



**The Community Church of Chapel Hill Unitarian Universalist
North Carolina
Next Steps Weekend Report
September 11-13, 2015**

I. SUMMARY

The Community Church of Chapel Hill Unitarian Universalist (C3HUU) engaged Mark Ewert, Unitarian Universalist stewardship consultant, for a Next Steps Weekend process. The objective was to assess congregational stewardship, toward building greater sustainability of its mission and a possible future capital campaign, and to recommend next steps. The Next Steps Weekend was conducted over the weekend of September 11- 13, 2015 (the schedule is presented as *Appendix A*). Mark presented his initial findings and recommendations to the board and ministers following the worship services on September 13th. This report presents the results of the Next Steps process.

The major findings are that C3HUU has:

- Mature and thoughtful lay leaders and excellent staff members
- Some lack of clarity in governance
- A well-liked new minister that is a good match for the congregation
- Consistent and inspiring worship and a powerful music program
- An outstanding religious education (RE) program
- Well-managed and sophisticated financial systems with consistent and substantial income from 2 rental sources
- A large plot of land in a desirable location, a well-maintained yet aging building and useful past renovations
- An excellent pastoral care program, with lay and minister leadership
- Surprising lack of space for the highly valued all-ages religious education programs
- An annual pledge team that is well-organized and run, yet is looking for some new strategies and does not use personal conversations about stewardship
- A great number of small fund raisers and other times people are asked for money, that are uncoordinated related to the annual pledge drive
- Too few large amount givers to the annual budget, and too many modest amount givers .
- A number of key steps needed before preparing a capital campaign
- Recommended:
 - A thorough redo of your strategic plan, that takes into account the ministries of your new minister, and the programmatic ends of any capital improvements
 - Consulting support for:
 - Creating a broader scope for the Stewardship Committee and growing internal stewardship capacity in the congregation



- Assistance with the annual budget drive (pledge)
- Building and launching a planned giving program

II. INTRODUCTION

Background Data

Name and Mailing Address of Congregation	The Community Church of Chapel Hill Unitarian Universalist 106 Purefoy Rd. Chapel Hill, NC 27514
Website Address	www.c3hUU.org
Dates of Visit	September 11-13, 2015
Minister(s)	Rev. Thom Belote
Point of Contact	Bill Poteat, Vice-President
Number of Members	347
Annual Financial Commitments	\$430,887. 257 donor households
Average & Median Financial Commitment	Average = \$1,676. Median = \$1,200.
Endowment (Permanent Funds)	\$145,500
Approach to Annual Budget Drive	Mailings, outreach to committees, and activities on Sundays (service fair, testimonials, brunch)
Date and Summary of Last Capital Campaign	2005, second attempt at Capital Campaign (first was problematic). Raised \$880K to renovate building (not education spaces)

Presenting Issues

Some presenting issues and challenges:

- Financial stewardship needing a fresh perspective and energy
- Looking toward a capital campaign to create or renovate religious education spaces (intentionally foregone in the last capital improvements)

Advance Contacts

Mark received written materials in advance of the visit through Bill Poteat. Prior to the visit, Mark also had phone conversations with Rev. Belote, Andrea Sordean-Mintzer (Congregational Administrator),



Cathy Cole (President), Bill Poteat (Vice President), Mary Hulett (Past President) and Kathy McGowan, (Cluster & Leadership Development for the Unitarian Universalist Association Southern Region).

Historical Perspective and Context

This congregation sits just off of the campus of the University of North Carolina at Chapel Hill, which is an area where land, constructed spaces, and parking are valuable and in high demand. The property is quite large, although not all buildable. It includes the main congregation building, a formerly private home and small outdoor amphitheater some distance from the main building, and a large paved parking lot. Although being adjacent to the University is a prime location, the property is hidden away among trees, in a residential neighborhood and away from main roads.

In 2000, the congregation created plans for renovations and the building of a new sanctuary. A capital campaign was run and commitments were gathered. However, to complete the plan, a mortgage would have been required. The congregation voted to not take out a mortgage, some pledges were withdrawn, and there was great concern about the possibility of continuing with no changes to the building.

Following another process of planning and engagement, a second capital campaign was run in 2005. This campaign was successful and centered on renovating the sanctuary (rather than building a new one), adding administrative space and doing other renovations. This required the congregation to take out a mortgage, which it did, to complete the work.

However, this project purposefully excluded the renovation or new construction of the religious education spaces, so that the other renovations would be completed. At least some in the congregation feel that the congregants are “owed” new religious education spaces as a result. Indeed, those spaces are inadequate for the current religious education program, are outdated in basic building systems and accessibility, and are ill suited to modern educational practices.

Those are also the spaces currently used by the Chapel Hill Cooperative Preschool (CHCP). This congregation was founded by a Presbyterian minister who broke away from his former congregation, over issues of racial integration. The preschool was a focus of that integration when C3HUU was founded, so there is a tie into congregational history. However, today CHCP is an entirely separate organization from C3HUU, and is now a long-time renter on the site. Note: the leadership of C3HUU have been negotiating with CHCP about their need for expanded space, the potential for some partnership related to renovating or building new space, and a possible new rental agreement.

The congregation has consistent revenue that is unusually high, relative to the congregational budget, compared to other UU congregations. This income is from the rental of spaces in its large parking lot and from the preschool cooperative agreement.



During the second attempt at a capital improvement program, in 2005, the minister was Rev. Charlie Kast. Rev. Kast retired after an illness just as the renovations began. The settled minister that followed served for five years, and resigned abruptly. In the congregational process of discerning what members wanted from a new minister, it was discovered that there was a lot of unhappiness and dissatisfaction in the congregation. This was addressed well by the interim minister, Rev. Gary Kowalski. Rev. Thom Belote was called in 2014 through a successful process, and is greatly appreciated by the congregation.

III. FINDINGS AND RECOMMENDATIONS

Commendations and Assets

- The congregation benefits from mature leaders. This includes the board who are intentional in shouldering the responsibilities of leading the organization out of some challenging times and dealing with complex issues, like the negotiations with CHCP over space.
- The search process was well run and your new minister is well-liked and seems to be a good match for the congregation. The quality of worship is consistent and high, which attracts visitors; Rev. Thom gives good support to lay worship leaders when he is not in the pulpit himself.
- All indicators show that the lead staff members are excellent. Your music is excellent with a range of musical styles and lots of participation, which is a credit to your Music Director, Glenn Mehrbach. Your Administrator, Andrea Sordean-Mintzer is experienced and works well with other staff and the lay volunteers. And Marion Hirsch, the Director of Lifespan Religious Education runs a tremendous program, particularly in light of the challenges to that ministry.
- The religious education program is outstanding in a number of regards. First of all, it covers the full range of ages, from nursery through to high school, with a richness of programming that is unusual. There is a campus ministry program and active Spiritual Exploration of Adults program with lots of offerings. Multigenerational opportunities have been growing. Many congregants are involved in this area, as leaders, teachers, and as learners. All of this is done with very little useable or modern religious education space. The creativity and flexibility involved with this challenging combination is impressive.
- With a large plot of land and core parts of your main building that are more than 50 years old, the building and grounds volunteers have been doing a tremendous job of keeping things in comfortable and useable condition. Past renovations have worked out well for the congregation over time and the two long-term revenue streams come from this part of the organization.
- The pastoral care seems excellent in this congregation. The pastoral visitors and caring team, and ministerial support comprise an effective formal system to make a difference in the lives of its



members. In addition, informal care – congregants just reaching out to care for one another – seems very strong in the congregation.

- Your financial systems are well run by intelligent leaders -- in the Treasurer, endowment volunteers, and staff. This commendation includes your budget-building, financial tracking, and spending. Financial resources are well-used in this congregation.

Challenges

- Although you have a mission and strategic plan, the board members were clear that it is not helping steer the organization; that it is disconnected from what the board does and that there are too many variables, it lacks focus. This is reinforced by the fact that there are so many different active groups in the congregation, that some of them must be doing things that are peripheral to the core mission. As it happens, the plan is due to be refreshed this year. This is opportune as you will want to include potentialities based on what your new minister brings to the congregation.
- It is unclear who is really empowered to govern the congregation. Your Bylaws list the congregation itself (*The governance of this church is vested in its membership, which exercises the right of control in all church affairs.*), the Board, and the Executive Committee as managing governance – which is internally contradictory. Also, there does not seem to be unified agreement on the board about how much and when the congregation should be asked to provide input or decisions about congregational plans. Although this is not uncommon in UU congregations, we are committed to a democratic system where we elect leaders to make decisions on our behalf. Lack of clarity in this regard can reduce confidence in leadership and the management of the organization, and create challenges to responding quickly when a major project, like a capital campaign, is undertaken.
- Your finances are unusual because you have so much, and such consistent, income from rentals. Because of this, you do not feel your mortgage payments out of your budget as much as you might and your internal programs have multiplied and flourished. It may also mean that the potential agreement with CHCP holds exaggerated importance on expanding religious education spaces and for the future of the congregation. The question is – with your level of health as a congregation, how much program should you have for yourselves and how much for others – who are in need of UU-ism and in need of service and social change?

Financial Stewardship

At least some members have come to understand the use of the word *stewardship* as a signal that they are about to be asked for money. Most lay leaders probably have a different understanding of the term – that it means the care for an institution and its resources: human resources (staff, volunteers, members), physical resources (building & grounds), programs and ministries (internally and externally oriented), and its finances. The latter lends itself to a theologically rooted perspective that includes



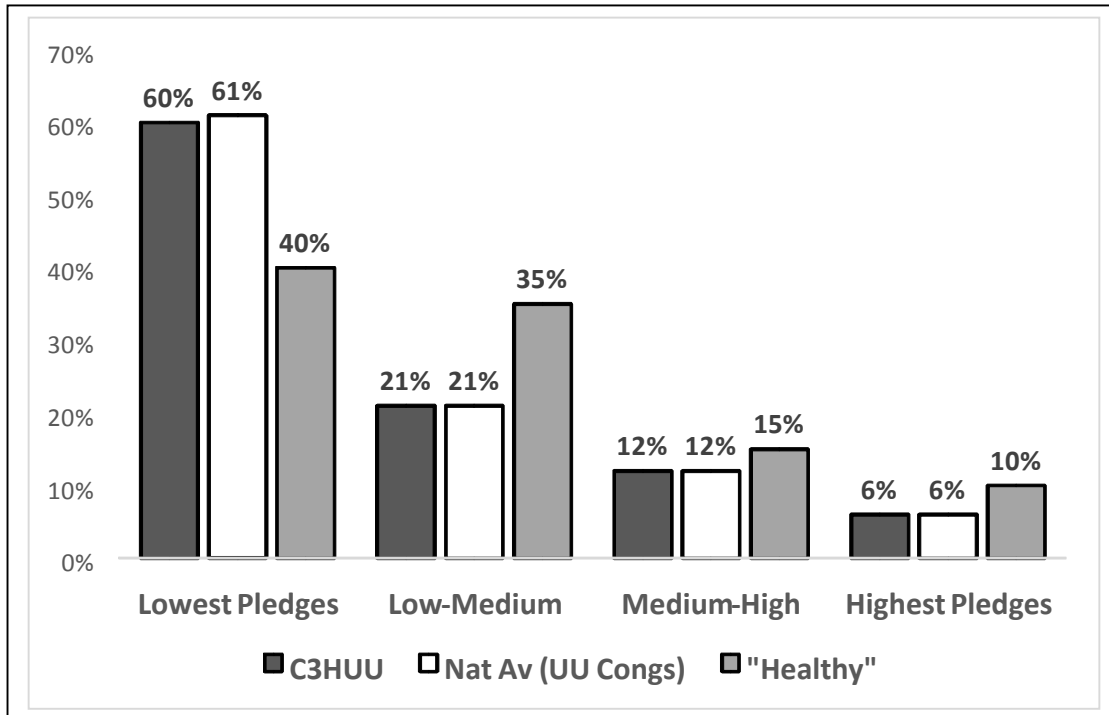
helping people use their financial resources according to their values, and using money to mobilize their faith.

Planned Giving

The endowment committee is a fairly new part of C3HUU (2008). They are quite involved with the task of calling for applications for mini-grants (a few of which support external causes) and supporting internal projects in the congregation. There is some confusion about who is actually the fiduciary responsibility for the endowment, which may be problematic should the endowment grow substantially. Also, the committee currently does not have the bandwidth to launch and maintain an ongoing planned giving program, so the potential for the endowment to grow may be curtailed. The endowment, memorial events, memorial gifts, a memorial garden (or internal wall), a planned giving program, and a legacy society are part of the same area of congregational functioning. A planned giving team can help make these connections to fully engage the members, their family members and loved ones. Currently your memorial stone is far from parking and the main congregational building, and it is not accessible to people with mobility issues. Also there is no way to have individual names listed at that site. Consider creating a memorial garden adjacent to the main building with these elements. Note: a planned giving program should not be launched or revived during a capital campaign (nor should other programs!). However, a capital campaign can prepare some ground with congregational structures and members for an effective launch of program activities at the end of the capital project.

Financial Commitments

Using the most recent annual pledge data, the average yearly pledge is \$1,676. and the median (midpoint) yearly pledge is \$1,200, not including 0 pledges. These are in the typical range of financial commitment levels for a UU congregation. Although one expects, and may in fact desire a broad range of financial commitments, the distribution of those pledges as expressed in quartiles shows an imbalance that creates an unstable financial base for C3HUU. To understand pledging by quartile distribution, the total pledged amount (\$430,877) is divided into four equal quarters (in this case, \$107,719). Then from lowest to highest pledges, one sees what percentage of the total pledges are needed to fulfill each quarter. This is most easily seen in the chart below:



Although C3HUU pledges are near an estimated national average for UU congregations, most congregations are not happy with their giving levels, and this is not a normal congregation. It is vibrant and active with a lot of congregant engagement and it is in a community with considerable affluence, both of which might be reflected in higher giving levels. Based on people’s dedication to C3HUU, it is likely there is more capacity to give.

And importantly, with only 6% of the pledges at the largest amount end of the range (fulfilling one quarter of the entire budget), if even one of those pledgers moves away, has a financial challenge, or otherwise reduces their pledge, the whole congregational budget is adversely affected. At the low end of the range, 60% of the pledging households fulfill one quarter of the entire budget. There may be people from this category in the congregation who have minimal resources or financial challenges, so that they are giving generously even with a small amount pledge. However, one must assume that at least some congregants in that lowest quartile might not fully understand or embrace their roles as congregation stewards. They might also need more information and invitation to join in the building of a financially diverse and vibrant community, where everyone must contribute generously from their resources, within their own economic circumstances.

The Annual Budget Drive

There are indicators that the Stewardship Committee has been doing a good job over the last couple of years. It seems well organized, follows a timeline, does not drag on too long, uses different activities to reach the congregants, and the committee implements regular leadership succession. These organizational elements taken together are uncommon for UU congregations! This committee has



been performing pretty well in that pledging levels have generally trended up and the quartiles (see above) have been improving.

However, the committee reports that it is feeling like it needs some new energy and strategies and wants to be more connected to congregational life. Also the campaign in the last years has relied on communications to the whole congregation, some of it web-based, and presentations to groups. These are generally not as effective as more direct face-to-face requests, which are the very best way to ask - in the context of the personal relationships in the community. Also, capital campaigns require the whole congregation to participate in personal conversations about financial commitment, so it is advised that you start building that into your program in preparation.

This past year all pledging was done on-line, which can prompt people to keep their giving levels the same or with only slight increases. Generally, on-line pledging is not recommended, except late in a drive or as part of a clean-up strategy. The committee has been emphasizing “sustaining gifts” to the congregation, where people set up a regular transfer of money from their charge or bank account to the congregation. Although this is a very good thing to do, as it will level off the year-round income levels of for the congregation, the software interaction this year created a lot of mistakes to individual member accounts (as in, the wrong amount was charged to their bank or charge card). Luckily, as people were affected individually and your staff worked very hard to fix problems quickly, the scale of the problems created were not felt by the community as a whole. These last two strategies might have been more efficient but less effective than one might have hoped.

Potential Challenges to Annual Commitments

At C3HUU, there is a list of Temporarily Restricted Funds. These funds represent times when C3HUU congregants are asked for money aside from the annual budget. This can create two problems:

1. These might be creating some confusion where the members do not know that their clear priority is giving to the annual budget during the yearly drive. Unless given other, basic information, they might think that buying things at the auction is equal to making a more generous financial commitment in the annual budget drive.
2. It also encourages people to think of giving to C3HUU within an “exchange relationship” rather than in a covenantal relationship. In an exchange relationship, someone considers what she personally receives as a result of a “contribution”, rather than contributing to the common good of the congregation. This presents a challenge to the growth of the annual drive and people’s understanding of stewardship. In a covenantal relationship, gifts that stretch a person’s generosity (in the context of their own finances) or ones like a legacy gift can be transformative. They transform the giver, and they transform C3HUU.

Let me be clear: I am not recommending that you cease all fundraising in the congregation or that any activities be made free of cost. However these activities are currently not programmatically coordinated like other programs of the congregation, are not within the fiduciary scope of the board,



and may or may not be aligned with the larger purposes of the congregation. Perhaps this can best be expressed with a simple chart:

Fundraising	Stewardship
Exchange Relationship	Covenantal Relationship
Materially Oriented	Spiritual/Values Based
Transactional	Transformational
Auction Purchase	Annual Pledge

Governance and Implementation around Financial Stewardship

These potential challenges to financial stewardship point to a need for capacity building at C3HUU, both at the leadership and implementation levels. Currently, the Board has structures, committees, policies, and intelligent lay leaders in place for building a sound budget, tracking and investing, and spending financial resources. The treasurer helps it think deeply about these topics and assists in setting policies for sound fiduciary oversight. These have resulted in excellence in these areas of governance and management. What is missing is this level of analysis in congregational giving, and a committee to help the Board oversee financial stewardship and think deeply about the *gathering* of financial resources.

A similar challenge exists at the implementation level. The Stewardship Committee and supporting staff are a small group, who are currently only implementing the annual budget drive. They have no way of coordinating the other fundraising activities of the congregation, or give policy guidance to assist the Board with that coordination. Also, their capacity to engage other ministries of the congregation in stewardship is limited; although worship, lifespan religious education, social action and justice, music, caring, and virtually every other function in the congregation might have a role in supporting congregational stewardship -- and derive a benefit by deepening their own ministry in the process.

Recommendations

With an engaged congregation, inspiring minister, great staff, and skilled leadership, C3HUU is poised for continued growth in membership, fellowship, and diversity. This exciting period may be supported by the following initiatives:

1. Revisit You Mission, Vision, and Redo you Strategic Plan

After a new settled minister has had a period of time to integrate with a congregation, and they have had a period of introduction to his particular ministry, it is advisable to create a new strategic plan. Not only does this help align the various congregation groups around a few shared goals, it also helps inform budget decisions and planning for any changes to the building & grounds, programs, or staff.



This directly supports stewardship in that it makes explicit the “shared endeavor” that the congregation is engaged in, which informs individual household giving. The timing of you needing a new plan for 2016 and onward seems ideal.

2. Support the Stewardship Committee in Broadening its Scope and Start a Planned Giving Program

In addition to communicating about the needs of the organization (annual budget, etc.) a congregation can also communicate about the needs of its individual congregants. This second part of the effort is toward each person’s spiritual development and discernment about their financial giving; in their role as congregational stewards and living out of UU values. This is an effort to help congregants find a right relationship with the congregation for themselves, which can be a year-round conversation about deep and challenging issues: the purposes of money, commercialism, status, fantasies of wealth and fears of poverty, economic justice, etc.

This deeper conversation is naturally fitted for a Stewardship Committee. In fact this committee already has a broader charge in their Draft Charter, however in practice they are not addressing that scope. Their other tasks might be:

- Longer term planning and continuity from year to year, with some defined goals toward building stewardship. The goals might be in cultural, operational, and individual giving development
- Creating a year-round calendar of aligned stewardship activities
- Support for the Annual Budget Drive team, the auction, and other congregational fundraisers
- Help build and assist a planned giving program team

IV. PREPARING FOR A CAPITAL CAMPAIGN

A capital campaign is a wonderful opportunity for a congregation. It can raise the money you need to make substantive changes to the physical plant. It can weave the community together in new ways. And it can grow stewardship in the broader congregation, as people will feel a sense of achievement and more people will embrace ownership. However, a capital campaign must be done thoughtfully, with careful preparation or any one of these elements will not be realized, sometime with significant consequences. This is particularly true in congregations, like C3HUU where there was a breakdown in congregational unity that required a restart of the process a few years afterwards.

In preparation, there are a number of things C3HUU can do to ensure greater success when you launch a capital campaign. Among them are:



- As stated above create a **new congregational plan**. This is the platform upon which a capital campaign can be built; the need for a capital campaign should grow directly out of the future requirements defined by the vision and plan. For this reason, the planning process must engage and empower as many congregants as possible. This will create the buy-in you will need when you ask for ambitious levels of financial commitment. Remember, your case for support is not about the building itself. It is about the vision that an improved building will help you to achieve, and ultimately how you can live out your dreams to change the world.

Related to this, if you decide to build new religious education spaces in cooperation with CHCP (the preschool), your relationship with that separate organization will probably continue long after any construction is done, pledges are fulfilled, and debts are settled. For this reason, you should choose a partnership that works for the congregation and its mission, rather than leading those deliberations with financial considerations. I strongly believe, based on this Next Steps process, that whether you partner with CHCP or not, you can end up with the education space you need and find other renters to fill out your budget needs.

- **Grow financial stewardship and engagement in the congregation.** Before starting a major campaign, you need to feel secure in the sustainable funding of your current budget. A capital campaign requires that people talk personally to each other about their commitments, so start practicing these conversations. A “combined campaign” is recommended so the requests are made for the annual and capital campaign commitments at the same time. It is important that members and visitors become more comfortable with the annual conversation before they are asked to participate in a more complex conversation with two goals. A capital campaign naturally orients towards larger amount gifts. Nevertheless, it needs to allow for economic diversity, and challenge everyone – even its less committed members - to dig deep to make generous commitments. An annual drive that is more personally oriented can help pave the way by finding ways to navigate this range of personal resources.
- **Clean up any processes and procedures you can.** Capital campaigns are stressful on all congregational systems. As the campaign will require responsive, empowering, and non-anxious leadership, continue to clarify your governance so there is greater understanding of who is empowered to make decisions; when the Executive Committee, or the board can just make them, when the minister can make them, and when the congregation needs to provide input or make the decision through a vote. If there are ideological differences on the board regarding these issues, they must be resolved so the board can speak, “with one voice.” In addition, your database (IconCMO) should meet all of your needs, however it is not being used to its full capacity and there may be some “shadow” databases being used – for instance people creating and using Excel spreadsheets instead of Icon. This will mean that you may not have all of the data or capacity you will need for an ambitious capital campaign. Note: when you start a timeline to implement a capital campaign, you must ensure that the campaign period does not suffer from distraction from



the launching of new programs, ancillary fundraisers, or other events that might use congregational attention and resources.

- **Create a 5-year budget projection** that assumes a flat annual budget, during the campaign, collection period for the campaign commitments, and afterwards. This flatness in the budget may not come to pass, as you may have increased giving during this time period; nevertheless it is important to build up financial capacity now and prepare for a confined budget.

V. CLOSING

The Community Church of Chapel Hill Unitarian Universalist is a strong, vibrant, and spirit filled congregation. Although a number of recommendations are provided, they are with the intent of helping you move toward your greatest congregational ambitions. It has been a pleasure and an honor to consult with you. I look forward to the opportunity to provide additional consultation and help to guide you toward growing stewardship and realizing your longer range dreams.

Faithfully submitted,

Mark Ewert
UU Stewardship Consultant
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Appendix A

**Next Steps Weekend
Consultant: Mark Ewert**

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**The Community Church of Chapel Hill Unitarian Universalist
Schedule – September 11-13, 2015**

Friday	
7:00 PM	Consultant meets with Board of Trustees and Ministers
Saturday	
8:00 AM	Buildings & Grounds (includes tour of building)
9:00 AM	Finance, Endowment
10:00 AM	Pastoral Caregivers, Committee on Ministry
11:00 AM	Children and Youth Ministry Teams, Our Whole Lives, Coming of Age
Noon	Lunch with Various Members
1:00 PM	Worship & Music & Art
2:00 PM	Spiritual Exploration for Adults, Covenant Groups, Membership, Sanctuary for Dialogue
3:15 PM	Justice & Service
4:15 PM	Stewardship, Communications, Space Exploration Task Force
Sunday	
9:15 AM	Attends worship service
11:00 AM	Attends worship service
	Consultant shares verbal summary with congregants after each service
1:00 PM	Consultant meets with Board of Trustees to discuss next steps
3:00 PM	End of the assessment visit