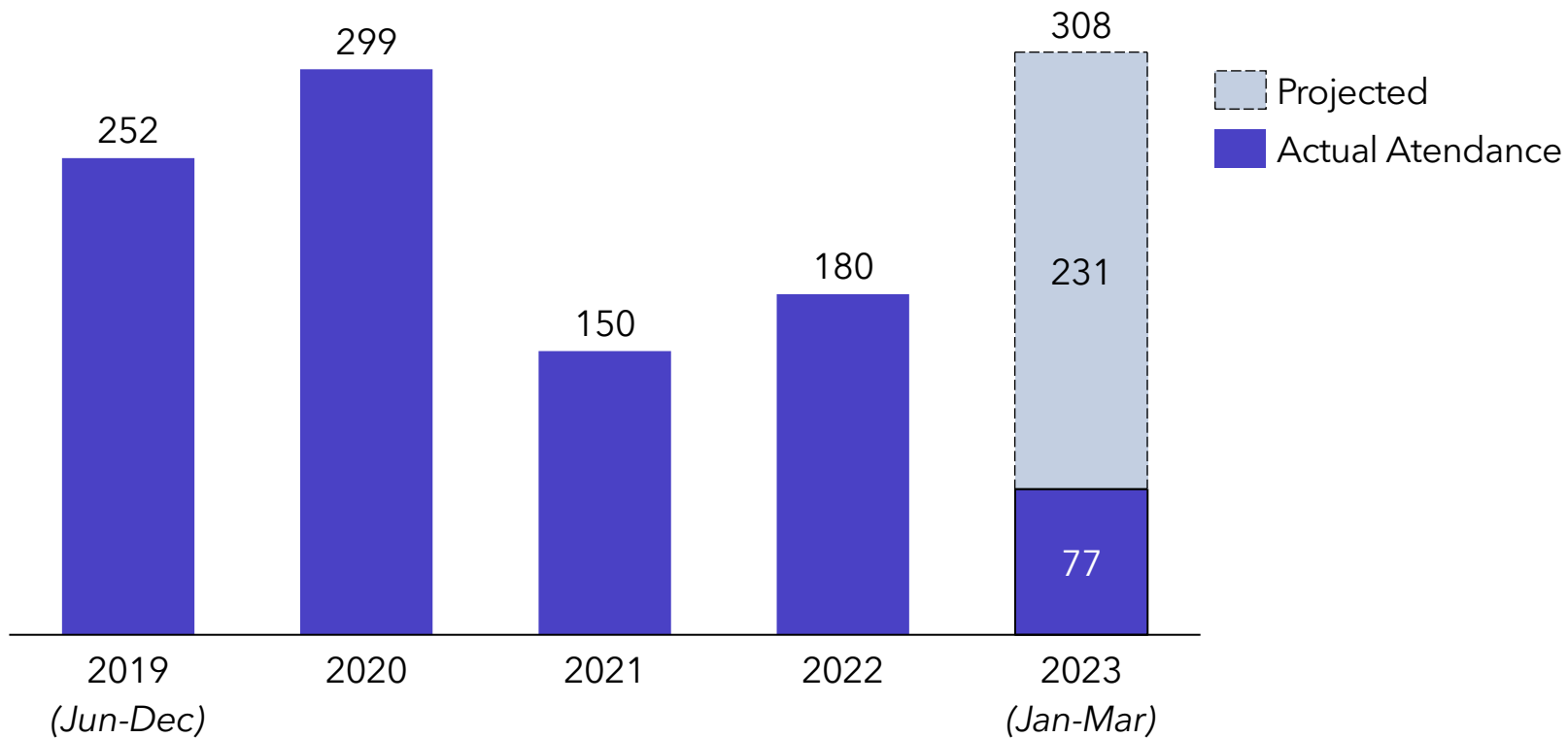
## 5 Year Expenses Trend (\$100K)



## 5 Year Pledges Trend (\$100K)



# RE Attendance is rebounding



**Note:** *With attendance rebounding, the program is impacted by volunteer shortages and RE instructor burnout*

# Restricted Funds: Background and context

**Estimated Balance** (as of March 2023)

## Fund Governance per Bylaws

**Savings Fund**  
(formerly Memorial Savings Fund)

~\$370K

At the end of each fiscal year, operating funds in excess of two months budgeted expenses for the next fiscal year shall be transferred into the church Savings Fund. Funds may be withdrawn according to two rules:

1. A maximum of five and one half (5.5) percent of the Savings Fund as valued on September 30 of each year may be made available to the operating fund for the subsequent fiscal year.
2. Any other expenditures from the Savings Fund may be made only after approval by a two-thirds vote of the members present and voting at a regular or called congregational meeting. The value of the Savings Fund may not be reduced through withdrawals permitted by Section 1.B to less than two hundred fifty thousand dollars (\$250,000).

**Permanent Endowment Fund (PEF)**

~\$290K

The PEF shall be maintained as a separate investment account.

1. Except as specified herein, no portion of distributions from the PEF shall be used for expenditures that would normally be included within the annual operating budget of the congregation.
2. Accumulation and Distributions. The Treasurer shall ensure that a record is kept of all gifts to the PEF, and the Executive or designee shall determine what is principal and income according to accepted accounting procedures. Gifts to the PEF shall accumulate until a fair market value of One Million Dollars (\$1,000,000.00) is achieved, after which annual distributions of income and appreciation may commence, as long as the fair market value of the PEF remains over \$1,000,000. The maximum amount available for distribution shall be determined by the Executive or designee annually based on the income and appreciation available on December 31 of the year preceding the year in which distributions are to be made.



# Additional Context on PEF per Bylaws

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Distributions from the PEF may be made as deemed necessary and/or feasible to accomplish the following purposes:

- for the physical plant of FUUCA, such as but not limited to maintenance of buildings, capital improvements or renovations, or debt reduction;
- for outreach into the community, including, but not limited to, grants to camps and conferences, theological schools, local social service agencies or institutions to which this congregation relates, and to special programs designed for those persons in our community who are in spiritual and/or economic need; and
- for the wider mission of Unitarian Universalism, including, but not limited to, grants for new church development; leadership training; community and educational ministries; world mission; capital financing; scholarships or grants to members of FUUCA for the purpose of attending college, theological, nursing, or medical school; for UU-related camping or leadership conferences; or such other training which enables members of this congregation to grow in faith and service to Unitarian Universalism.

The Board of Trustees shall approve distributions from the PEF.

- The Board of Trustees may adopt policies and procedures as necessary to ensure the proper administration of the PEF. The Board of Trustees is specifically authorized to delegate the authority to solicit, consider and/or approve requests for distributions.