



Report on Financial Feasibility Study for Beacon  
November 2017

**Report on Capital Campaign Financial Feasibility Study  
For the Beacon Unitarian Universalist Congregation**

**I. Summary**

The Beacon Unitarian Universalist Congregation in Flagstaff, Arizona (Beacon) engaged Kay Crider of Stewardship for Us to conduct a financial feasibility study and to determine the readiness of the congregation to conduct a successful capital campaign to fund the renovation of your building. Beacon needs additional space for fellowship, staff and RE and also seeks to increase accessibility to various spaces in your current building.

This study estimates how much money is likely to be raised in a capital campaign to fund renovations and it summarizes other important feedback about the congregation from its members.

The study results are based largely on data collected during one-on-one confidential interviews with 38 individuals and 27 households which equals 30% of the 90 households who pledges for the 2017-18 congregation year. These survey results include 7 households that participated in interviews electronically.

The results of the financial feasibility study are generally positive and show:

- Beacon should be able to raise almost 3 times your annual giving from your 2017-18 church year pledge total or approximately \$380,000 to \$420,000.
- A stretch campaign goal would be \$450,000.
- There is willingness and capacity for additional giving from 6 households that participated in the survey who indicated a variety of reasons they might give more: the stock market, their finances, ability to name a portion of the facility in honor or memory of someone, if others were making stretch gifts and/or if the congregation was close to it's goal.
- This projection assumes a three-year capital campaign beginning in 2018 with a few households requesting five years to pay their pledge.
- 85% of the households interviewed are supportive of the project overall, and 92% of the households interviewed indicated they would contribute financially to the capital campaign, with a number of households expressing some significant concerns such a timing, growing pains, a decline in RE and other items listed in this report.

Consideration of a reasonable loan could further increase the total funding package for the building project and you may be able to obtain a small grant from Pacific Southwest District Chalice Lighter Program. The total funding package depends on additional decision-making and actions by the congregation as outlined in more detail in this report.

## **II. Background and Methodology**

### **A. Background**

Beacon is a close-knit, engaged congregation with well-organized and highly motivated lay leaders and professional staff. Study participants were very complimentary of the dedication of the lay leaders involved with the building project as well as many other people who help the congregation live out its mission and vision. The congregation has done detailed, thoughtful and valuable work to get to this point in your planning process, with investigation and consideration of various building project options.

### **B. Methodology**

The financial feasibility study included confidential interviews of a sample of congregants representing 30% of pledging households in order to extrapolate capital gifts for the entire congregation. In the 2017 annual giving drive to support the 2017-18 programs and operating budget, 90 households provided financial support.

Twenty-seven households totaling 38 individuals were represented in the study. The interviews were conducted from October 9-12, 2017, with a few interviews conducted during the following two weeks. A large portion of the lead contributors to the annual giving drive was included, as these individuals are often major contributors to a capital campaign. Beyond these households, the study included a representative sample of the congregation based on age, gender, annual financial contribution, length of time in the congregation, having children and/or youth in religious exploration, and involvement in different program areas. Overall, the households interviewed contributed 60% of the pledges for the 2017-18 congregation year.

A set of interview questions was developed and used for all interviews to ensure that a standard set of data was collected. When a couple was interviewed together, the views of each person were recorded separately. The interviews covered the following topics:

- Length of association with the congregation
- Listing of top programs, activities and strengths of the congregation
- Vision for the future of the congregation
- Familiarity with and priority of the building project
- Any compliments or concerns about the project or the congregation
- Likely financial contribution to a capital campaign
- Willingness to help out with some aspect of a capital campaign
- Planned giving and interest in including the congregation in their estate plans.

Data from the interviews was analyzed taking into account the qualitative information to determine intellectual and emotional support for the capital campaign and the financial data to calculate the amount of money that may be raised in the campaign.

Report on Financial Feasibility Study for Beacon  
November 2017

### III. Findings

The survey questions were designed to identify the characteristics of the people interviewed, their connection to the congregation, their knowledge of and engagement around the proposed projects, and their capacity and willingness to support it with their time, talent and treasure.

#### A. Length of Time with the Congregation

Time	Number of People
0-3 years	6
4-8 years	8
9-15 years	9
16-25 years	11
More than 25 years	4

#### B. Inspiring Moments or Programs for Congregants

Participants gave a variety of answers when asked to describe an inspiring moment at Beacon. Some people listed more than one.

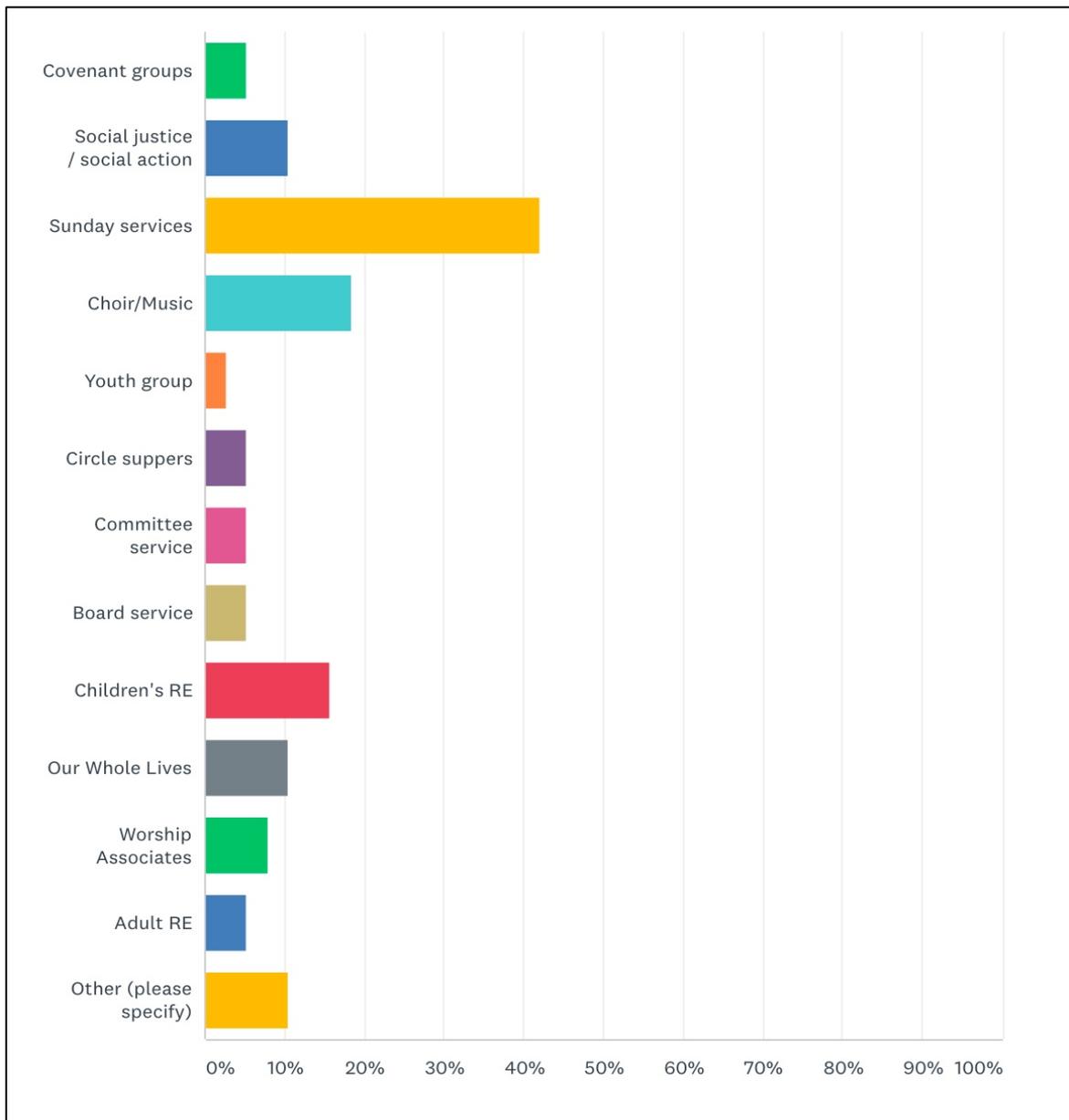
Inspirations
- Finding a dynamic UU community in Flagstaff after we moved here from Atlanta.
- Community really matters here
- This is the place for me
- When I realized Kevin was going to be a really good minister.
- The new minister and being part of the search team and installation
The support given to other congregants in their time of need
- Sharing of the UU values
- When we signed the first contract for a minister - symbolic of the change from a fellowship to a church
- Social justice messages of Rev. Wendy
- Watching my child engage in activities at church: social justice work, Coming of Age, speaking at a service
- The music - the choir has done some very nice things that have brought me to tears
- The first time I came to an adult RE evening
- Rich Clark greeted me & was very welcoming on my first visit
- Every time Nancy Paxton preaches; Gail Tapscott with UU Joke Sunday
- I've had a lot of inspiring moments (e.g. a recent service with a moderator & 3 speakers)

**Report on Financial Feasibility Study for Beacon  
November 2017**

<b>More Inspirations!</b>
- I've had many
- Social network / community
- Being around people with similar values
- Sermons can very moving (recent example is gentleman from NAU)
- Songs or sermons or readings can be applied to make me a better person
- Services are meaningful
- Services are very centering & help prepare me for the stressful workweek
- The recent "test of faith" worship service
- Teaching RE to 6 & 7-year-olds and the inspiring discussion
- Some sermons have really grabbed me
- Wendy Williams was very charismatic & inspiring
- I enjoy helping with RE
- Some of the testimonials from lay people when they open up about the past - their words are meaningful and they are brave.
- Children's performances when they do theater
- The community & welcoming nature.
- When kids were involved in Coming of Age & O.W.L.
- Kids were of the age to participate in church and have had many meaningful experiences
- Initial time I came many years ago to discover there were other people who thought like me
- A recent sermon by visiting minister Glen Farley that had as its theme: Appreciate Your Life.
- When we completed Stewardship last year and realized we had exceeded our goal.
- Singing in the choir is incredibly inspiring.
- In a Sunday service transgender (unbeknownst to us) member shared--with candor and humor--his transition story.
- When 9/11 happened we were new members at Beacon. We were lost as I believe much of the country was. It was such a comfort to go to Beacon and find a safe place to process our feelings and find confirmation for our grief.
- When the sermons touch my heart and I can see that visitors are equally touched.
- Celebration of life for our son
- Kevin's sermon where he did a visualization for meditation/relaxation
- The testimonials at the most recent Sunday service.
- When Rev. Kevin was visiting and talked with us about the shooting in Orlando
- The naming ceremony where we welcome a child into the congregation.
- Teaching RE to the kids is inspiring
- Sermons and ministers with a focus on nature

### C. Top Programs and Activities

Beacon offers a variety of programs and activities. People interviewed were asked to rank the program or activity that is currently the most important to them. The following chart shows Sunday services were chosen by 42% of the study participants. The “Other” category included items such as gatherings with others in the community, building and grounds, and being supportive of each other.



**D. Key Strengths of Beacon**

When asked to identify one key strength of the congregation, 50% of participants listed the community/people, 32% listed the volunteers, 8% said you were survivors, 5% listed social justice, 5% listed your principles and 3% listed your building.

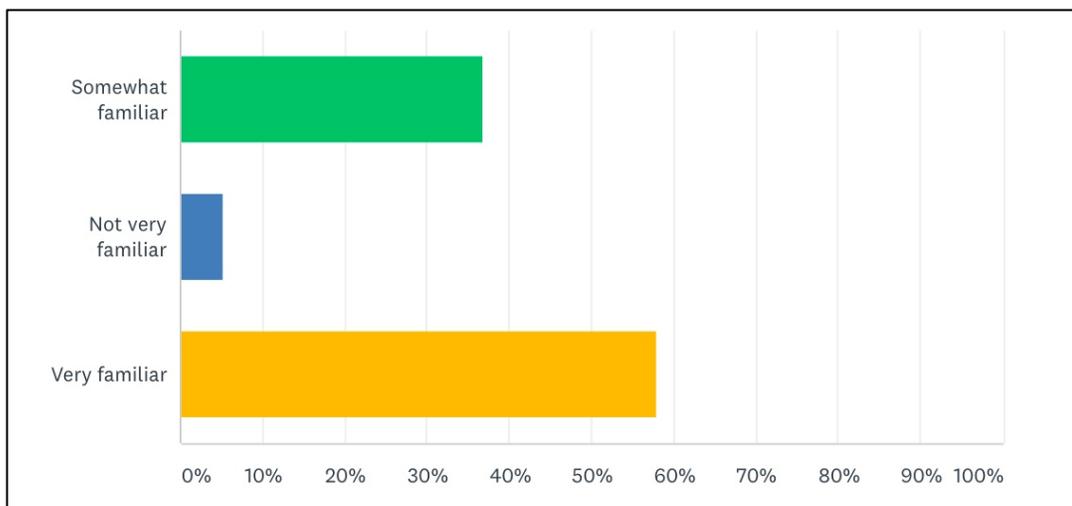
**E. Vision for the future of the congregation**

When asked about their vision for what they wanted to be like in 5 years, the following descriptors came up with the most common responses appearing in the largest type.

Thriving Larger Community Size  
 Young Families Love Program Vital  
 Bigger Room Services Growth in Membership

**F. Familiarity with the Building Project**

Twenty-two participants stated they were *very* familiar with the proposed building project, 14 stated they were somewhat familiar with it, and 2 stated they not very familiar.



### G. Ranking of Importance of the Proposed Building Project for the Congregation

Following are the rankings assigned to the project by study participants when asked to assign a number from one (least important) to ten (most important) to the building project. Answers spanned most of the range, with 30 of 38 individuals of 79% giving the project a ranking between 6 and 10.

Ranking of the building project for the Congregation	Number of People
Ten (most important)	4
Nine	7
Eight	6
Seven	7
Six	6
Five	2
Four	4
Three	2
Two	0
One (least important)	0

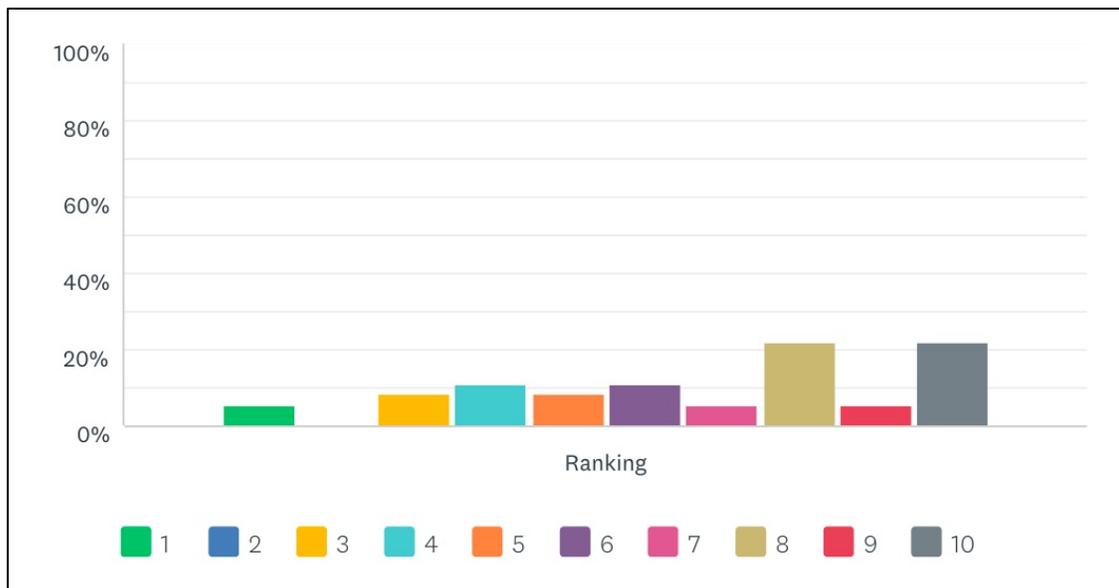
### H. Most Important Feature of the Project

Improved office space located downstairs was listed by 16 people as most important, 10 people listed the foyer/fellowship space, 7 people focused on accessibility of the new space, 4 people listed the new meeting space and 3 people mentioned more space and more room overall. Some people listed more than one feature. The following word cloud shows the most common answers.



### **I. Whether the Project Supports Your 5-Year Vision for the Congregation**

When asked whether the project supports their personal vision of the congregation in 5 years, 22% of the participants gave the project the highest ranking of 10, 5% of participants ranked it a 9, another 22% ranked it an 8, 5% gave it a 7 and 11% gave it a 6. Twelve participants gave the project a ranking between 1 and 5 in terms of whether it supported their 5-year vision.



### **J. Meetings Attended About the Project & Effectiveness of Congregation Engagement**

Nearly every participant had either been to a congregational meeting, spoken with a member of the Building Expansion Team or reviewed the materials on display at the congregation, with most participants indicating that they gained information via all three of these methods.

The process of congregational engagement about the potential building expansion was ranked “highly effective” by 58% of participants and “somewhat effective” by 29% of participants. One person did not participate in the process and no one indicated the process was “not effective.”

### **K. Estimates of How Many at Beacon could give a gift of \$10,000 or more to the campaign**

There are 90 households that currently fund Beacon’s annual budget. With that prompt, participants were asked how many of those 90 households could give a campaign gift of \$10,000 or more. Eleven participants stated they could not give an estimate, and the remaining answers ranged from 4 to 40. The most common response was 10.

**Report on Financial Feasibility Study for Beacon  
November 2017**

**L. Likely Financial Contributions**

Each household participating in the feasibility study was asked how much they expected to contribute to the building project over a three-year period, in addition to their annual financial commitment to the congregation. Gift ranges, starting with \$75,000 or more and working down to no commitment, were offered.

The sum of the planned financial commitments from 25 of the 27 households participating in the study was \$301,900. Thirteen of those households indicated they planned a gift of \$10,000 or more. The distribution of gifts planned by study participants is as follows:

<b>Gift Range</b>	<b>Number of Gifts Indicated</b>	<b>Indicated Amount (total within range)</b>
\$75,000 or higher	0	\$0
\$50,000 to \$74,999	2	\$110,000
\$30,000 to \$49,999	0	\$0
\$20,000 to \$29,999	1	\$20,000
\$15,000 to \$19,999	5	\$75,000
\$10,000 to \$14,999	5	\$50,000
\$7,500 to \$9,999	1	\$9,000
\$5,000 to \$7,499	4	\$23,000
\$3,000 to \$4,999	2	\$7,000
\$1,000 to \$2,999	5	\$7,500
Up to \$999	1	\$400
No commitment at this time	2	\$0
<b>TOTAL</b>	<b>25</b>	<b>\$301,900</b>

Projecting from the study sample to the entire congregation yields an estimated capital campaign pledge range of \$380,000 to \$420,000. A stretch goal would be \$450,000. A gifts table for a campaign brochure can be crafted once you approve a campaign goal, as part of assistance with the capital campaign.

This estimate is based on the following assumptions:

- The campaign will ask people to make contributions over a three-year period.
- Over the course of the campaign, roughly five percent of the pledges made will not be fulfilled.
- Gifts of \$25,000 or more can skew the results and therefore the calculations adjust for that skew.

Six of the 27 households indicated they might consider a larger contribution, if needed.

**Report on Financial Feasibility Study for Beacon  
November 2017**

Of the \$301,900 identified from study participants, 64% of those gifts would be made in three annual payments, 18% would be paid in one lump sum likely in the first year of the campaign, 13% said they would need to spread their gift over 5 years, and 5% said they would make monthly payments over three years.

Two of the households indicated that they would not make a financial commitment because they do not support the project.

**M. Compliments**

Participants were invited to share compliments about the proposed project or the congregation in general. The most frequently mentioned compliment was the dedication of the Building Expansion team, with many people complimented for the good work they do. There are many people not listed who do great work for Beacon as well!

<b>Compliments</b>
- Members of the Building Expansion Team, including Paul Black, Rich Clark, Steve Zeldes, Christina Boyd, Carleton Shepard, Theresa DeBoer, Dennis Spurlin
- Appreciation to Christina Boyd and Holly Taylor for early and ongoing work towards this building expansion opportunity. Educating, Coordinating and Including as many voices as possible in the early work of this vision is one reason it's still alive and a possibility with Beacon. The current Building expansion team, carries forward the light of inclusion and respect, needing to be careful to bring all along at many differing speeds, awareness and engagements with the project.
- Rich & Roz Clark - their time and energy is such a gift
- We like this congregation - it fits us so perfectly
- Carl Taylor, Steve Zeldes, Rich Clark, Trish & Paul Black
- Kevin doing a very good job since the congregation needs to be run a bit more like a business
- Rich & Roz Clark - enthusiastic go-getters, Holly & Carl Taylor,
- Carl & Holly Taylor, Kay & Jack Doggett, Roz & Rich Clark, Carol Hixson,
- All the active leadership that keeps the congregation vital
- Great leadership on Building Expansion Team
- Fabulous people working on the project
- Everyone on the Building Expansion Team
- Rich Clark & Steve Zeldes, Carl & Holly Taylor, Paul Black, Theresa deBoer, Carleton Sheppard
- Paul Black, Rich Clark, Steve Zeldes, Carl & Holly Taylor, Kevin Parkes on Finance
- Jack Doggett
- Rich Clark, Kevin Steves, Carl Taylor, Gail Lowe, Steve Zeldes, Drew Monroe
- Rev. Kevin is very knowledgeable about \$, property & management - we're very hopeful with him at the helm

Report on Financial Feasibility Study for Beacon  
November 2017

<b>Continued Compliments</b>
- Paul & Trish Black, Carl & Holly Taylor, Christina Boyd, Rich Clark, Steve Zeldes
- Carl has expertise & really has congregation in his heart
- Very professional process to keep congregation informed & involved
- It's been a deliberate, intelligent & compassionate process
- Sharp Building Team with diversity of backgrounds
- Very dedicated group of congregational volunteers (e.g. auction was a really neat event)
- Rick & Roz Clark bring so much joy to everything
- Carl Taylor, Paul Black
- Carl & Holly Taylor, Dennis Spurlin & Theresa de Boer, Kay & Jack Doggett, Andy Hogg, Sam Piper
- Dora Harrison is a rock and keeps things going
- Julie Lancaster is amazing, energetic & joyful
- Building Expansion Team should be patted on the back
- Carl & Holly Taylor, Rich Clark, Paul Black
- Holly Taylor: calm & good perspective, Carl Taylor's architectural expertise
- Carl & Holly Taylor; Christina Boyd - all have donated an amazing amount of vision, imagination, time & first
- Paul Black has just completed stewardship and is involved in the building expansion
- Christina Boyd has had amazing energy and involvement
- Congregation makes it feel like home/family
- The hard working building expansion committee
- Expansion team members
- Time and energy kudos to Carl & Holly Taylor, Paul Black, Rich Clark.
- I think the entire building project team has done a stellar job in moving this process forward! And the congregation, on the whole, has been very receptive.
- Holly Taylor's calm perspective
- Very grateful for work of Building Expansion Team
- Carl & Holly Taylor a steady and even hand
- Christina Boyd, Carl & Holly Taylor

Report on Financial Feasibility Study for Beacon  
November 2017

**N. Concerns**

The following table lists the comments of study participants when asked whether they had any concerns about the proposed project or the congregation in general. Some participants expressed more than one concern and others expressed no concerns. A few concerns were expressed that will be relayed directly to the individuals at whom those concerns were directed, rather than in this report, in the interest of compassion, right relations and congregational covenant. All comments were heard and recorded.

Concerns
- Need to continue rebuilding the R.E. program and attracting younger members.
- Beacon is in a growth and transitional phase, there are currently existing anxieties present with Beacon: new ministry, national political struggles, financial growth and changes in demographics of the community, changes in the "way we've always done it." This building project represents a significant new and additional stress, anxiety and concern for the system, the organization. Beacon leadership, Board, Ministry and Finance team, need to be working well together, the organization needs clear and effective communication, which presently is not working constructively. There must be fiscal trust that monies are being well handled and accounted for appropriately. This has not always been the case with Beacon's finances and bookkeeping, recent awareness of over payments and payments in error relating to insurance is a significant concern in financial oversight. Should the project be green-lighted there will be need for systemic and organizational development, awareness, and oversight.
- I am of 2 minds about moving forward since we're a bit stagnant on growth but space is not welcoming right now and there's a lot of energy to move forward
- Some growing pains, would like us all to be able to listen to each other better with improved communication
- We should take a moment to check in and reflect about how things are going. Let's be smart about it. There's been a lot of change and we need to process that change before moving ahead
- Can we afford it? What if people don't pay their pledge?
- Need more middle-aged members
- Communication could be better to the congregation about the project
- A number of people feel their opinions were not considered and/or why the current plan is the best one - it would be very expensive to expand the sanctuary to gain just a few more seats.
- Some growing pains
- We need to find a way to turn the anxiety into something positive
- Worried about not enough kids in RE
- We need to make sure we teach the congregation how this can be done - confidence in the \$ piece
- It takes a village - we need to convince people that this is the natural next step.
- WHY? What is the vision for why we are doing this now?

**Report on Financial Feasibility Study for Beacon  
November 2017**

<b>More Concerns</b>
- RE is not vital
- Attendance on Sundays does not feel as vital as in the past
- If we were in a growth phase for RE, it would make more sense
- Need to continue rebuilding the R.E. program and attracting younger members.
- Worried that people are not pledging enough
- There is a bullying quality that is developing in the congregation
- Not optimistic about the future since no RE program to speak of; 10-years ago we were overflowing with children
- Can we afford it?
- Is there enough monetary support for the project?
- We should consider to go back to two services so that we're more welcoming - it's starting to get full
- Many people in their 30s & 40s have left the congregation so we are missing a lot of that demographic, and RE really needs to be rejuvenated. If the average age continues to go up, and we don't retain and reach out to younger folks, who are we building the expansion for? Our structure could be made more professional.
- Might give more if building plans were different
- Why would we spend \$600,000 for this type of expansion when we are not getting a bigger sanctuary but will not be allowed, under zoning
- I hope people are on board to give to this project!
- We are very concerned about going forward with this project at this time. There is very little track record for multiple year successful/exceeding goal operating budget (stewardship) campaigns. Seems like we might want a better track record with that before launching a capital campaign.
- Adding a mortgage to the annual budget seems risky.
- Seems like we don't have enough large donors to carry a \$500,000+ campaign
- We fear that we will get over extended and the project will weaken the overall church rather than strengthening it. We have never been comfortable with focusing on growth; we prefer to build a wonderful church community and see what happens from there. It does not appear to us that Beacon is growing right now so we are not sure the time is right.
- None at this time.
- Liked having 2 services so you could choose time and if also teaching in RE then can enjoy the service later
- Not expanding sanctuary
- Concerned that sanctuary is not part of the project; not enough attention paid to alternate plans.
- Three individual bathrooms do not have enough toilets - can we combine two of them to make a multi-stalled all gender bathroom?

**Report on Financial Feasibility Study for Beacon  
November 2017**

**O. Other Information Gathered**

Campaign Volunteer Support

Many study participants indicated a willingness to assist with the capital campaign when asked about 9 areas for which they could volunteer. A list of volunteers and the areas in which each person offered to help will be given to the Capital Campaign Team.

Possible Gifts from Outside the Congregation

Interview participants offered up the names of people outside the congregation who might be willing and able to contribute to the capital campaign. The suggested names will be given to the Capital Campaign Team.

Planned Giving

Seventy-eight percent of households that participated in the study indicated they have a will. Six households indicated that have included the congregation in their wills. Ten households indicated they would like more information on how to include the congregation in their estate planning, while several other participants stated that they did not need more information but they would consider an update their will.

Attendance at Sunday Services

<b>Attendance</b>	<b>Number of People</b>
Almost every Sunday	17
2-3 times per month	15
Once a month	4
Infrequently	2
Did not answer	0

Service on Committee or the Board

71% of the study participants serve on a committee or the Board currently. 84% have served on a committee or the board in the past.

Children in Religious Exploration program now or in the past

14% of study participants said they have a child in RE and 27% said they have had children in RE in the past.

**Report on Financial Feasibility Study for Beacon  
November 2017**

Additional Demographics

The following tables summarize age and income of the study participants.

Age	Number of People
31 to 40	1
41 to 50	3
51-65	13
66-75	13
Over 75	8

Annual Household Income	Number of Households
Up to \$25,000	0
\$25,001 to \$50,000	2
\$50,001 to \$75,000	9
\$75,001 to \$100,000	5
\$100,001 to \$150,000	8
\$150,001 to \$250,000	2
> \$250,000	1
Did not answer	0

**IV. Observations**

Beacon has significant support to fund a renovation of your existing building. A large percentage of study participants – 85% – indicated that they are generally supportive of the project and 92% of the household interviewed said they would give a gift. Several participants expressed concerns that the time may not be right due to a decline in RE program attendance, some congregational relation pains as you work through transitions and changes, and the potential impact on annual program funding if Beacon adds a mortgage payment to the budget.

As indicated above, the results of the feasibility study identified \$301,900 in likely financial commitments from the 27 households who participated. Based on those numbers and extrapolating to the entire congregation, the congregation should be able to raise between \$380,000 and \$420,000 in a capital campaign.

You may want to consider a stretch goal of \$450,000 for the following reasons: support may increase from both study participants and the remainder of the congregation if a bit more time is given for people to process and understand why the sanctuary is not being expanded, if some current conflict is successfully resolved, and if the six households who stated that they may be

**Report on Financial Feasibility Study for Beacon  
November 2017**

able to give additional funds for the project do, in fact, pledge above their indications in the study. Initial campaign commitments from congregants are sometimes financially conservative.

The level of energy and enthusiasm for proceeding forward is generally good, and there is a lot of trust and confidence in the building process, however, there were enough significant concerns, beyond the typical ones that arise when a congregation is considering a building project. One can assume some of the concern articulated in the study are also shared by a portion of the congregation that was not part of the study, and if unresolved, will negatively impact giving if not addressed prior to the launch of a capital campaign.

In addition, the current projected amount of potential capital gifts is just under three times your annual giving. You may be able to push beyond this amount to above 3 times annual giving or even 4 times annual giving if you provide opportunities for people to work through their concerns. Once that occurs, it will be important to determine with a congregational vote whether a super-majority of the congregation is ready to stretch and support a campaign in the coming year.

Please remember to take care of each other's hearts as you move through this process. Generosity of spirit, attentive listening, transparency of process and frequent appreciation will help minimize conflict and engender support of each other as you work together to assess whether the time is right or whether you need to give yourselves more time to get the intellectual, spiritual, emotional and financial buy-in to maximize campaign success.

## **V. Recommendations**

Based on the results of the study and analysis of the findings, I recommend that Beacon work through the concerns raised in the study, namely resolution of some tension around congregational relations, as well as engage in further dialogue and education about why it is not cost effective to expand the sanctuary in your current location. Ensure that everyone feels heard.

Once you work through these issues, following are some key next steps to determine whether to launch a capital campaign for the proposed building purchase:

- Present the results of the feasibility study to the congregation.
- Provide an opportunity for discussion around the concerns raised.
- Work through any conflict issues so that a super-majority of the congregation is confident in the health of Beacon as you move forward.
- Hold a congregational vote to determine whether there is wide support to launch a capital campaign.

Report on Financial Feasibility Study for Beacon  
November 2017

- If the vote is positive, develop a firm case statement and target for the capital campaign, considering the priorities and other information gathered during the feasibility study and provide opportunities for input from the congregation. Develop and stick to a task plan, timeline and organization for carrying out the campaign. There are recommendations provided in *Beyond Fundraising*, by Wayne Clark, and I can assist you as needed.
- Develop messaging for the entire congregation about the level of commitment required to conduct a successful capital campaign. Emphasize that contributions to the capital campaign are payable over 3 years; a few people will request a 5-year schedule as indicated in the study data. Ask remaining congregants who were not part of the study to support the project by doubling or tripling their gift to Beacon and spread that additional giving over a three-year period. Some congregants who were not part of this study may be able and willing to give much more to the campaign than those multipliers, and this will be necessary if you want to reach your stretch goal and minimize long-term debt.
- Ensure that your congregants know that they should not reduce their annual contribution in order to make a gift to the capital campaign. Continuing robust support of your programs will be essential for both the short and long-term health of the congregation. Along these same lines, be sure to let congregants know that gifts of every size are welcome. There is economic diversity in every congregation and all contributions to support the renovation of your congregation's home are valued.
- Plan to conduct the combined campaign based on face-to-face stewardship visits—this is an essential method for a successful capital campaign.
- The Capital Campaign Committee should confirm the willingness of the study participants who agreed to be visiting stewards to ensure that each steward is assigned no more than four households to approach for a gift to the campaign. Additional visiting stewards can be recruited beyond those identified in the study. Schedule a training and orientation session for the visiting stewards.
- Congress has made permanent the IRA tax provision that allows gifts from IRA's to charitable institutions to be excluded from taxable income if age 70.5 or older. You can gift your required minimum distributions directly to the congregation to avoid paying tax on that income and sometimes avoid being placed in a higher tax bracket due to those funds being excluded from income when they are gifted.
- For financial tracking of capital campaign pledges and income, it is recommended that there be two separate people tracking the incoming gifts as well as outgoing payments for building renovations. This system is often accomplished by having a capital campaign treasurer or campaign finance chair who is separate from the church treasurer, followed by monthly or periodic verification by a bookkeeper. A separate account for capital funds is also recommended, rather than simply keeping a spreadsheet that separates annual and capital funds.

Report on Financial Feasibility Study for Beacon  
November 2017

- Loan Considerations
  - The UUA recommends that a congregation's debt service not exceed 25% of its annual budget, while keeping in mind that to fulfill your mission and vision, some debt is often healthy and necessary. Please be advised that the maximum amount is a ceiling and not a recommendation. A more reasonable amount of debt would be 15% or less of your annual budget spent on mortgage payments. Your congregation currently has no mortgage.
  - The UUA interest rate for loans, at the time of this writing, is the 5-year treasury, currently at 2.05%, plus 2.75%. Your congregation decides a realistic loan amount based on how much you can absorb into your annual budget after a capital campaign. For example, if you obtained an additional \$200,000 loan for a 20-year term at 4.8%, you would have annual mortgage payments of ~\$15,575 per year, which would be roughly 8% of your total increased budget if those mortgage payments were added to your current ~\$170,000 annual budget. If you are able to reach a stretch goal of \$450,000 in a campaign, then a \$150,000 20-year loan at 4.8% would result in annual mortgage payments of ~\$11,675 and represent a 6% increase in the budget when those additional mortgage payments are included.
  - There are several requirements to obtain a loan from the UUA's building loan program, one of which is to raise three times your annual pledges. Based on the results of this financial feasibility study, Beacon is just short of this requirement. Non-UUA lenders do not have such a requirement, should the congregation decide to use a local lender and the UUA encourages congregations to use a local lender when possible. For more information on all the requirements of the UUA's building loan program see: <http://www.uua.org/finance/buildings/27516.shtml>
  - If you decide to take out a loan to help fund this project, you should prepare a financial spreadsheet that shows how a reasonable mortgage would fit into your annual budget over the next five years so that your congregation can see what that means for any increases in pledges. Congregations do successfully take on reasonable mortgages when there is wide support for a project and the congregation knows that a reasonable amount of debt can help you move forward and better achieve your mission and vision.
- Possible Chalice Lighter Grant from Pacific Southwest District
  - A Chalice Lighter Grant might be obtained at some point during or at the conclusion of your building renovation process, depending on a variety of factors including your fair share status with the UUA, the percentage of Beacon members who are active Chalice Lighters, and when you received a previous grant. See: <http://www.pswduua.org/about-us/about-the-district/programs/chalice-lighters/> for more information.

**Report on Financial Feasibility Study for Beacon  
November 2017**

- Total Capital Fund Possibilities
    - Projected minimum pledge range for a capital campaign  
= \$380,000 to \$420,000 with a stretch goal of \$450,000
    - Reasonable loan of \$150,000 to \$200,000, depending on capital pledges
- TOTAL capital fund, including a successful campaign plus a reasonable-sized loan  
= \$600,000 project cost

## **VI. Closing**

You have many talented and dedicated people at Beacon. There is significant energy, enthusiasm and financial support within the congregation around your building project. Congratulations on your processes and very hard work that has led up to your current level of support. Should you choose to move forward, the legacy of this project will be a wonderful gift to your current congregation, the wider community and future generations.

I look forward to seeing your continued progress and I will be available to assist you as needed. Please let me know if you have any questions.

In spirit,



Kay Crider  
Stewardship for Us  
541-968-9988  
[kaycrider@me.com](mailto:kaycrider@me.com)

Copies to:  
Carl Taylor, liaison for Financial Feasibility Study  
Rev. Kevin Lawson, Minister