

# Frequently Asked Stewardship Questions

## Article 1: The Parish: Its Budget and Finances

This is the first installment of our parish “*Frequently Asked Stewardship Questions*” Document. The topic of this installment is the Parish, Its Budget and Finances. In this installment we address the following questions:

- “When I give money to the church (parish) what is it used for?”
- “Where does the money to operate the parish come from?”
- “It seems like the parish budget seems awfully large. Why do we spend so much money?”

### Q1: “When I give money to the church (parish) what is it used for?”

#### Annual Budget

The spending of the parish is guided by the annual budget. The process of building a budget for any activity, whether a church, a charitable organization or a family, is always challenging. In the church a budgeting process should basically answer the question “How can we make the most faithful use of the resources in our trust to fulfill the true purpose of the church?” If done well the resultant budget expresses what we can’t currently afford to do while also reaching a deeper understanding of what we must afford to do.

Currently our annual parish budget is \$192,000 per year. The parish has the following key areas of costs as shown in the following table:

Cost area	Budget %	Includes	Info
Compensation	29%	Rector Salary & housing allowance	This was thoroughly & professionally reviewed in 2010 and found to be below Diocesan standards. Increased considerably in 2011 with additional changes being phased in over time.
	23%	Rector FICA, transportation allowance, health, life & disability insurance, pension	
Building	19%	Basic maintenance, minor improvements, insurance, utilities, decoration	Some long term maintenance items often deferred.
Diocese & OCA	14%	Covers support for Diocese & OCA	Paid by all parishes. More info in subsequent articles.
Ministry & Worship	13%	Candles, altar, decorating, choir, visiting clergy, church school, conferences, outreach, advertising, charitable, coffee hour, professional development	An increase over recent years but still a modest budget amount.
Other	2%	Phone, internet, web, postage, computers, other	

#### Parish Financial Practices – An Overview

Since the parish founding 35+ years ago, parish leaders have tried their best to operate in an organized, open and transparent manner. Some practices:

- A clear budget is proposed by the parish council and discussed and adopted each year at the parish annual meeting.
- The budget & up to date quarterly financial status reports will soon be available in the “members only” section of the parish website for review at anytime.
- Each year financial records are audited by a set of elected parish laypersons who do not serve on the parish council. They provide feedback to the treasurer and parish council on how financial procedures might be improved.
- Any parishioner can feel free to direct honest, sincere questions about parish finances at any time to Fr. Steven or anyone on the parish council.

## Balance Sheet

In addition to the budget the following is some information on other aspects of parish finances.

Throughout the life of the parish, for good or bad, annual expenditures have been closely matched to annual income. Major capital improvements and building related costs have traditionally been funded by special appeals. As a result the parish has only modest working funds. The parish has no mortgage or other long term debt. Specifically:

- As of yearend 2010 the parish's general fund had a balance of \$78,582.18. This includes \$30,000 set aside for emergency only purposes.
- In addition the parish has \$36,446.82 in "temporarily restricted funds"<sup>1</sup>. Almost all of it has been designated for future use on the building.

*Subsequent articles in this series will examine....*

- *Financial Support for the Diocese and the OCA*
- *Spiritual and Practical Aspects of Stewardship and Pledging*

## Q2: "Where does the money to operate the parish come from?"

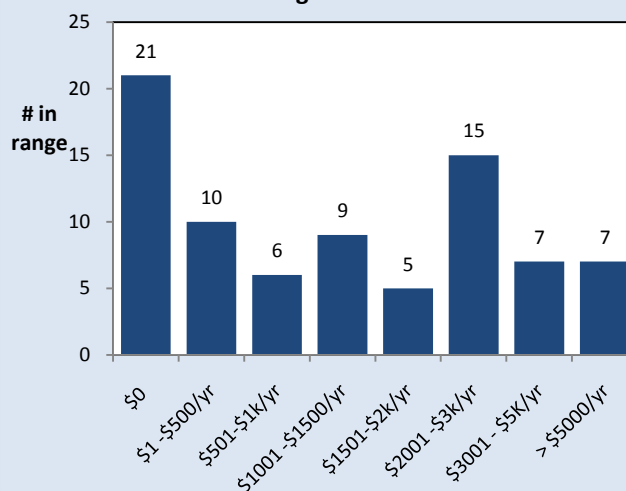
The parish budget is supported almost totally by donations of parishioners provided through the annual stewardship appeal. (*We'll offer more on that topic in subsequent articles.*) We receive no funds from governments or other Orthodox bodies.

Minimal fund raising efforts are undertaken and those often have balancing offsetting costs or donations associated with them.

A few numbers may be useful. At the end of 2010:

- Median donation to the parish was ~\$1200 per household. The median household income of Hamilton County is \$46,500 per year. Assuming parishioners are 'typical county residents', donations to the parish would represent 2.5% of annual income.
- The parish had ~ 80 households.
- Fifty percent of parish income came from twelve households
- Fifteen of the 16 highest donors were over age 50.

**Parish Donations: Breakdown by Pledge Amount 2010**



<sup>1</sup> Funds set aside for a specific use i.e. "earmarked" funds.

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### Question 3: “The parish budget seems awfully large. Why do we spend so much money?”

#### Multiple Perspectives

The above question is probably a common one. However in discussing parish finances with various parishioners we also heard the converse opinion.

***“It seems like the parish budget is rather small. When I first saw the budget I surprised. What’s up?”<sup>2</sup>***

As with any household there is a need to always look at expenditures closely in order to avoid waste and unnecessary spending. And, in most parishes (and households) there are likely to be a spectrum of viewpoints on spending. In the end both of the above views can be helpful in maintaining a certain administrative equilibrium within the parish.

#### Budget Reflects Values

It is important to remember (and frankly it is easily forgotten by most of us) that a parish’s budget is a reflection of the parish, its vision and its values. A bare bones budget trimmed to absolute essentials speaks volumes about how a parish sees itself and its purpose.

If an aura of ultra thriftiness pervades a parish all spending seems to be excessively scrutinized. A pauper’s mentality of *frugality* develops with a related sense of “us first” insularity. The parish “hunkers down”. Important improvements or projects are delayed. Budgets are balanced from the invisible bank account of deferred building maintenance –at the expense of inevitable increased future costs.

Perhaps more importantly such a parish may develop a dangerously narrow view of its purpose, how it fulfills that purpose, and the role money plays in living out its life in Christ. Inevitably the parish will miss opportunities to express its love for God and to live as the church.

So the question associated with “are we spending too much or too little” is essentially about how we see ourselves and our mission. Is our vision one of excellence or an attitude of minimalism and a “can’t do” mentality? Do we have a vision of a strong, healthy, growing future for Orthodox Christianity in this city and region? Or, are we here to serve the limited, select needs of a few of us?

#### Some Key Points

In the end, agreement on the right size and focus of a parish budget comes about through a healthy, perhaps extended, conversation among diverse viewpoints. We hope to begin that conversation in the near future. For now we offer a few key points.

#### ***Budget Growth—4% per yr -- 2004 -2011***

In 2004 the parish budget was \$146,000 per year. In 2010 the parish budget, despite significant numerical (headcount) growth, was \$156,000<sup>3</sup> -- about a 1% per annum growth rate over six years.

In 2011 the parish adopted a budget of \$192,000. While this was a significant increase over the previous year, it represented only a four percent per annum growth from the 2004 level.

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<sup>2</sup> Yes, this is an actual comment received in a conversation with a new person.

<sup>3</sup> This included certain earmarked charitable expenses

The adoption of the 2011 budget accepted some risk and faith in the stewardship of its members since it represents expenditures of \$18,000 higher than past projected income.

### ***Important Budget Adjustments***

While the budget had increases in many areas an important part of the increase was in the area of benefits, specifically pension related, for Father Steven. This was done as a result of a serious review, requested by the parish council. It was undertaken by many past parish treasurers and parish professionals including accountants and financial planners. The group achieved a clear consensus that this change should be recommended to the parish as something the parish clearly needed to do.

### ***Comparisons***

Many parishes in our diocese *of similar size and demographics* have budgets that are 5%, 10% and even 15% larger than the amount adopted for 2011.

### ***No Mortgage***

A final perspective should also be considered. The parish has no mortgage or long term debt. The original mortgage was paid off many years ago. As a result the parish budget does not sustain the financial pressure of paying a mortgage.

Since a large portion of today's parishioners have been in the parish for less than ten years, many, parishioners have never paid the base costs for the building or participated in the major fund drives that dealt with items like the costs of decorating the church and major renovations. Many also predate the recent backbreaking and costly effort to renovate the basement for the education center.

In short, for many of us the mortgage and other major building related expenses were paid by those who came before us. *Now it is our turn.*

As God blesses this parish with growth we need to be good (actually EXCELLENT) stewards of our facilities, our clergy and staff, and God's call to minister to parishioners and others.

We are now a parish of 200+ persons. In response to this blessing of growth the parish now needs to begin thinking through the new, joyful challenges of how we minister to the needs of these 200+ people –and beyond.