

# The Brick Presbyterian Church

## Financial Update

December 22, 2019

# CHALLENGES 2016 - 2019

- 2017 Tax Cuts and Jobs Act (adversely affects income)
- Increasing NYC Family Costs (schools & taxes)
- Leadership transitions (church & school)
- Higher turnover of families (all generations)
- Result: Cumulative \$350,000 decline in Stewardship while expenses ticked up with inflation

STEWARDSHIP CHANGES	YEAR	2016	2017	2018	2019
<b>Net Losses:</b> (moved, died, other or unknown)	New Families	28	32	30	28
	Lost Families	65	70	46	43
	Net change	-\$65,000	-\$95,000	-\$94,000	-\$102,000
Overall change in stewardship		\$0	-\$180,000	-\$90,000	-\$80,000

## CHURCH FACING DEMOGRAPHIC HEADWIND

## CONSIDERED PROCESS

### RESULTS OF OUR STUDY

#### Broad Peer Group Analysis

- Very few similar churches have four ordained clergy (including larger churches)
- Churches often employ non-ordained Director of Children's Ministries.
- Most peer churches had smaller financial staffs

#### Endowment Constraints

- Growing draw on endowment (approaching 7%) would be unsustainable
- 4.5% draw in line with peers protects gifts from those who came before us

### ASSESSING NEEDED ACTION

# SAVINGS REALIZED

## \$700,000 ANNUAL ONGOING SAVINGS/REVENUES

### Return to prior pastoral staffing levels

- No change in programs
- Fair severance included

### Reduced finance staff

- Currently with temps
- Permanent hiring after skills assessment

### Additional reduced costs

- *Record* printing/mailing
- Choir reduction
- 25% reduction in benevolence grants

### Added revenues

- Outside use of building
- Reduced restriction on Watson Hall Fund

### Sustainable draw on Endowment

- Stricter adherence to 4.5-5.0% withdrawal limits
- Manse sale in 2020
  - Helps replenish earlier withdrawals

## POSITIONING US FOR GROWTH UNDER NEW LEADERSHIP

## 2020 BUDGET

- Balanced, based on:
  - \$1,900,000 Stewardship goal, down \$350,000 from 2019.
  - 4.5% draw from restricted endowment funds, and ~5% draw from unrestricted funds, down a total of almost \$135,000 from 2019.
- Significant cost savings in Pastoral Services, Administration, Benevolence Grants, Ministry of Music and Communications.
- More realistic cost budget for Plant Services.
- Budget reflects achievement of over 90% of the annualized expense savings/revenue increases contemplated in the June restructuring program.

## STEWARDSHIP CONTINUES TO BE VITAL

2020 Campaign off to a good start

Many in the Congregation are increasing their pledges

But there continue to be headwinds with families moving out of NYC

We all need to step up to continue to keep the budget in balance

## ANGEL RESERVE FUND

A very generous church family has made a gift to establish an “Angel Reserve Fund.” This reserve will be used as a source of funds to carry us through temporary periods of financial stress that are difficult to address through stewardship and budgeting. We anticipate this fund being used to cover deficits, then replenished either through contributions or when there are net operating surpluses in years to come. The Fund will have an initial balance of \$150,000. We are targeting a future balance of \$500,000.