



FAIRLAWN

Financial Viability Review

Fairlawn Avenue United Church

September 17, 2022

1. Do your expenses exceed your revenues? (see chart)

Year	Revenue	Amount given through envelopes and other	Amount given through PAR	Expenses	Do expenses exceed revenues? (yes/no)	Bank balance at end of year
Current year (to Jun 30, 2022)	\$178,997	\$69,630	\$161,590	\$297,692	Yes	\$28,465 (June 30/22)
One year ago (2021)	\$1,244,898 (\$137,565)	\$473,729	\$328,514	\$862,915 (\$135,628)	No	\$40,959
Two years ago (2020)	\$883,036 (\$127,041)	\$490,373	\$329,937	\$891,761 (\$133,345)	Yes	\$79,925
Three years ago (2019)	\$1,436,356 (\$150,248)	\$773,803	\$343,811	\$1,074,336 (\$147,864)	No	\$94,301
Four years ago (2018)	\$859,404 (\$152,348)	\$577,445	\$335,038	\$1,077,133 (\$172,608)	Yes	\$204,231
Five years ago (2017)	\$1,020,819 (\$151,721)	\$493,575	\$348,273	\$967,781 (\$135,788)	No	\$62,096
Six years ago (2016)	\$1,120,661 (\$152,193)	\$458,948	\$344,812	\$933,753 (\$180,531)	No	\$56,941

Notes

1. The Revenue column includes all revenue including interest and dividends, miscellaneous income earned by the Trustees and changes in the value of investments held by the Trustees. The bracketed figures in the Revenue column are a subset of the total revenue and indicate the amount raised for

designated outreach purposes (including Mission & Service) that are not available for use for operating purposes. The column "Amounts given through envelopes and other" does not include investment income. As a result, columns 3 and 4 do not add up to the total revenue.

2. The total revenue from year to year is impacted significantly by changes in the value of the investments held by the Trustees, given the substantial sums involved.
3. The Expense column include capital expenses and investment management fees incurred by the Trustees. The bracketed figures in the Expenses column are a subset of the total expenses and indicate the amount donated to M&S and other outreach initiatives.
4. The bank balance at the end of the year is the operating bank balance. As the Church requires funds for operations, a request is made to the Trustees for funds which are readily available. Further details on the investments are provided in Section 10 below.
5. In 2019 and prior years, rental revenue was received and is included in the Revenue line.
6. In 2020, expenses were reduced by \$173,847 due to wage subsidy payments received from the federal government under the Canada Emergency Wage Subsidy (CEWS) program. In 2021, expenses were reduced by \$99,186 under the same program.
7. The current year figures are incomplete as they do not reflect the Trustee income for the 6-month period. The revenue number in column 1 includes only donations to operating expenses and does not include donations received for M&S and other charities that are not available for funding local church operations. Columns 3 and 4 exceed the revenue figure as those columns include donations received for all purposes.
8. In 2021, special non-recurring donations and bequests of approximately \$230,000 were received.
9. There has been no rental revenue from the use of the building throughout the pandemic. We expect to earn income from the use of the building going forward, likely beginning after 2022.
10. We allocate approximately \$50-70,000 per year for short and long term capital improvements to ensure our building remains in excellent condition.
11. The budgeted operating loss (before income earned on the funds held by the Trustees) for 2022 is \$192,000. This should be offset by interest and dividend income (net of expenses) earned on the Trustee funds of approximately \$68,000. The loss will be funded with transfers from the Trustees unrestricted funds (see Section 10 below).
12. Please see our 2021 financial statement and associated documents in the Published Content folder.

2. Payroll Costs

At present, we have called or appointed the following paid staff (see Notes):

- Interim Minister: 40 hours/week (until June 2023)
- Church Administrator: 40 hours/week
- Associate Minister: 20 hours/week (until June 2023)
- Director of Music: 40 hours/week
- Custodian: 40 hours/week (currently vacant)
- Executive Director: 40 hours/week (currently on leave)

Cost of payroll (\$ paid plus employer contributions (EI, etc.) for everyone:

Current year (to June 30, 2022)	One year ago (2021)	Two years ago (2020)	Three years ago (2019)	Four years ago (2018)	Five years ago (2017)	Six years ago (2016)
\$198,992	\$428,867	\$511,247	\$498,692	\$503,996	\$473,241	\$476,028

Notes

1. Amounts noted have not been reduced by the amount of CEWS payments received from the federal government during the pandemic in 2020 and 2021.
2. As at June 30, 2022, full-time staff consists of the Interim Minister, Church Administrator and Director of Music. We also have a part-time Associate Minister until June 2023, and an Executive Director who has been on leave since 2020. In addition, we have two active Voluntary Associate Ministers. We are currently outsourcing custodial arrangement as our Custodian position is vacant.
3. We are also open to the possibility of augmenting our staff capacity, including part-time ministry personnel and someone to support online services, contingent upon our future needs and resources.

3. Have you experienced a deficit for more than two consecutive years in the last 5 years? No

Notes

When considering the church’s financial situation, we consider not only the current year donations by congregants, gifts, bequests and contributions from ad hoc fundraising events (together “current year operating revenue”) but also income earned on the funds overseen by the Trustees. Looking at this total financial picture provides a much clearer sense of our financial position.

In the last few years we received substantial gifts and bequests from now-deceased congregants, which have mitigated operating deficits. These cannot be counted on to continue. Past operating losses were also offset by significant income and gains in the value of the Trustee held funds. Given declining market conditions in 2022, these gains are also not projected to continue in the short term.

4. Are there any outstanding loans? No

5. Do utilities, maintenance, and repairs exceed 25 percent of revenues? No

Year	Utilities (Power and Water)	Fuel	Maintenance	Total	Exceeds 25% of Revenues? (Yes or No)
Current year (to Jun 30, 2022)	\$7,306	\$7,648	\$21,804	\$36,758	No
One year ago (2021)	\$9,169	\$7,379	\$25,016	\$41,564	No
Two years ago (2020)	\$17,560	\$7,536	\$32,014	\$57,110	No

Three years ago (2019)	\$19,633	\$8,218	\$33,601	\$61,452	No
Four years ago (2018)	\$18,311	\$8,505	\$44,816	\$71,632	No
Five years ago (2017)	\$14,664	\$7,106	\$24,178	\$45,948	No
Six years ago (2016)	\$15,491	\$5,430	\$32,767	\$53,688	No

Notes

Capital expenses paid by Trustee Funds each year. For example, major roof repairs, etc.:

2021: \$125,427

2020: \$77,166

2019: \$89,928

2018: \$89,583

2017: \$64,459

2016: \$15,867

6. How many contributors support your congregation?

Current year (to June 30, 2022)	One year ago (2021)	Two years ago (2020)	Three years ago (2019)	Four years ago (2018)	Five years ago (2017)	Six years ago (2016)
182 (estimate)	192	198	233	241	266	270

7. How many contributors would you have in each age group this year? (2021 Data)

0–20 years	0
21–30 years	1
31–40 years	2
41–50 years	8
51–60 years	23
61–70 years	38
71–80 years	69
81+ years	51

8. Is there a reliance on a few generous contributors where 50 percent of the revenues come from one or two contributors? No

Contributors and Givings

Annual giving	Number of givers (2022) (Estimated annual giving)	One year ago (2021)	Two years ago (2020)	Three years ago (2019)	Four years ago (2018)	Five years ago (2017)	Six years ago (2016)
\$0-\$100	8	9	10	17	31	30	29
\$101-\$500	41	36	34	54	54	61	69
\$501-\$1,000	24	29	34	38	33	41	43
\$1,001-\$5,000	93	104	102	112	113	119	114
\$5,001+	16	14	18	12	10	15	15

9. Have you taken part in a stewardship project (campaign) in the past two years?

No project

Letters to congregation when we have the need

Regular information and letters sent to all members and adherents

Program such as *Called to Be the Church* (on the [Stewardship Toolkit](#) website) with information during worship, letters, and a request for commitment

Program and information presented at a congregational get-together

All-member visitation

Other

If you did, what were the results?

Notes

1. We send annual pledge requests noting givings to date relative to the current year pledge and ask congregants to pledge for the coming year. While these have not resulted in significant increases in givings in recent years, for various reasons, we feel that they are an important way to maintain transparency and trust that givings are being used in meaningful ways.
2. Stewardship messages are made from the pulpit periodically.
3. Prior to the pandemic, congregants shared testimonials about Fairlawn means to them and why they continue to financially support the church (see video in Living Faith Story: More About Us).

4. Also prior to the pandemic, a successful legacy program was developed that encouraged congregants to remember Fairlawn in their wills.
5. Over the last several years, our donations have remained substantially constant.

10. Have you encouraged members, yearly or more regularly, to increase PAR givings?
Yes

11. Please list any investments, special funds, and other monies your community of faith holds. What are the rules/restrictions around the use of those funds?

Fairlawn's Trustees administer funds with an aggregate value of approximately \$3,034,000 as at June 30, 2022. Details regarding the investments and specific restrictions are included in the annual financial statements (see Published Content folder).

1. **Funds designated for specific purposes:** As at December 31, 2021, Social Justice and three other named funds totalled \$387,913.
2. **Restricted Operating Funds:** As at December 31, 2021, there were 11 such funds (e.g., Refugee, Special Music, Embrace Action Funds) totalling \$182,924.
3. **The Ministerial Salaries Fund:** This fund was created from the partial proceeds of the sales of three manses and Armour Heights United Church. Income from this fund may be used to fund ministers' salaries. The fund does not participate in gains and losses on the sale of investments. The capital is to be maintained at \$1,000,000 except as expenditures may be approved by the United Church of Canada.

Thinking about the Data You Have Collected

Observations

Treasurer's observations: See Recommendations.

Search team's observations (if separate from above):

Regional council's observations (optional):

Recommendations

Fairlawn is a financially stable community of faith in that we had unrestricted trustee funds valued at \$1.8 million at the end of 2021. Financial results during 2021 were positive, due to favourable market conditions, federal wage subsidies and some non-recurring large gifts. However, we were averaging operating deficits of more than \$130,000 for five years before the pandemic began, and we expect this trend to continue and accelerate.

91% of donations to operations in 2021 came from those over age 60, and 73% from those over age 70. Barring an influx of new, younger members, we anticipate declining donations as our membership ages.

Based on the status quo, we forecast that operating deficits will continue to grow each year from

\$193,000 to \$290,000 between 2022 and 2031. This assumes we will not have any net rental income in the forecast period. We do not have any tenants at the moment but expect to enter into arrangements post 2022. There are many scenarios that can be envisioned, using many different assumptions. The key message is that, based on how we operate today, we expect significant continuing operating deficits that will eventually deplete the funds held by the trustees.

While challenging, these numbers provide us with a genuine opportunity to explore how we can best steward our resources – people, passion, skills, building, financial – to serve our mission.

Now is the time to act, while we have the energy and financial viability to choose our future options.

Please see Living Faith Story for more information.

There are sufficient unrestricted funds held by the Trustees to more than cover the cost of a Minister's salary for a three-year period.

During that time, with our new minister's help, we will discern, investigate and begin implementing options for moving forward that make best use of our resources and fulfill our call and vision as a congregation of faith.

Note

We appreciate that Toronto is an expensive city to live in, and would be open to discussing ways in which we could support relocation, if needed, for the successful candidate.

Recommendation of search team, treasurer, and governing body:

Fairlawn Avenue United Church is viable to call/appoint a minister.