



**First Congregational Church of Bellingham
Assessment Report
February 3, 2018**

Lead Minister: Rev. Sharon Benton
Moderator: Jen Green

Financials

2018 Stewardship Drive

Number of active members:	295
Number of active friends:	62
Number of Pledge Units:	183
Annual Pledge Income	\$ 535,600
Average Pledge	\$ 2,927

Financials as of December 31, 2017

Mortgage:	\$0
Other debt:	\$0
Operating Reserves:	\$ 1,000
General Endowment:	\$ 575,000
Music Endowment Fund:	\$ 131,275
Other Funds:	
D.K. Pehrson Memorial	\$ 15,817
E. Diehl Memorial	\$ 77,868
C. Calhoun/Legacy Endowment	\$ 397,804
A. Pehrson Memorial	\$ 307,800
E. Couchman Endowment	\$ 52,594
L. Green Major Maintenance	\$ 124,294
Major Maintenance	\$ 48,162
Cornerstone CDs Maintenance	\$ 20,337
Woldorf Music Endowment	\$ 131,265
Fixed Assets	\$4,441,105
Total Liabilities	\$ 57,717

Gratitude

Thank you to Rev. Sharon Benton, Rev. David Weasley, and members of the Fundraising Committee, the Council and the staff for providing information and input for this assessment.

Background

First Congregational Church of Bellingham (FCCB) is excited to launch an \$850,000 capital campaign to complete the build out for The Ground Floor project. The project will serve youth experiencing homelessness in Bellingham. The church has a memorandum of understanding with Northwest Youth Services (NWYS) to provide professional services on site. In November

2017, the congregation enthusiastically voted to proceed with a capital campaign including all steps necessary for greatest success such as a feasibility study. The partnership with NWYS allows the church to engage individuals and foundations in the broader community in support of this project.

Scope of Work

- Reviewed most recent three years results from annual budget drive
- Reviewed three most recent capital campaign results
- Reviewed year-end financial reports
- Toured the church facilities
- Reviewed endowment information
- Reviewed most recent strategic plan (2013)
- Reviewed bylaws
- Met with the Council and some past leaders, Fundraising Committee, and Rev. Benton.

Observations and Findings

Stewardship

Stewardship campaign appeals are conducted in October via direct mail letter and brochure highlighting the numerical results for the previous year. Each week throughout the year, one congregant gives a testimonial during regular services about why they support the mission and work of the church. Personal visits or small group approaches are not currently in place. Each year at the annual meeting, the congregation reviews a detailed, line item budget versus a program budget. Over the last three years, the total number of pledge units has declined only slightly while the total dollars pledged has risen indicating a generous and committed congregation. The detailed quartile analysis is attached to this report. It shows that 36 or 18% of all pledging households contributed 50% of pledged revenues.

Capital Campaigns

FCCB held three consecutive capital campaigns with three year pledge payment periods.

- 2000 raised \$1,470,326 against a goal of \$1,850,000
- 2003 raised \$940,190 against a goal of \$1,400,000
- 2006 raised \$536,962 against a goal of \$690,000

All three campaigns were dedicated to the expansion of the sanctuary and adding the basement for social justice ministries. Of concern is the ten percent attrition rate of payments in the last campaign. More commonly, one would expect to see a two to three percent nonpayment for a three-year pledge period. It is important to understand the reasons in case there is something preventable for the campaign ahead. It is also possible that campaign fatigue had set in given it was the third consecutive capital campaign. A review of the campaign contributions and current members reveals that many contributors with past capital gifts of \$10,000 or more are no longer with the church. The campaign in 2000 allowed contributions of labor to count toward the goal. Labor reduced real costs for construction. It is expected that that opportunity will be available for the upcoming campaign. The quartile analyses for 2000 and 2006 campaigns are below. Only partial data for an analysis of the 2003 campaign was available.

The 2018 Ground Floor Capital Campaign project is led by Mark Schofield and Sarah Murphy-Kangas. The campaign is testing a goal of approximately \$850,000 with \$112,432 in hand from individuals, a community event and a grant to cover marketing and public relations expenses.

One member verbally pledged \$100,000 with \$17,000 already realized to match the community event totals.

Community Involvement

FCCB has the opportunity to invite non-members to support the campaign because of the partnership with NWYS. A community fundraiser has already raised \$17,000. Heather Shepherd is leading this effort.

Facilities

Many thanks to David Weasley for his enthusiastic tour of facilities as he explained the evolution of the church and The Ground Floor project. David verbally painted a vibrant and detailed picture of how the space will serve youth experiencing homelessness. The congregation's intentional and thoughtful process to expand is commendable and underscores their long-term commitment to their values and vision.

Finance

Overall, finances appear healthy with no debt and a thriving annual stewardship campaign. There are several funds designated for specific purposes with smaller amounts of unspent money. There is a real cost to keep so many small funds on the books and may not be in keeping with the donors' intentions. There are several non-endowment funds designated for music and/ piano which appear untapped in recent years. The operating reserves fund has \$1,000, significantly lower than the customary minimum equivalent of six months of operating expenses.

Governance

The Council graciously met with the consultant and shared the history of the congregation's desire to serve homeless youth. They spoke with enthusiasm and a full understanding of the project and anticipated capital campaign. A clear and detailed set of gift acceptance policies are not in place. Those that do exist are very limited and directed toward endowment. There is a detailed description of endowment funds but no written policy for investing and contributing to endowment. Further, there is no active planned giving program to promote planned gifts.

Recommendations

Capital Campaign

1. Be sure that a consistent and long-term system is in place to send pledge reminders and to follow up with donors to ensure all pledged funds are collected.
2. All giving is relationship based. Plan for a personal, one-to-one or one-to-few campaign to yield the greatest generosity. The consultant will assist the Capital Campaign Fundraising Committee to plan for this approach. It is a rewarding process that will hopefully continue into the stewardship campaigns.
3. The campaign budget must reflect fundraising costs, marketing, architect, and other expenses in addition to those directly related to the build out. Income toward the goal will

reflect money already in hand. The feasibility study will demonstrate how much can be anticipated from congregants and at what level to set the community goal.

4. Consider testing a capital campaign goal that includes building reserves up to a minimum of six months. (Please see #8 below.)
5. A more extensive feasibility study is required to identify major contributors. Rev. Benton and a small group of long time members have developed an interview list of approximately 45 member households. It is recommended that all be invited to participate in the study. It is reasonable to expect 20 interviews will result from the invitations but plan to schedule all who say yes.

Finance

6. Having unspent designated funds not otherwise administered by the Endowment Fund Guidelines may send a signal that donations designated for specific purposes are not useful as they sit on the books rather than promote action. Consider how these dollars can offset expenses and honor the donors' giving intentions.

Governance

7. Gift acceptance policies are important to have on record. Such policies detail the types of gifts that can be accepted and under what circumstances. Attached are the bylaws shared courtesy of Fauntleroy UCC. This is a complete set and speak to the importance of knowing exactly what will happen with gifts outside of those given to general operating support as well as specifying strict guidelines under which circumstances gifts of real or tangible property will be accepted.
8. Building the operating reserves is an important step to continued financial security. Best practices encourages a minimum of six months operating expenses be on hand. There are many ways to build this fund.
 - When a year ends in the black it is often due to something that was unable to happen according to the plan, e.g. a staff person left and the salary payout was lower than anticipated. Such saving are not likely to recur the following year. Rolling those funds into the operating reserves is a good way to hedge against future times when either a crisis hits or an unforeseen operating need arises.
 - Set a goal as part of the capital campaign to test in the feasibility study.
 - Set a policy directing unanticipated income such as bequests below \$10,000 or memorial gifts to operating reserves unless otherwise designated by the donor
 - Use some of the endowment interest to build the reserves to a designated amount
9. Have a written policy of how memorial gifts, bequests above or below a certain amount, or other unanticipated income will be applied unless otherwise directed by the donor. Having this policy in place before a gift is received is very helpful to avoid conflict or misunderstanding in advance of receiving the gift.

10. Consider a planned giving program to giving through estate plans and other more complex vehicles that are advantageous to both the donor and the church.

Next Steps

- The consultant would appreciate the opportunity to talk with a few congregants who are not currently in leadership roles. The goal is to ascertain their understanding of the project beyond leadership circles. This is separate from the feasibility study which should be entered into only after being assured that the project is well understood beyond those individuals who touch it on a regular basis such as the Fundraising Committee and the Council.
- Set up a regular meeting schedule with the committee to establish an activity calendar.
- Attend Sunday worship for visitor experience.
- Share gift acceptance policies for possible adoption by FCCB (attached.)

Conclusion

With minor tweaks and some policy additions, you are ready to proceed with planning for a feasibility.

A handwritten signature in black ink that reads "Mary Gleason". The signature is written in a cursive, flowing style.

Mary F. Gleason
Consultant

FCCB Quartile Analysis - Annual

2018 Quartile Analysis

Quartile	Total \$	# Pledge Units	% Pledge Units
1st	139,600	11	6
		9000-21000	
2nd	139,616	25	13
		4200-7800	
3rd	119,600	37	21
		2500-4000	
4th	136,784	110	60
		15-2400	
Total	535,600	183	100%

Av Gift: \$2927 Median: \$2000

2017 Quartile Analysis

Quartile	Total \$	# Pledge Units	% Pledge Units
1st	129,280	11	5.9
		7800-25000	
2nd	133,291	24	12.9
		4200-7500	
3rd	137,675	45	24.2
		2400-4125	
4th	116,744	106	57
		180-2295	
Total	516,990	186	100

Av Gift:\$2779 Median: \$1800

2016 Quartile Analysis

Quartile	Total \$	# Pledge Units	% Pledge Units
1st	132,460	13	6.8
		7500-20000	
2nd	126,880	24	12.6
		4000-7200	
3rd	127,130	45	23.8
		2400-3960	
4th	113,056	108	56.8
		52-2350	
Total	499,526	190	100

Av Gift:\$2629 Median: \$1800

2006-2009

Capital Campaign

Quartile	Total \$	# Pledge Units	% Pledge Units
1st	155,000	5	3.2
		25,000-50,000	
2nd	138,497	12	7.7
		7,500-24,000	
3rd	136,882	34	22
		3,000-6,000	
4th	106,583	104	67.1
		20-2700	
Total	\$536,962	155	100
	Av Gift	\$3,464	
	Median	\$1,570	

2000 Capital Campaign

Quartile	Total \$	# Pledge Units	% Pledge Units
1st	361,000	6	2.5
		40,000-100,000	
2nd	\$354,500	15	6.2
		20,000-30,000	
3rd	\$383,500	34	14
		7,500-18,000	
4th	\$371,326	188	77.3
		20-7,200	
Total	\$1,470,326	243	100
	Av Gift	\$6,051	
	Median	\$2,000	