

Financial Feasibility Study Report *Capital Campaign*

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North Unitarian Universalist Congregation
Lewis Center, OH



Introduction

- The objectives of this Financial Feasibility Study (FFS) are:
 - To determine the readiness of the North Unitarian Universalist Congregation (NUUC) to conduct a capital campaign to finance essential facility expansion and renovation
 - To estimate how much money such a campaign might raise
 - To identify next steps to maximize chances of success
- The FFS was conducted by Barry Finkelstein, a Unitarian Universalist *Stewardship for Us* Consultant



Background

This project and capital campaign provide a once-in-a-generation opportunity to support NUUC's mission, which is to:

- Welcome
- Inspire
- Connect
- Act



The Project: Why are we doing this?



- To address critical facility needs to support NUUC's mission
- Three plans were considered and the Option 1, with an estimated price of \$900K+, was chosen for the Study. It includes, among other items:
 - 1,200 square feet of new space
 - Flexible space for RE, bringing the Church under one roof
 - Well-located, accessible restrooms
 - New accessible entrance
 - Reorientation of the sanctuary with flexible opening into the social hall
 - New offices



Background: The Project and Capital Campaign

You have done an impressive amount of work since the December 2017 Next Steps Weekend:

- Established a Steering Committee, Project Team, and Capital Campaign Team
- Engaged an architect with special skill in working with congregations and modernizing older church facilities
- Invited congregational input through visioning sessions, cottage meetings, and other opportunities
- Researched options and estimated costs
- Formulated three plans at different price points, prepared an effective summary package on the plans, and presented it to the congregation in July 2018
- Conducted a preference vote on August 5, 2018 at which Option 1 was selected among those who voted for the plans. Just over one-third of attendees voted “none of the above.”



Methodology and Scope

- The Study was based largely on information collected from 37 members comprising 27 pledging households:
 - Confidential personal interviews with 31 people representing 21 households
 - On-line survey of 6 people representing 6 households
- Interviewees were selected to be generally representative of the Congregation, with an over-weighting of potential larger contributors
- The 27 households in the Study represent 33% of the pledging households and their pledges account for 58% of the total dollars pledged



Methodology: Data Collection

- The interviews and survey covered the following:
 - Familiarity with and support for the project
 - Importance of this effort in the life of the Congregation
 - Personal connection to NUUC and vision for the future
 - Likely financial contribution to the campaign
 - Factors that might affect support for the effort and level of giving to the campaign
- The data was analyzed to assess the level of enthusiasm for the plans and to estimate the amount of money that might be raised
- The findings are summarized in the balance of this PowerPoint report with additional details in Appendices A and B



Methodology: Analysis

Multiple approaches and scenarios were used to estimate the amount of money that might be raised, and to help set an inspiring yet attainable campaign goal:

- The planned giving levels of FFS participants were used to create multiples of their annual giving, and these were then used to project beyond the study group.
- Results were adjusted to reflect the bias of the study sample toward likely generous givers.
- Several scenarios were run to provide a range of likely outcomes.
- Two Essential Gifts Charts were created to indicate the number of gifts at each level needed to achieve \$500K and \$750K goals. The intended gifts planned by FFS participants were slotted into their levels, and the chart used to highlight additional gifts needed.



Results: Support for the Project

- The project enjoys modest support. On a scale of 0 to 10, the ***average rating for importance was 7.53.*** Seven people (19%) rated it 5 or below, and 23 people (62%) rated it 8 or above. Three people abstained, and their views were generally negative about Option 1.
- People recognized the importance of doing a significant facility expansion and renovation but were not wildly enthusiastic about Option 1 (or the other 2 options)
- The most important features of the project:
 - Religious education space in the main building (17)
 - Bathroom relocation and upgrade (5)
 - Flexibility in space and utilization (5)
 - Doing something major and seeing it through (5)
- The main concerns:
 - Cost for what we would be getting – is this a good investment? (23)
 - Missing elements (music, fellowship and sanctuary expansion, significant maintenance needs) (6)
 - The number of “none of the above” votes (4)



Results: The Project and People's Vision

- People were inspired and eloquent about their visions for NUUC, which emphasize growth and outreach and connections with the community – and were reasonably consistent
- Themes and paraphrases of note:
 - Build on our strengths (RE, OWL, music, minister) and open those strengths to the community
 - Voice for social justice in the community
 - Critical mass for RE and other programs
 - Growth for financial sustainability (caution)
 - Vibrant, thriving, multi-generational, mission-oriented



Results: The Project and People's Vision

- People rated the project low in terms of support for their vision. The **average rating was 5.41**, 19 responses (over half) were 5 or lower, and 10 (27%) rated it 8 or above.
- Themes of note:
 - It does not address important aspects of our vision needed for growth: expanded sanctuary and social hall
 - Flexible space furthers mission and vision
 - Plan is underwhelming
 - It's a start; it's what we can and should do
 - Need to do something, but this plan is disappointing in not advancing us further



Engagement

- The process of engaging the congregation:
 - Of 37 respondents, 31 (84%) are very familiar, 4 (11%) are somewhat familiar, and only 2 (5%) are not very familiar. People are paying attention!
 - On a scale of 0 to 10, the average rating for **effectiveness of the engagement process was 8.21.**
 - Only 1 person did not participate in any of the listed opportunities; and that person reviewed the materials on the web.
 - People who participated only minimally acknowledged that the opportunities were there.
 - Some people commented on the long wait for plans to view
 - These results indicate a very effective engagement process.
 - People were impressed with and grateful for the work of the committees.



The Numbers

- Summary:
 - The planned contributions of the study participants is \$314,000
 - This is 3.4 times their annual giving
 - 22 households indicated a desire to give more, based on a range of circumstances; 7 of those would give more (or at all) only for a different project
 - Possible upside potential from this group is over \$470K or 5.2 time annual – this includes people who want a different project
- The good news:
 - A potential 6 figure donor has indicated a willingness to commit \$250K+ toward a matching arrangement that reflected deep commitment by others; wants to encourage a more ambitious and comprehensive project
 - The potential upside is very positive IF everyone could rally around a single plan
 - 12 plan gifts of \$10,000 or more, including 2 of \$50K; more would give at this level for a different project
- Notes:
 - The above figures include any funds already pledged or contributed
 - Guesses of number of pledges \$10K and up ranged from 5 to 70, with an average of 20 and a median of 16: between 20 and 25% of the total, indicating a high level of optimism that major gifts will be attainable



The Opportunity and Challenge

- The current data indicates that NUUC can raise between \$450K and \$550K for Option 1
- This represents 2.8 to 3.5 times annual giving
- These results indicate high levels of generosity given the luke-warm views of the project
- The various scenarios produced results ranging from a low of \$440K to a high of \$580K
- The potential is higher if we include those who would give more, or at all, for a different project, perhaps reaching \$650K, although we would have to have a project that all would support
- The Essential Gifts Charts on the following pages indicate what is needed to reach \$500K and \$750



Essential Gifts Chart \$500K

Gift Range	No. Needed	\$\$ Needed	No. in Hand	\$\$ in hand	% in Hand	Avg in Hand	No. Needed	\$\$ Needed
100,000+	0	\$0	0	\$0		-	0	\$0
75,000-99,999	0	\$0	0	\$0		-	0	\$0
50,000+	2	\$100,000	2	\$100,000	100%	\$50,000	0	\$0
40,000-49,999	0	\$0	0	\$0	0%	-	0	\$0
30,000-39,999	1	\$60,000	1	\$30,000	50%	\$30,000	0	\$30,000
20,000-29,999	2	\$48,000	2	\$48,000	100%	\$24,000	0	\$0
15,000-19,999	5	\$65,000	3	\$47,500	73%	\$15,833	2	\$17,500
10,000-14,999	7	\$77,000	4	\$44,500	58%	\$11,125	3	\$32,500
TOTAL MAJOR GIFTS	17	\$350,000	12	\$270,000	77%	\$22,500	5	\$80,000
7,500-9,999	7	\$60,000	3	\$22,500	38%	\$7,500	4	\$37,500
5,000-7,499	6	\$40,000	2	\$11,250	28%	\$5,625	4	\$28,750
3,000-4,999	6	\$24,000	1	\$3,000	13%	\$3,000	5	\$21,000
1-2,999	12	\$22,000	4	\$7,156	33%	\$1,789	8	\$14,844
<1,000	20	\$4,000	0	\$0	0%	-	20	\$4,000
TOTAL GENERAL GIFTS	51	\$150,000	10	\$43,906	29%	\$4,391	21	\$102,094
GRAND TOTAL	68	\$500,000	22	\$313,906	63%	\$14,268	46	\$182,094
% Total from Major Gifts		70%		86%				
% of Households Contribution	85%							



Essential Gifts Chart \$750K

Gift Range	No. Needed	\$\$ Needed	No. in Hand	\$\$ in Hand	% in Hand	Avg in Hand	No. Needed	\$\$ Needed
100,000+	1	\$100,000	0	\$0	-	-	1	\$100,000
75,000-99,999	1	\$75,000	0	\$0	0%	-	1	\$75,000
50,000-74,999	1	\$50,000	2	\$100,000	200%	\$50,000	-1	-\$50,000
40,000-49,999	1	\$45,000	0	\$0	0%	-	1	\$45,000
30,000-39,999	1	\$30,000	1	\$30,000	100%	\$30,000	0	\$0
20,000-29,999	4	\$90,000	2	\$48,000	53%	\$24,000	2	\$42,000
15,000-19,999	5	\$95,000	3	\$47,500	50%	\$15,833	2	\$47,500
10,000-14,999	7	\$80,000	4	\$44,500	56%	\$11,125	3	\$35,500
TOTAL MAJOR GIFTS	21	\$565,000	12	\$270,000	48%	\$22,500	9	\$295,000
7,500-9,999	7	\$60,000	3	\$22,500	38%	\$7,500	4	\$37,500
5,000-7,499	8	\$55,000	2	\$11,250	20%	\$5,625	6	\$43,750
3,000-4,999	8	\$35,000	1	\$3,000	9%	\$3,000	7	\$32,000
1-2,999	10	\$25,000	4	\$7,156	29%	\$1,789	6	\$17,844
<1,000	20	\$10,000	0	\$0	0%	-	20	\$10,000
TOTAL GENERAL GIFTS	53	\$185,000	10	\$43,906	24%	\$17,914	43	\$141,094
GRAND TOTAL	74	\$750,000	22	\$313,906	42%	\$14,268	52	\$436,094
6 Total from Major Gifts		75%		86%				
% of Households Contribution		93%						



How Might We Reach the Goals

- Can we come up with a plan with very broad buy-in?
- How many more major givers are possible?
- How much will we raise from the higher annual givers not included in the FFS:
 - 9 giving \$3,000 and up
 - 8 giving between \$2,000 and \$3,000
 - The annual giving of these 17 is just under \$50,000; 3X their annual = \$150K; 4X = \$200K. Might they give more? Perhaps another lead giver among them.
- Can we get closer to 100% than the totals shown in the Essential Gifts Charts?



Reasons for Optimism

- People are in agreement with the need to do something that supports NUUC's mission and future
- The potential \$250K+ matching gift
- There is strong support for growth
- The giving levels are high given the level of enthusiasm
- Many people (21) are interested in Wake Now Our Vision and legacy giving. Funds from the match are not included in the FFS numbers.
- A project that unifies the congregation could generate substantial support



Recommendations

- Key is getting everyone on the same page
- Research and put to rest the loose ends surrounding Option 1
 - Reach agreement on the cost estimate for Option 1
 - Clarify the scope and capacity parameters
 - Clarify the potential future expansion
- Develop a 5-year financial plan to address concerns about long-range financial sustainability, ability to keep up with maintenance needs, balanced budgets, etc.
- Research real estate options, investigating potential for sale of current properties, availability of possible purchase options
- Explore the possibilities for much higher giving levels for other projects that are more comprehensive and inspiring in terms of mission and vision
- Based on the above analysis, can we define a single project?



Messaging on Giving to a Capital Campaign

- UUs in other congregations have found money to make significant capital campaign gifts
- One key is deferring or taking a sabbatical from other giving or discretionary spending
- Recognize that this is a unique opportunity – the time is now
- Consider giving from assets and/or income
- Share your own giving stories along with those from other congregations
- Leaders have to lead by visible example – which you are planning to do!



Giving Stories and Ideas

- Required Minimum Distribution
- Appreciated assets
- Defer personal capital projects
- Sabbatical from giving to non-UU causes
- Defer expensive vacations
- Keep your car a few more years
- Advance on inheritance or legacy giving
- Reduce or eliminate discretionary expenses
- Ask family to help you support the campaign



Other Considerations

- Consider that there will be slippage – that is, some people will not fulfill their pledges over the 3-year period. 5-10% is reasonable.
- Be sure to invite participation from new members and from those whose financial situation improves over the 3-year period. Keep asking.
- Close the gap measures that have been successful in UU congregations include establishing a challenge or matching fund, named bricks or similar, naming rights for specific spaces, extending the campaign to 4 or even 5 years, and a “Miracle Sunday”



Materials to be Provided

- Appendix A with data tables and charts
- Appendix B: Confidential lists
 - People intending gifts of \$10,000 and up
 - Campaign volunteers
 - Interest in planned giving
 - Suggestions for people to approach for major gifts



Conclusion

You can do this!

