

## CHURCH PLANTING AND BUILDING ENTREPRENEURIAL FUNDRAISING METHODS

### **Background**

In the Episcopal Diocese of Washington there currently exists a wide gap between the need to plant churches and the available resources. This resource shortfall can be seen in several measures:

1. **Operating Deficit.** The Diocese is currently running an annual operating deficit of more than \$1,000,000.
2. **Drain on Operating Reserves.** The Diocese is currently using the entire proceeds of the Soper Memorial Trust to make up the difference in the operating budget.
3. **Limited Capital Reserves.** The Phillips Fund, originally set up as a trust restricted to the funding of new church plants, has only about \$850,000 remaining.
4. **Limited Success in Diocesan Capital Fundraising.** The "Bishop's Fund," a non-restricted fund has accumulated slightly more than \$100,000. (This may be because of the inherent difficulties in fundraising for a nonspecific purpose).

Meanwhile, the Bishop and his staff have identified at least five areas of the diocese which could support a new church plant, in addition to the one church (St. Nicholas) that currently needs a building.

Clearly, creative and entrepreneurial ways will have to be found to finance the planting and building of new church plants if this gap is to be overcome.

### **Options and Analysis**

The following are five options for fundraising or financing for new church plants:

1. **Church Room Naming – Table 1.** Under this option, churches across the diocese would be challenged to raise a designated amount per church (\$10,000 - \$20,000) per church. A portion of the building would be named for the donating church. The money from similarly named churches would be pooled, and could finance larger portions.
  - a. **Positive Aspects:**
    - i. Moderately significant fundraising potential (\$900,000 - \$180,000).
    - ii. Church's would have something tangible representing their contribution.
  - b. **Negative Aspects:**
    - i. Since most names are limited to a few churches, the pools of money associated with each fund would be limited, making it somewhat of a challenge to identify meaningful naming opportunities.
2. **One Percent Solution (a la Theological Education) – Table 2.** Under this option, churches would be challenged to allocate 1% of their normal operating income (NOI) to new church planting.
  - a. **Positive Aspects:**
    - i. Familiar approach.
    - ii. Targeted fundraising approaches are easier.
  - b. **Negative Aspects:**
    - i. Fundraising potential is limited (\$350,000 max.).
    - ii. Doesn't provide a tangible representation of contribution.

3. **Gift Bricks – Table 3.** Under this option, individuals across the diocese would be challenged to by at least brick to be place in the new plant church currently under construction. Bricks would be inscribed with a name of the person's choice (him/herself, family members, friends). The profit would go to church construction (walkways generally).
  - a. **Positive Aspects:**
    - i. Significant Fundraising Potential (\$3,000,000 - \$4,000,000 per church).
    - ii. Fundraising potential not strictly limited.
    - iii. Individuals would have something tangible representing their contribution.
    - iv. Familiar approach. Done in area schools.
    - v. Targeted fundraising approaches are easier.
    - vi. Opportunities to build trust between factions in the diocese (in the Metro-Washington area the local franchise is held by Brad Hutt, a board member of Washington AAC).
  - b. **Negative Aspects:**
    - i. Phasing of construction could limit immediate placement of bricks.
4. **Land Purchase, Development, & Resale – Table 4.** Under this option, the diocese would seek to purchase 30-40 acre parcels in areas where new church plants are planned. 10 acres are reserved for church construction. The remaining land is subdivided into buildable lots and sold.
  - a. **Positive Aspects:**
    - i. Self-contained approach. Each parcel would generate more than adequate funds for the church to be constructed on it (about \$10,000,000).
    - ii. It would build presence in the community and the sales themselves might generate future parishioners.
  - b. **Negative Aspects:**
    - i. Longer lead time (permitting can cause delays).
5. **Mission Financing with Construction Funds Built In – Table 5.** This option assumes a certain amount of funds already raised or the use of trust funds (e.g., Soper, Phillips, etc.). \$100,000 per year would be set aside for each new mission for a period of 10 years. In addition, each of the surrounding congregations would be challenged to set aside about \$5,000 (about \$20,000 total). The congregation would start with about 50 pledging units. As the congregation grew and took over its support, the difference would be transferred into a building reserve fund, to be withdrawn for down-payments on construction loans in the 5<sup>th</sup>, 8<sup>th</sup>, and 11<sup>th</sup> years, at which time the church would be fully constructed, self-sufficient, and pledging a considerable amount to the diocese.
  - a. **Positive Aspects:**
    - i. Self-contained approach. Each mission would be self-constructing within the support provided.
    - ii. The investment is not excessive and could be paid back
    - iii. The budget per mission would be stable and predictable.
  - b. **Negative Aspects:**
    - i. Requires a significant (though not excessive) front-end investment.

**Church Room Naming  
Fundraising Potential**

**Table 1**

<b>Name</b>	<b># Churches with Name</b>	<b>Contrib. @ \$10K Per Church</b>	<b>Contrib. @ \$20K Per Church</b>
All Faith	1	\$10,000	\$20,000
All Saints	2	\$20,000	\$40,000
All Souls	1	\$10,000	\$20,000
Ascension	4	\$40,000	\$80,000
Atonement	1	\$10,000	\$20,000
Calvary	1	\$10,000	\$20,000
Christ	10	\$100,000	\$200,000
Epiphany	2	\$20,000	\$40,000
Good Shepherd	1	\$10,000	\$20,000
Grace	2	\$20,000	\$40,000
Holy Comforter	1	\$10,000	\$20,000
Holy Communion	1	\$10,000	\$20,000
Incarnation	1	\$10,000	\$20,000
Nativity	1	\$10,000	\$20,000
Our Savior	2	\$20,000	\$40,000
Redeemer	2	\$20,000	\$40,000
St. Alban's	1	\$10,000	\$20,000
St. Andrew's	2	\$20,000	\$40,000
St. Anne's	1	\$10,000	\$20,000
St. Augustine's	1	\$10,000	\$20,000
St. Barnabas'	3	\$30,000	\$60,000
St. Bartholomew's	1	\$10,000	\$20,000
St. Christopher's	1	\$10,000	\$20,000
St. Columba's	1	\$10,000	\$20,000
St. David's	1	\$10,000	\$20,000
St. Dunstan's	1	\$10,000	\$20,000
St. Francis'	1	\$10,000	\$20,000
St. George's	3	\$30,000	\$60,000
St. James'	4	\$40,000	\$80,000
St. John's	7	\$70,000	\$140,000
St. Luke's	2	\$20,000	\$40,000
St. Margaret's	1	\$10,000	\$20,000
St. Mark's	2	\$20,000	\$40,000
St. Mary's	2	\$20,000	\$40,000
St. Matthew's	1	\$10,000	\$20,000
St. Michael's	1	\$10,000	\$20,000
St. Monica's	1	\$10,000	\$20,000
St. Patrick's	1	\$10,000	\$20,000
St. Paul's	4	\$40,000	\$80,000
St. Peter's	1	\$10,000	\$20,000
St. Philip	3	\$30,000	\$60,000
St. Stephen	1	\$10,000	\$20,000
St. Thomas	2	\$20,000	\$40,000
St. Timothy	1	\$10,000	\$20,000
Transfiguration	1	\$10,000	\$20,000
Trinity	5	\$50,000	\$100,000
<b>Total</b>	<b>90</b>	<b>\$900,000</b>	<b>\$1,800,000</b>

1 Churches give to church plant to name a room.

**One Percent Solution                      Table 2**  
**Fundraising Potential**  
**(a la Theological Education)**

<b>Region</b>	<b>NOI</b>	<b>1% NOI</b>
1	\$5,940,228	\$59,402
2	\$27,238,123	\$272,381
3	\$6,413,156	\$64,132
4	\$5,146,155	\$51,462
5	\$4,529,913	\$45,299
6	\$3,614,107	\$36,141
<b>Total</b>	<b>\$52,881,682</b>	<b>\$528,817</b>
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- Cathedral	-\$17,713,464	-\$177,135
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<b>TOTAL</b>	<b>\$35,168,218</b>	<b>\$351,682</b>

**Gift Bricks                                      Table 3**  
**One Brick Per Person**  
**Profit Per Brick:                              \$100**

<b>Region</b>	<b>Baptized Members</b>	<b>Funds Raised</b>
1	4,862	\$486,200
2	10,612	\$1,061,200
3	8,126	\$812,600
4	7,625	\$762,500
5	5,041	\$504,100
6	5,564	\$556,400
<b>Total</b>	<b>41,830</b>	<b>\$4,183,000</b>

<b>Region</b>	<b>CIGS</b>	<b>Funds Raised</b>
1	3,945	\$394,500
2	8,559	\$855,900
3	6,985	\$698,500
4	5,748	\$574,800
5	3,766	\$376,600
6	3,966	\$396,600
<b>Total</b>	<b>32,969</b>	<b>\$3,296,900</b>

**Purchase, Subdivide, & Resale**                      **Table 4**  
**Fundraising Potential**

**Purchase Undeveloped Land**

**Price/Acre:**    **\$100,000**  
**No. Acres:**    **40**  
**Total Purchase Cost:**                              **\$4,000,000**

**Subdivide - 1 Acre Lots**

**Engineering & Permits:**                              **\$100,000**

**Sell 30 Acres as Buildable 1 Acre Lots**

*(Keep 10 Acres for Church Plant)*

**Price/Acre:**    **\$350,000**  
**No. Acres:**    **30**  
**Total Raised for Bldg:**                              **\$10,500,000**

**Mission Planting Draft Budget**  
**(Income and Expenses Not Adjusted for Inflation)**

**Table 5**

Operating Budget Line Item	Year of Operation										
	1	2	3	4	5	6	7	8	9	10	11
<b>Expense</b>											
<b>Salaries</b>											
Clergy 1	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$115,000	\$115,000	\$115,000	\$115,000	\$115,000	\$180,000
Secretary/PA 2	\$18,000	\$18,000	\$18,000	\$18,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000
Music Director 3	\$12,000	\$12,000	\$12,000	\$12,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
<b>Subtotal Salaries</b>	<b>\$95,000</b>	<b>\$95,000</b>	<b>\$95,000</b>	<b>\$95,000</b>	<b>\$133,000</b>	<b>\$183,000</b>	<b>\$183,000</b>	<b>\$183,000</b>	<b>\$183,000</b>	<b>\$183,000</b>	<b>\$248,000</b>
<b>Space</b>											
Rental	\$15,000	\$16,000	\$17,000	\$18,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mortgage	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000	\$200,000	\$200,000	\$200,000	\$300,000
Utilities	\$1,000	\$1,000	\$1,000	\$1,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<b>Subtotal Space</b>	<b>\$16,000</b>	<b>\$17,000</b>	<b>\$18,000</b>	<b>\$19,000</b>	<b>\$110,000</b>	<b>\$110,000</b>	<b>\$110,000</b>	<b>\$210,000</b>	<b>\$210,000</b>	<b>\$210,000</b>	<b>\$310,000</b>
<b>Salaries + Space</b>	<b>\$111,000</b>	<b>\$112,000</b>	<b>\$113,000</b>	<b>\$114,000</b>	<b>\$243,000</b>	<b>\$293,000</b>	<b>\$293,000</b>	<b>\$393,000</b>	<b>\$393,000</b>	<b>\$393,000</b>	<b>\$558,000</b>
<b>Other Operating</b>											
Ministry Pgrms	\$15,600	\$16,600	\$17,600	\$18,600	\$35,000	\$36,000	\$37,000	\$38,000	\$39,000	\$40,000	\$41,000
Other Expenses	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000
Diocesan Pledge	\$15,600	\$15,600	\$15,600	\$20,280	\$25,756	\$32,014	\$39,016	\$58,524	\$84,859	\$119,227	\$162,685
<b>Subtotal Other</b>	<b>\$36,200</b>	<b>\$38,200</b>	<b>\$40,200</b>	<b>\$46,880</b>	<b>\$69,756</b>	<b>\$78,014</b>	<b>\$87,016</b>	<b>\$108,524</b>	<b>\$136,859</b>	<b>\$173,227</b>	<b>\$218,685</b>
<b>Total Expenses</b>	<b>\$147,200</b>	<b>\$150,200</b>	<b>\$153,200</b>	<b>\$160,880</b>	<b>\$312,756</b>	<b>\$371,014</b>	<b>\$380,016</b>	<b>\$501,524</b>	<b>\$529,859</b>	<b>\$566,227</b>	<b>\$776,685</b>
<b>Income</b>											
<b>Mission (Pledge) 4</b>	<b>\$156,000</b>	<b>\$202,800</b>	<b>\$257,556</b>	<b>\$320,142</b>	<b>\$390,157</b>	<b>\$585,236</b>	<b>\$848,592</b>	<b>\$1,192,272</b>	<b>\$1,626,855</b>	<b>\$2,160,544</b>	<b>\$2,798,434</b>
<b>Diocese</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>
<b>Partner Cong's</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$0</b>
<b>Total Income</b>	<b>\$276,000</b>	<b>\$322,800</b>	<b>\$377,556</b>	<b>\$440,142</b>	<b>\$510,157</b>	<b>\$705,236</b>	<b>\$968,592</b>	<b>\$1,312,272</b>	<b>\$1,746,855</b>	<b>\$2,280,544</b>	<b>\$2,798,434</b>
<b>Net Income/Loss</b>	<b>\$128,800</b>	<b>\$172,600</b>	<b>\$224,356</b>	<b>\$279,262</b>	<b>\$197,402</b>	<b>\$334,222</b>	<b>\$588,576</b>	<b>\$810,748</b>	<b>\$1,216,995</b>	<b>\$1,714,317</b>	<b>\$2,021,749</b>
<b>Xfns to/from Reserve 5</b>	<b>\$128,800</b>	<b>\$172,600</b>	<b>\$224,356</b>	<b>\$279,262</b>	<b>-\$800,000</b>	<b>\$334,222</b>	<b>\$588,576</b>	<b>-\$900,000</b>	<b>\$1,216,995</b>	<b>\$1,714,317</b>	<b>-\$2,500,000</b>
<b>Cumul. Reserve</b>	<b>\$128,800</b>	<b>\$301,400</b>	<b>\$525,756</b>	<b>\$805,018</b>	<b>\$5,018</b>	<b>\$339,240</b>	<b>\$927,816</b>	<b>\$27,816</b>	<b>\$1,244,811</b>	<b>\$2,959,128</b>	<b>\$459,128</b>
<b>Growth Rate</b>	<b>30%</b>	<b>27%</b>	<b>24%</b>	<b>22%</b>	<b>50%</b>	<b>45%</b>	<b>41%</b>	<b>36%</b>	<b>33%</b>	<b>30%</b>	<b>27%</b>

1 Assistant added in year 6, 2nd Assistant added in year 11  
2 1/2 time to start, full time in year 6  
3 1/4 time to start, full time in year 6  
4 Projected income based on 30% per year growth rate pre-building 50% reducing post-building (conservative)  
5 Year 5: 800K withdrawal + \$200K from internal capital fund raising = \$1M down payment for building phase 1  
Year 8: 900K withdrawal + \$400K from internal capital fund raising = \$1.3M down payment for building phase 2  
Year 11: 2.5M withdrawal + \$500K from internal capital fund raising = \$3M down payment for building phase 3