

Buildings & Grounds

Budgets & Endowments

**Becoming Better Stewards
of the Gifts We've Been Given**



This pamphlet is provided to the congregations of Albany Presbytery
by the Board of Trustees.

2012

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I Using Your Buildings & Grounds to Their Full Potential

Using the monies realized from the sale of properties, the Trustees have created a grant and loan program to aid congregations in re-imagining and redeveloping their buildings and grounds in service to the wider community. Grants or loans may be available to support many of the following initiatives.

- A) **Architectural Ministry Planning** - Many of our buildings were designed for ministry in a different time. Not only do many church buildings need to be made accessible, they also need to be made functional. Contracting with an architect is one way to begin thinking about new frontiers of ministry within a congregation, and how the building can be used to facilitate that ministry. A grant or loan could help a congregation work with an architect on developing a plan for restructuring or redesigning a building for today's use.
- B) **Community Use of Facilities** - Most of our buildings remain empty for most of the week. Many sessions allow outside community organizations to use the building for a small fee. A grant in this category could go toward utility costs allowing congregations to seek out community organizations and offer their building 'rent-free,' thus facilitate community partnerships with 'no strings attached.'
- Each session should make a concerted effort to reach out to the church community in order to invite community use of its church building.
 - Community non-profit interest groups, support groups, cultural associations, artistic organizations, neighborhood meeting groups, children activities are sought out and invited to make use of the church building.
 - Such community groups and organizations are not charged fees, "donations", rates, rents or leases of any kind. Their use of the church building facilities is free of all charges. Unsolicited contributions would, of course, be accepted and forwarded to the Presbytery's fund.
 - Each group using the church will be personally welcomed each time by a member of the church designated by the pastor or session.

- C) **Hunger Projects/Community Gardens** - Many church buildings have a food pantry or closet for community members in need. Others are exploring ways to create community gardens that partner with local agencies, and help educate ‘food to table’ projects. A grant or loan in this category would help congregations with the seed money to get started on such partnerships.
- D) **New Church Developments** (Merging/Cohabiting/or Nesting) - What do you do when the size of the building far exceeds the size of membership? There are several creative ways to develop new ministry partnerships for maximizing stewardship of the building. Merging: congregations in a local area can investigate the various options for joining their ministry together. Cohabiting: congregations in a local area can explore options to share the same building while maintaining separate ministries and cultures. Nesting: an existing congregation can invest in a new generation of leadership by allowing a new church development to launch in their building without financial risk. Grants or loans in these areas can help ease the financial burden hindering congregations from exploring these options.
- E) **Community Housing** (‘least of these’ populations) - Churches across the country are exploring ways their building can be used to house those in need (economic, abuse victims, families, refugees, transitional housing). A church in this category would need to partner with agencies and look for best practices from around the country. A grant or loan in this area would offset startup costs, and possibly subsidize ongoing costs of the project.

II Caring For Your Buildings & Grounds

- A) **Maintenance** – many of our buildings are not well maintained. When the budget is tight the first thing to be cut is money for capital improvements. As a result it is all too common to have deferred maintenance issues that become emergencies. We find ourselves paying top dollar for quick fixes. **Every congregation should have a clear, practical plan for ongoing maintenance and should make it a top priority in budget preparation.**

B) **Insurance** – it is critical to be properly insured. Every congregation and every pastor living in a manse should:

- Insure to full replacement value, or if more practical, insure for functional replacement¹
- Maintain property and grounds to minimize damage and protect parishioners, employees and visitors
- Professionally manage church ministries and business affairs
- Inform your insurance company of changes that affect coverage and report claims in a timely manner.

The presbytery has several detailed manuals and articles on our website to help you learn more about how to properly insure your buildings and adequately protect your people. They include:

- Safety and Liability – People
- Safety and Liability - Property
- Valuation – What is Your Building Worth
- Volunteer Safety

Go to http://www.albanypresbytery.org/board_of_trustees_resource.html

There are also many documents available to educate you on a variety of topics from mold to fire prevention, electrical inspections to laptop security at our insurance company's website:

http://www.insuranceboard.org/safety_solutions/church_property.aspx

C) **Inspection policy** – The Trustees strongly recommend that all churches have a professional church building inspection at least every 10 years, and a manse inspection at least every 10 years or during a transition between pastors, whichever comes first.

D) **Manse checklist** – the presbytery has a checklist on our website (www.albanypresbytery.org) which congregations are encouraged to use in partnership with the Committee on Ministry when they do a “walk through” and manse inspection during transitions between pastors.

¹ recognizing that some of our congregations simply have no need to replace their church building with a building of the same size and architectural design.

- E) **Greening your building** – as stewards of our buildings and the environment we are called to be as frugal and pro-active as we can in minimizing our carbon footprint, and using resources and energy wisely. Two organizations provide excellent advice:

New York Interfaith Power and Light: <http://www.newyorkipl.org/>

New York SERDA: <http://www.nyserda.ny.gov/>

III Budgets

Financial Snapshot (developed by Dan Hotchkiss, Alban Institute)

What kind of shape is your budget in? This snapshot gives you an idea of what the proportions of your income and expense budget should be.

1. What percentage of operating income comes from current giving? Anything less than 80 percent runs the risk of weakening the congregation's sense of ownership and responsibility.
2. What percentage of operating income comes from building rentals? If this is more than 20%, does the congregation believe that there is something more "profitable" to do with their building than to have a church there?
3. What percentage of operating income comes from endowments or other invested funds? If this is more than 20 percent, it raises the question whether the vision could be enlarged so that it demands strong support from living members.
4. What percentage of operating income is dedicated to clergy compensation? In a small church, this is apt to approach 60%. In a large one, it should be more like 40%.
5. What percentage of operating income is dedicated to staff compensation, including clergy? If this goes above 60%, there is a risk that programs may feel squeezed.
6. What percentage of operating income is dedicated to building mortgage payments? Over 25% is usually too high.
7. What percentage of operating income is dedicated to all building-related costs? If this is over 30 percent of the total budget, the congregation is apt to feel "house poor."
8. What percentage of the congregation's budget is dedicated to projects that primarily benefit non-members? Do not include the congregation's share of

denominational operating costs. Some congregations set a goal of 10% or more for “outside” giving.

9. Are your congregation’s records audited by an objective outsider at least once every two years? Short of a professional audit by an accountant, this can be done by a task force of members who are not involved in financial management, or by swapping audit teams with another congregation.

IV Stewardship of Investments

Investment Policies

The primary objective of all funds invested in securities is to combine growth of capital with income via high-quality investments. This is accomplished through diversification, income, and risk control through equities, fixed income securities, and/or cash equivalents.

As an example, the Presbytery’s funds are invested with a target weighting mix as follows:

Asset Class	Min Wt	Target Wt	Max Wt
Equities	60	70	80
Fixed Income	20	29	40
Cash & Equivalents	0	1	5

The General Assembly of the Presbyterian Church has placed a restriction of corporations due to their involvement in military-related production, tobacco or human rights violations. The divestment list is available at <http://www.pcusa.org/mrti/divestment.htm>

Albany Presbytery does not invest funds in securities of the listed companies.

V Stewardship of Endowments

Many congregations hold endowment funds which are restricted as to their use. The original wills or instruments should be carefully reviewed by legal counsel, to determine the extent of the limitations and restrictions, and how they may be best utilized. **Any ambiguity or situation requiring interpretation must be submitted to a court of**

appropriate jurisdiction for interpretation and instruction, which usually will require an attorney and the involvement of the Attorney General's office.

Endowments which have encumbrances or restrictions should be referred for evaluation by the Trustees before being accepted.

Only a very few of our congregations do a good job at promoting planned giving, creating endowments and using them effectively.

Shared Characteristics of Successful Programs

1. Committee devoted to this issue (willing themselves to make commitments)
2. Multi year focus
3. Communication plans (minutes for mission, newsletter articles, sermons, websites)
4. Pastor and key leaders (Session, Committee chairs, etc. are involved - willing to ask, willing to talk about it, preach, teach, and make their own personal commitments)

There are three great resources to help you develop a great planned giving program:

1. Invite Presbytery staff to lead a workshop in your area
2. Visit the Presbyterian Foundation website: www.presbyterianfoundation.org
3. Visit the PEER network website: <http://presbyterianendowment.org/>