

St. Peter's Church Proposed Business Plan

October 19, 2022



Friends of St. Peter's
www.friends-of-st-peters.com

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Introduction:

There is no easy way to remedy the problems that have beset this church. Unfortunately, much of it is because over the years proactive management has been absent either through a lack of management depth or simply being overwhelmed by the issues that had to be dealt with.

A proposed budget by itself is not a “Business Plan.” A business plan is a process whereby management commits to dealing with the issues no matter how painful. A Business Plan requires organizational ability, commitment, and hard work.

The Business plan we have proposed requires hard work on the part of the executive. We have put together the elements of the plan, but it requires the executive to acknowledge that they are prepared to accept these elements before they are incorporated into a proposed budget. The information is all there. There are three steps to this process:

1. You simply have to acknowledge the extent to which you are prepared to live with it and
2. assess the probability that the financial objectives for each activity can be realized then
3. incorporate the result into the proposed budget work sheets.

It is unfortunate that we were not able to undertake this process before the congregation was presented an incomplete set of options two years ago. Without benefit of looking at a comprehensive business case and the option to remedy the issues facing the church, the congregation was asked to chose which “liquidation” option they preferred. This was entered into without an understanding of the consequences associated with the options presented.

Our proposal is based on the operating budget as presented in the audited financial statements dated December 31, 2021. We have since learned of the backlog of capital renovations and repairs that are required by the church. There is no comprehensive plan to deal with these issues. It almost seems like the executive council anticipated that these issues would disappear if the church were put up for sale. Unfortunately, life does not work that way. If the roof leaks, you must fix it. If you are in violation of the fire code, you must fix it. One cannot defer time sensitive physical issues.

The executive council must take a proactive management approach to manage the physical assets that they have been entrusted to maintain. Lack of money is an issue. How to deal with it is especially difficult for an Estonian organization that prides itself on being self-reliant. It is difficult, but we should not be embarrassed to ask for help. Government funding and foundation grants are available for not for profit organizations that focus on community benefits. Out of necessity we must adapt and become more of a community-oriented church as opposed to an exclusively Estonian one.

Proposed Business Plan – October 2022

St Peter's Estonian Evangelical Lutheran Church of Toronto

STRATEGY

1. Develop a Vision
2. Get Organized
3. Focus on Public Relations
4. Community Involvement
5. Have a Change Strategy
6. Develop Goals and an action plan
7. Financial Plan
 - a. Immediate actions required
 - b. Rental funding sources
 - c. Government / Fundraising Supports
 - d. Long term funding plan
8. Develop a Succession Plan

Elements for a new vision for the Church:

- Conserve and re-purpose: create social, economic, and sustainability benefits for everybody.
- Bring people in to do all sorts of events that can be part of the life of the city.
- Plan for an integrated community that is more than the sum of its parts.
- Develop the physical space to function for multiple communities.
- Play a role as community centre not just a place of worship.
- Environment must be welcoming for everyone.
- The church needs a personality that is welcoming. Thanks for attending.
- The organization needs to reach out to organizations and offer support.

- The membership needs to build personal connections through activities.
- People must feel that it is desirable and worthwhile to participate.

Acknowledge that the church needs a management organization:

We need to get organized:

1. Physical resources manager: Someone to manage the church property. Identify the issues and develop a plan to resolve them. They must have the authority to proceed with the work required with funding approval of the board and within specified parameters.
2. Public relations manager: Someone to continuously author articles about the activities supported by the church and its relevance in the community. They must develop a viable plan to increase church membership.
3. Activities manager: Someone to organize events at the church and seek out organizations to be part of the activities at the church.
4. Financial manager: Someone to promote financial sustainability initiatives. Develop grant applications to fund the schedule of capital renovations.
5. Fundraising manager: Someone to develop the fundraising campaigns for matching grant applications and other initiatives.
6. Organizational development manager: Someone to identify the structure and resourcing needed to further the objectives of the church. Responsible for developing a succession plan for the church council executive. (Note: legal requirement for not-for-profit organizations restricts the tenure of executive members to 3 successive terms)

Organizational changes that have to be considered

1. The congregation cannot justify a full-time pastor (\$85,000) per annum plus accommodation. The congregation has a membership of 1,484 but on Sundays, attendance is often no more than 5 – 10 people.
2. The congregation should consider a “per service” arrangement for pastoral services. This approach is the norm for funeral services at present. It is also the arrangement established with the organist on an ongoing basis.

3. There is a prevalent feeling among members that weekly services are not required especially during the summer months. Services every other week would suffice.
4. It is evident that our members exhibit a free spirit and cannot be forced to attend church or abide by dogmatic structures. A new motivational approach has to be developed.
5. Members need to feel they contribute to the well being of the church and the church property while at the same time promoting a sense of community. A regular membership supported “maintenance bee” should be considered to enhance the church grounds and columbarium.
6. The church needs to change to a community-focussed church. The church is more than an altar. We cannot survive focussed solely on the liturgical model of the Estonian Evangelical Lutheran Church even if it is in both English and Estonian.

Physical changes to facilitate community use.

1. The sanctuary needs to become a flex space. Traditional pews should be removed and a multi purpose area established that would support various community activities including choirs practice, conferences, seminars, and various social gatherings.
2. We need to make the building open to a variety of community needs, not just the Estonian community, but the neighbourhood as well.
3. The women’s auxiliary room could be leased as office space for various functions, charities or commercial activities that would benefit the community at large such as either a medical office, or physiotherapy, or a community legal clinic.
4. The basement is ideal for scouting activities on the weekends but could be set up as a Montessori or Spirit of Math education facility during the week.
5. Parking: The church has adjacent parking for eight vehicles. Construction in the area will have a need for parking. A possibility is to rent these spots during the week. Proximity to the construction sites makes them premium spots Minimum \$20.00 per day or \$100 per space per week. Eight spaces could result in approximately \$40,000 per year.
6. Care of the columbarium: The columbarium has a trust fund specifically targeted to maintain the columbarium, yet the church pays for its maintenance through operating funds. This should be corrected.

St. Peter's Church – A new focus – Executive summary

October 2022

A three-part plan for the financial sustainability of St. Peter's included

1. Value analysis and cost savings
2. Revenue potential of excess capacity
3. Events, member support and donations.

The supporting rationale for the summary recommendations can be found within the documentation presented in each part.

Part 1

Executive summary:

Without the rental revenue from the Salvation Army lease (\$96,000 per annum) as presently constituted, the church will have an unsustainable annual operating deficit of approximately \$96,000. Our employee compensation is budgeted at \$138,185 with the major portion being \$85,000 for the pastor. An associated major cost is the provision of free accommodation to the pastor, detailed below. We cannot afford --- and it is not rational to insist on --- a full time pastor when church attendance is averaging less than 10 people per service. The full-time contract with the pastor has to be terminated. Services can be maintained by using a "fee for service" arrangement with available ministers scheduled by the office administrator.

Dramatic net benefits will accrue to the church from the reduced salary and benefits paid for ministerial services plus the potential revenue from renting the 3-bedroom apartment (\$42,000) currently supplied to our full-time pastor free of charge. Note that the pastor is a bachelor and lives alone in this three-bedroom apartment. Fee for service arrangement will be budgeted at \$26,000 per annum.

Net benefit to the congregation $\$80,000 + \$42,000 - \$26,000 = \$96,000$

Note 1. Our request for information concerning the duration of the pastor's contract and any termination costs have been declined by the church executive council.

Part 2

Rental of church excess capacity:

1. Rental of church sanctuary to a "sister" congregation. Estimated at \$2,600 per month. With the development proposal for the Agricola Church there is the

potential for a multi year lease to the congregations that are currently using that facility. This, however, may not materialize until 2024.

2. Eight parking spots on the south side of the church can be rented on a week-day basis to proposed construction company developing the condominiums across the street. Estimated rental will bring in \$800.00 per week once development begins. Total revenue potential is \$40,000 per annum.
3. The women's auxiliary room on the ground floor is a large space. It would be ideal for an Estonian organization. Although it would be preferable to source a "charitable" organization capable of paying the rent we should not discount the possibility of a commercial organization making use of this location e.g. A doctor, psychologist, physiotherapist, lawyer. Minimum revenue from a charitable organization would be \$12,000 per year. From a commercial client we would expect \$36,000 per year.
4. The basement facility has the potential for early childhood education services. e.g. Montessori School or the Spirit of Math. This may require an upgrade to our washroom facilities. Given the nature of the proposed use, the capital cost of the upgrades could be funded by government grants. Income from this rental would begin after renovations are complete. Estimate \$31,200 per annum beginning in the fall of 2023.
5. The basement space without upgrades can be made available to Estonian youth activities such as scouts and guides. This space can be provided as a community service. The benefit to the congregation is the familiarity of the location for our future congregants. We also generate credibility as a community-focussed church.
6. The church Sanctuary needs to be re-configured as a flex space. This is easily done by removing the pews and replacing them with quality seating that can be re-arranged according to facility use and accessibility requirements. Estimate weekday rental for the sanctuary space at \$350 to \$600 per day depending on the use. Weeknights the space can be used for choir practice at \$150.00 per night. The sanctuary would be reserved for church services on Sundays. It can be rented for Weddings and Special Occasions on Saturdays for up to \$2,500 for the whole day.
7. We need partnerships to maximize sanctuary use. We could partner with the Salvation Army to hold musical non-denominational services highlighting young community talent.

Part 3

Events and Member Support.

1. Rent the sanctuary for “cultural events”. On Friday nights and Saturday evenings, estimated rental is \$1,500 per event. Budget 20 events per year net \$30,000.
2. Work with a Wedding planner to market our beautiful sanctuary for high end weddings. Market rates would be \$2,500 per event. Budget a minimum of ten weddings per year for a net of \$25,000.
3. The church cannot survive on voluntary donations. A membership structure is required with membership categories that recognize membership life cycles and the ability to pay. Membership levels to be established each year at the annual meeting.
4. We must be open to English language services. Our proposed “fee for service” ministry facilitates alternating Estonian and English-speaking services.
5. We have to introduce a Sunday school programme that embraces current childhood educational principles and out of necessity is English-speaking with Estonian content.

Donations and Government Support

1. Introduce the program “Leave a Legacy” wherein members can bequeath to the church a part of their estate.
2. Actively seek out government support for capital repairs to the church. Grants are available from many jurisdictions. The church has to project that it is a benefit to the community, and it can only do so if indeed it is a benefit to the community.
3. Actively seek out government programmes that subsidize community outreach programmes for children, youth, and seniors.
4. Apply to expand the columbarium by one hundred new spots, increasing the trust fund by \$500,000 less expenses. Trust fund pays for the maintenance of the columbarium.

Proposed business Plan – Incremental Changes Proposed

Framework for budget changes based on New Focus Proposals, Parts 1, 2, and 3

Income:

Donations are declining at a rate of 22% per annum.

- Anticipate donations in 2022 to be \$65,000.
- Take action to reverse donations decline in 2023, raise donation level to \$105,000.

Rentals:

- Primary income from Salvation Army at \$8,000 per month will end February 2023.
- Income from Salvation army in 2022 will continue to be \$96,000.
- Income from Salvation army in 2023 will be \$16,000. Possibility of an additional \$8000

Rentals:

- Rental of pastor's apartment is dependent on terminating the contract for the pastor.
- Assume it can be accomplished prior to year end 2022.
- Apartment can be rented after refurbishment in 2023 for 10 months net \$30,000.
- Apartment can be leased in 2024 for the full year. Net revenue \$36,000.

Rentals Parking:

- Parking spaces on the south side can be rented the week days.
- Rental rates in 2023 prior to development of across the street Condo net \$20,000.
- Rental rates in 2024 after start of condo development across the street net \$40,000.

Rentals to a congregation:

- Rental in 2023 after Salvation army leaves would be occasional – Net \$5,200.
- Rental in 2024 to a sister congregation would be \$2,600 per month net \$31,200.

Rentals Women's Auxillary Room:

- Rental in 2022 unlikely.

- Rental to a sister congregation or a charitable organization in 2023 – Net \$12,000.
- Rental to a commercial client (doctor, physiotherapist, therapist) in 2024 – Net \$36,000.

Rentals Basement Facility:

- Rental to a community-based organization – weekdays daytime 9:00-5:00 p.m.
- Rental in 2023 part-year estimate \$15,000 per annum.
- Rental in 2024 full-year rental estimate \$31,200 per year.

Rental of sanctuary during weekdays:

- Weekday rental between \$300 and \$600 per day.
- Weeknight rental at \$150 per day to choral groups.
- Rental in 2023 start-up estimate \$30,000 per year.
- Rental in 2024 estimate \$50,000 per annum.

Rental of Sanctuary for weddings – Saturdays

- Estimate 5 weddings in 2023 at \$2,500 per time - net \$12,000 per year.
- Estimate 10 weddings in 2024 at \$2,500 per time – net \$25,000 per year

Special Events: Rental for cultural events.

- Estimate 10 events in 2023 @ \$1,500 per event – net \$15,000.
- Estimate 20 events in 2024 @ \$1,500 per event – net \$30,000.

Church membership and donations

- Out of a membership of 1024 only 24% of households donate.
- Increase donating members to 35% and average donation to \$450.
- Use membership categories to establish goals – for 2023 net \$120,000.
- For 2024 target increased participation to 40% - Net \$160,000.

Fund raising and bequests

- Refer to our capital repairs and renovations requirements.
- We need an active issue by issue fundraising campaign.
- Fund raising to be partnered with government grant applications.

New campaign to familiarize our congregation with the concept of “Leave a Legacy”.

- This is a long-term project – requires a commitment “our church is forever”.

Expenses

Incremental expenses:

- Contract arrangements with visiting pastors for services.
- Alternate Estonian and English speaking services. Budget \$26,000 per annum.

Savings

Pastor's compensation and benefits:

- The full-time pastor's position to be eliminated by the end of 2022.

- Savings:

▪ Salary and benefits	\$69,906
▪ Pastor's travel	3,600
▪ Automobile expenses	1,717
▪ Cell phone	2,388
▪ Home phone	693
▪ Automobile insurance	1,933
▪ Home insurance	402
▪ Deaconry	1,806

Total savings \$82,445

Columbarium

- Upkeep expenses to be paid from Columbarium trust fund.
- Columbarium has a trust fund of \$79,088 that is designated for maintenance.
- Columbarium maintenance was paid out of church operating funds.
- Savings to operating fund \$3,408.

Church grounds maintenance

- Cost \$2,193.
- Allocate \$1000 to columbarium account.

Safety Systems cost the church \$5,875 in 2020, and \$1,540 in 2021.

- Cost should be shared equally with the columbarium trust.
- Savings in 2023 can be \$750.

Capital Projects

The church is faced with a multitude of capital projects and renovations – not programmed. Under normal management practice as the projects are identified, they are prioritized, costed, and scheduled. Along with the projected schedule of repairs and

reasons, a plan to fund these renos is established. No current estimates for repairs have been established. No plan exists to deal with them.

The following is a list of identified renovations/restorations and a guesstimate of their cost:

- Roof replacement for the sanctuary Estimated at \$1,500,000 3 years ago (out of date).
- Chimney needs pointing Estimated at \$5,000.
- Electrical wiring needs to be upgraded. Estimated at \$75,000
- HVAC system deficiencies need upgrade Estimated at \$25,000
- Water seepage per 2008 report. Estimate unavailable
- Window – rotting and need replacement Estimate unavailable.
- Columbarium brick work needs pointing Estimated repairs \$45,000.
- Cross tower options Estimate to replace cross \$75,000.
- Fire safety – not up to code - sprinklers Estimate unavailable
- Rental opportunities – require upgrades Requirements unknown.

- The renos need to be prioritized and a time-frame established for implementation.
- Along with this schedule we need a parallel activity to finance the renovation.
- Capital cost projects are tangible and would be ideal for fund raising.
- Fund raising can be married with grant applications which usually require matching contributions.
- Large visible projects are also ideal as legacy projects for our membership.
- To obtain municipal funding grants we need to establish that the church provides a community benefit and is not exclusive to the congregation.

Long Term Capital Project

Expand the columbarium by 100 spots.

- The columbarium has been incrementally added to over the years. It now has 311 spots.

- The church sets aside 15% of funds received from the sale of columbarium niches for future maintenance. The interest earned is used to help offset the maintenance costs.
- Currently the trust fund has a market value of \$79,088.
- The original columbarium walls can be doubled up to accommodate new niches.
- Selling new niches would increase the value of the trust fund which funds our grounds maintenance.
- Estimate sales of 100 new niches would yield a minimum of \$500,000.
- The existing columbarium need repairs. By incorporating the repairs into a new build we would find the monies to maintain a trust fund to fund future maintenance.

Budget 2021 and Actual for 2021
St. Peter's Estonian Evangelical Lutheran Church of Toronto
Presented to Assembly October 24, 2021

	Budget 2021	2020 Actual	2021 Actual	2022 Actual TBA	Budget 2023 & 2024 Proposed
Income					
Donations	90,000	105,900	82,197		
Rentals					
- Salvation Army	96,000	96,000	96,000		
- Other	<u>4,000</u>	<u>1,060</u>	<u>8,150</u>		
Total Rentals	100,000	97,060	104,150		
Investments	18,000	22,611	54,277		
Columbarium	(7,140)	0	(300)		
Events	0	0			
Miscellaneous	15,226	30,282	30,661		
	216,086	255,853	270,985		
Expenses					
Church upkeep					
- Altar and church supplies	500	0	296		
- Apartment repairs	500	271	32		
- Automobile	2,000	708	1,717		
- Caretaking	48,314	45,492	48,628		
- Elevator	2,508	2,120	2,734		
- Grounds maintenace	2,400	1,536	2,193		
columbarium upkeep		-665	3,408		
- Repairs miscellaneous	21,830	6,336	1,850		
- HVAC - regular repairs	1,200	1,843	2,744		
- Security	1,450	5,875	1,540		
- Utilities - electricity		<u>5,839</u>	<u>5,075</u>		
utilities - gas		<u>9,122</u>	<u>7,052</u>		
utilities water		<u>2,670</u>	<u>563</u>		
Total Church Upkeep	80,702	81,147	66,809		
Pastors					
- Compensation	69,122	68,809	69,906		
- Travel	3,600	3,600	3,600		
- Miscellaneous	250	200	0		
- Guest Pastors	<u>500</u>	<u>200</u>	<u>0</u>		

Total Pastors	73,472	72,809	-73,506
Office			
- Archive	100	25	0
bank charges		42	20
- Audit	3,500	3,500	3,500
- Bookkeeping	3,350	3,364	3,462
- legal		1,435	
Office administrator	19,376	17,346	20,421
computer support		0	534
- Copier	3,000	2,663	3,220
- Immigration	0	1,435	0
- Supplies and Other	<u>2,400</u>	<u>3,112</u>	<u>795</u>
Total Office	31,726	32,922	31,952
Music			
- Tuning and other	1,000	130	0
- Compensation	18,097	13,575	17,918
- Guests	<u>1,000</u>	<u>250</u>	<u>1,000</u>
Total Music	20,097	13,955	18,918
Extended health care			
		1,430	0
Automobile insurance			
		1,997	1,933
Church insurance			
		10,396	11,261
home insurance			
		407	402
Insurance total	13,501	14,230	13,596
Communications			
advertising		2,399	2,224
- Eesti Elu/subscription			179
Eesti Kirik		0	119
- Internet	2,500	2,409	2,400
- Phone - personal cell		1,556	2,388
phone - home phone		703	693
phone Office		747	745
- Video services	2,350	400	2,200
mass mailing		666	0
- Postage	<u>1,600</u>	<u>483</u>	<u>1,443</u>
Total Communications	6,450	9,363	12,391
a			
Memberships			
- CCCC	280	270	270
- ELCIC	1,806	0	1,806
- Praostkond	<u>1,806</u>	<u>1,890</u>	<u>1,806</u>

Total Memberships	3,892	2,160	3,882
Events - service oct 24 events expense - general	3,250	0	5,024 775
Publications - ELU	2,000	1,866	0

Expenses (cont'd)

Gifts and flowers			
- Flowers	1,200	605	1,232
Personnel bonuses		400	400
- Gifts	<u>600</u>	<u>649</u>	<u>1,578</u>
Total Gifts and Flowers	1,800	1,654	3,210
Miscellaneous	1,000	1,893	902
Mission work	468	1,468	1,468
HST	400	3,192	2,658
Cross project expenses		13,324	85,421
Youth work	250	0	0

	239,008	236,659	
Operating Surplus (Deficit)	(22,922)	19,194	
Bequests	0	1,847	
Depreciation	(37,000)	(38,162)	
Final Surplus/(Deficit)	(59,922)	(17,121)	

Approved by Advisory Committee on September 27, 2021

Notes:

Salaries for Caretaker, Office Administrator and Pastor increased by 2.2% per ELCIC guidelines.
Employee benefits and Pension mandated for employees per ELCIC guidelines, effective October 1, 2021
Organist moved to fee for service basis effective September 1, 2021 @ \$250 per service