

Financial Resiliency Discussion Paper for June 1, 2017 “Let’s Talk”

Sleepy Hollow Presbyterian Church (SHPC) is a thriving church with a vibrant faith community. The Sanctuary is packed every Christmas and Easter with weekly Sunday attendance growing from year to year. The number of families continues to increase, evidenced by the additional children in the Sunday Children’s’ Circle. We have Pastor Rev. Bev Brewster who we are all fond of and who has led us on our spiritual path, and can be credited with much of our success during the last 5 years. We operate within a balanced budget financed by 57 contributing “pledge units.” Overall SHPC is in a sound and solid condition. This hasn’t always been true, particularly around the time of the untimely death of Rev. Wendy Dreitcer, due to cancer, in 2004. Knowing things can change unexpectedly, and hearing stories of problems experienced at other churches, Session decided to take a thorough look at our finances to see what areas we may be skimping on and how financially resilient we are.

When we reflect on the teachings of Jesus and the Bible we see that we are called to do many things. Our church is blessed by the many hours of volunteer service many members contribute. Here is a partial list of activities provided by congregation members.

- Mexico Mission, youth ministries building homes for the impoverished in northern Mexico.
- Support for Short Elementary School in San Rafael, including support for a garden, grant writing, field trip support, an after-school enrichment program, as well as classroom volunteers.
- Youth Climate Summit leadership coordination & support.
- Coordination of youth activities including game nights, and a summer youth mini-camp.
- Church activities like the church family picnic at Samuel P. Taylor State Park, Halloween Pit Stop, and Ladies’ Tea.
- Adult & youth liturgists.
- SHPC Choir.
- The Flower Guild.
- Food Barrel support for the Marin Food Bank.
- The Justice Garden, providing fresh produce to Marin hunger programs, as well as fresh produce to the neighborhood through a Saturday farm stand whose proceeds further support local hunger programs.
- Outreach to seniors with produce baskets delivered to them.
- The Rest Program providing meals and a place to sleep for homeless men & women.
- Youth cooking to support the REST Program.
- The Christmas “angel tree” gifting to children from CASA, foster homes, & Short School.

- Congregational birthday cards.

A high level look at the church's finances indicates the three biggest contributors are 1) pledges from the congregation, 2) rent from Little Mountain Preschool, & 3) rent from 110 Tarry Rd. The three biggest expenses for the church are 1) the pastor's compensation package, 2) staff payroll (musicians, bookkeeper, office admin. & youth leaders), and 3) debt service on our four Synod loans. Other areas to consider when evaluating how financially resilient we are include:

- What cushion do we have for loss of key pledges due to unforeseen circumstances?
- How would we deal with a temporary loss of pre-school tenant income?
- How would we deal with a temporary loss of tenant income from 110 Tarry?
- What are the long-term deferred maintenance and improvement needs of a building built in 1960? How would we deal with a sudden need for substantial capital improvement?
- Is our church accessible to individuals who have physical limitations?
- How long can we expect to pay a pastor below-average compensation for this area?
- How much will SHPC grow before we determine the needs of the church require more staffing than a lone pastor?
- What is the appropriate cost, or size of housing for a pastor?
- Does our pastor have an adequate office?
- Should we have a paid choir director?
- Should we increase our budget for a paid Youth Director?
- Should we have a paid sexton to assist with setup/teardown and cleanup?
- Should we increase our cleaning service budget from \$90/week?
- Should we increase our landscape maintenance budget from \$100/week?
- Should we hire a property management company to manage 110 Tarry Road?
- Should we increase our office manager/communications associate to more than 8 hours/week?
- SHPC is the 4th most heavily indebted church of the 48 in our Presbytery; and is currently carrying loan balances of over \$400,000.

All of the items just described are worth considering as we look to the future and think about the resiliency of SHPC.

To-date, based on discussions held by Session and a team of current and former finance elders, several of the items just listed have been identified as top priorities. These needs, and a *very rough* approximation of their costs, include the following:

1. Additional support-staff time to reduce the workload burden of our Pastor and enable Pastor Bev to focus on priority tasks. *Estimated annual cost: \$8,000.*
2. Financial support for our youth program, to enable hiring a youth minister or other staff. *Estimated annual cost: \$16,000.*
3. Adequate office space improvements to address the current overlapping use of the Pastor's office by Pastor Bev and LMP. *Estimated annual cost: not estimated.*
4. Deferred maintenance. *Estimated annual cost: needs further assessment to prioritize needs for the church and Manse. The Manse Study Team identified approximately \$150,500 (church) and \$91,000 (Manse) in deferred maintenance needs, although some of those needs are near-term and others are long-term.*
5. Adjustments to our Pastor compensation package over time to ensure that, by the time Pastor Bev retires, SHPC's Pastor compensation is sufficient to attract high-quality replacement candidates. *Estimated annual cost: \$10,000 to \$20,000 (roughly the amount SHPC is below the regional norm for Pastor compensation).*

In summary, three of the five items we have begun to prioritize would cost the church on the order of \$34,000 to \$44,000 per year. Although these numbers are rough estimates, they help inform the Congregation and give context to our financial planning discussions.

We look forward to our discussion June 1.

From the Session of SHPC, Dennis Latta, Clerk