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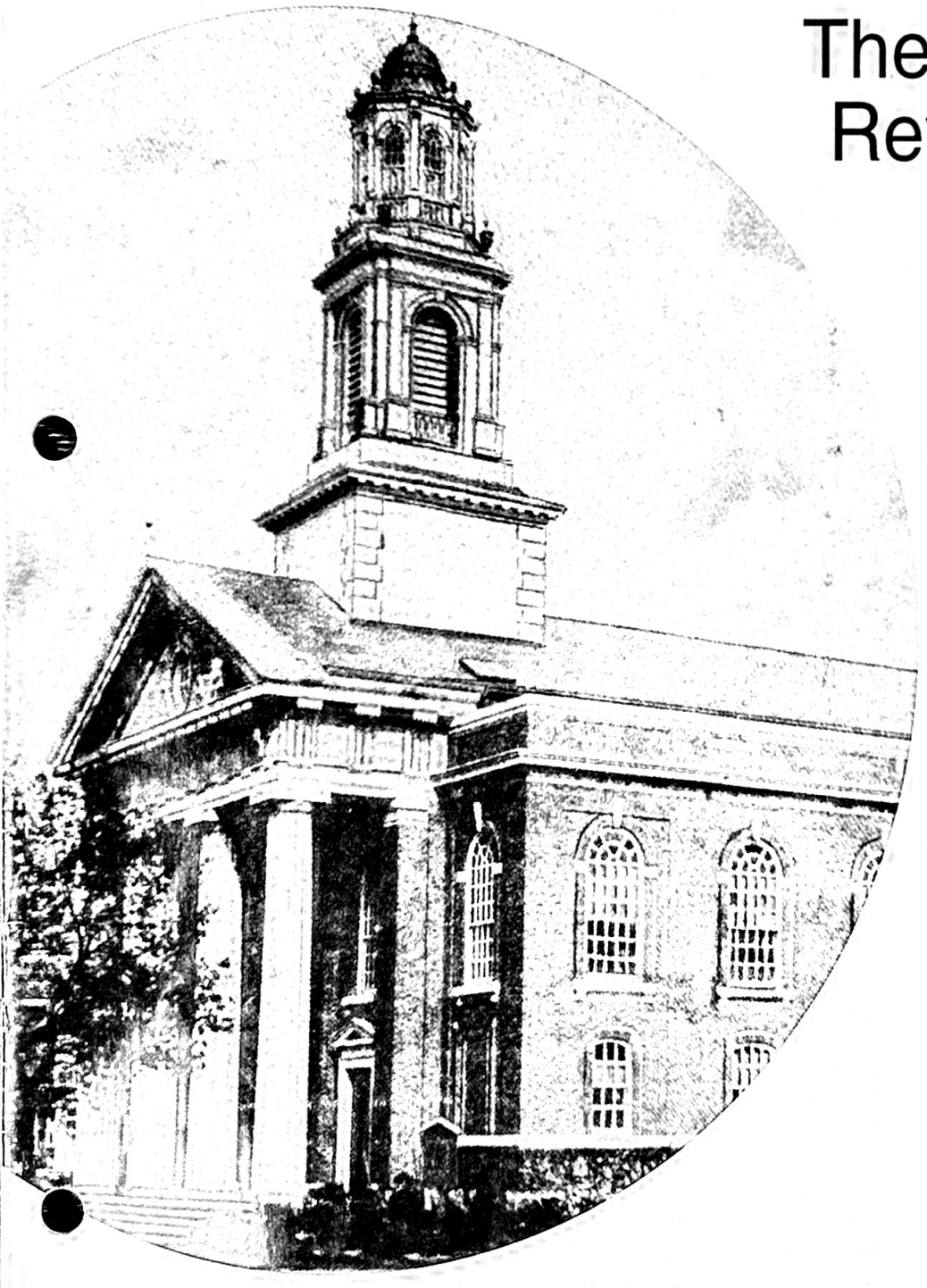

The Colonial Revival Style

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Endowments for Building Maintenance

by Kim Lovejoy

Capital campaigns, planned giving programs, and designating unexpected gifts are three ways that congregations build endowment funds for the maintenance of their buildings.

Aah, a building endowment. "It's every caretaker's dream," says Nancy Rubinger, Executive Director of Congregation Beth Elohim in Park Slope, Brooklyn. "The beauty of it is that it lets you do today what you would otherwise put off until tomorrow–when it tends to be much more expensive!"

A building endowment is a reliable stream of funding for maintenance and repairs. It can allow congregations to catch up with deferred maintenance, reduce the amount of annual pledge income devoted to building expenses, make functional improvements to support programs, or keep restored exteriors in good condition to reduce the burden of repairs for future generations.

Does the idea of an endowment sound impossible when annual pledging doesn't cover current building expenses, and there's a long wish list of improvements? It shouldn't. There are many routes to creating an endowment, as examples shared by friends of *Common Bond* reveal. First, capital campaigns can raise money for major restoration projects and for endowment at the same time–like a health insurance policy for continued care after an operation. In addition, unexpected gifts may be designated as building endowments. Finally, a planned giving program encourages future gifts.

The Capital Campaign

Last year, the Reverend Philip Snyder led St. John's Episcopal Church, a congregation of 200 households in Ithaca, NY, in the Heritage Endowment Campaign for building maintenance. The campaign goal of $700,000 was surpassed and an additional $150,000 was successfully raised. The endowment will enable the church to fund smaller projects outright, amortize larger projects over a number of years, and cover interest and principal payments when borrowing for a major project. Why did people in this college town give so generously to ensure the future maintenance of a church? A major reason was the strong commitment by the congregation to the building as an essential part of its ministry. One of only two historic churches remaining on the town green, St. John's housed the daily feeding program for the City and was heavily used by the community. It needed financial reserves to carry on in the future. The value of the church in the community and its compelling need galvanized a sense of responsibility. Contributions were gathered through estate planning, insurance policies, and charitable trusts, as well as cash and stock transfers.

Capital campaigns can raise money for major restoration projects and for an endowment at the same time

"We're seeing capital campaigns for both restoration and endowment across the country," reports fundraising consultant Michael Holliman of Holliman Associates in Newport, Pennsylvania. "As long as people are focused on the ministry of the church, why not use all of the tools that are available?"

To ascertain the feasibility of a major campaign, congregational leaders should communicate visions to their congregations and modify the goals as input is received. "Leaders should build relationships and rally a spirit of common purpose among the membership before the campaign begins," says Holliman. "In the feasibility study stage [when surveying the congregation's giving interests], ask people if

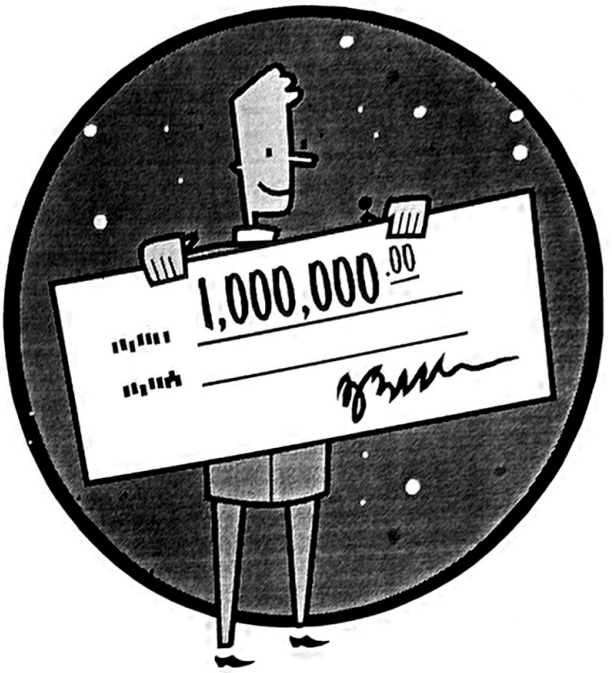
they would be open to support an endowment with a cash pledge or a planned gift."

It is crucial to understand the congregation and what it will be likely to support. Holliman points out that pledges to endowment and planned gifts are more likely to come from older parishioners with strong bonds to the institution and a generation of experience, those who want the congregation and its building to be there in the long term. Transient populations are less receptive to future-focused campaigns.

Encouraging Gifts

A successful capital campaign creates momentum which can be continued with a planned giving program. The Reverend Victor Austin, Rector of Church of the Resurrection in Hopewell Junction, NY, explains how his small parish–with an annual budget of $100,000–managed to establish an Endowment Trust Fund:

"Our church is a modified A-frame built in 1963 that has passed the 30-year benchmark in the maintenance cycle. We borrowed money to replace the cedar splits that covered the roof. We had to conduct a capital drive, which we did on our own by sending letters to the congregation. The idea of creating an endowment for periodic repairs, to avoid relying on emergency fundraising for capital expenses, was appealing. We set up an endowment for future building repairs, which could be gradually added to with endowment gifts and planned gifts. The Reverend Richard Sloan in the Diocesan Stewardship Office was very helpful in advising us on the details of our endowment's by-laws and goals. Our goal is to have $100,000 in the Fund before spending anything, and we're halfway there. The Endowment Trust Fund Committee keeps information about planned giving in front of the parish with stories in the newsletter and workshops about twice a year."



The Bolt out of the Blue

Windfalls compel congregations to think about the best use of funds, and many choose long-term stewardship. The First Presbyterian Church in Saranac Lake received an unexpected bequest this year designated for capital projects, and set aside $40,000 in principal as an endowment to generate income for this purpose. The allotment will supplement the portion of the annual budget allocated to maintenance.

The congregation of Christ Church of Staten Island seized the opportunity to establish an endowment fund for building repairs when it suddenly received a large gift in the early 1990s. "Without money for maintenance in our budget from annual stewardship, we'd been struggling with deferred maintenance and had to ask for money whenever problems occurred," said the Reverend E. Michael Allen. The fund yields about $20,000 per year, which has been enough to meet the congregation's needs thus far.

The Church of the Transfiguration, a Gothic-Revival style church with a garden on East 29th Street in Manhattan, took what is certainly the most novel approach: savvy members negotiated a deal with a developer who leased an option on the property's air rights for several years. Senior Warden Jim Trager said that ultimately the developer abandoned the option, but the church did gain revenue which it invested as the Willis L. M. Reese Memorial Landmark Fund. The income has been used to catch up with exterior repairs in the last decade under the guidance of preservation consultant Ed Kamper.

Advice from the Pros

A charitable institution has to have its ducks in order before asking people to contribute to its future. "The church needs to be

seen as trustworthy, worthwhile, and faithful to its mission," emphasizes the Reverend Richard Sloan, Director of Stewardship for the Episcopal Diocese of New York. "The first part is a big problem for many churches. If you are not trusted in small things, how are you going to be trusted in big things?"

Prudent management of past gifts, combined with a good track record in planning and completing building projects, encourages donors to contribute toward work in their lifetime and makes them feel more secure that gifts for the future endowment will be well spent.

Get professional advice on how to set up and manage endowment funds. "Make sure the purposes of designated funds and bequests aren't overly restrictive," advises the Rev. Gerald Keucher, Assistant Controller of the Episcopal Diocese of New York. A gift for maintenance of a specific stained glass window given as a memorial by a family is very narrow; a better approach is to direct such gifts to a pool for all windows. That way, future generations may allocate the funds depending on the building's general window needs.

Stewardship offices at the local, regional, or national levels of various denominations are good starting points for guidance on endowments for building projects. The internet is also rich in information. ■

Do You Have a Planned Giving Program?

A planned gift is any gift made with the involvement of another person, such as an attorney or financial advisor who prepares documents. A planned giving program is an ideal way to encourage gifts for building maintenance endowments, as well as for general endowment and capital projects. It can be initiated in conjunction with a capital campaign, often as a second phase, or it can be set up independently. Types of gifts can include cash, appreciated securities, real estate, tangible personal property, life insurance, and retirement funds or assets.

These gifts can provide significant tax benefits, but tax advantages alone do not motivate donors. The feeling of supporting a worthwhile cause that outlasts a lifetime is the primary motivation. The places where people worship, gather for important life ceremonies, and build long-term relationships are ideal candidates for gifts spurred by spiritual values and personal associations, Reverend Richard Sloan, Director of Stewardship for the Episcopal Diocese of New York, pointed out. A desire to preserve and maintain architectural landmarks and institutions that provide valuable services to the community are other significant factors.

Before beginning to solicit planned gifts, the institution must designate an account to hold them and communicate a vision that will inspire people to think about making gifts. "Congregations should clearly state policies about managing, receiving, and distributing income," professional fundraising consultant Michael Holliman advises. "Hold up a vision for the use of these gifts that will appeal to potential donors. Make that vision widely known and make the mechanism accessible. Most gifts come because a request was made."

Education about planned giving can be done through periodic workshops, notices in the bulletin, fliers in high traffic locations, and personal contact by clergy and lay leaders, among other methods. Don't forget people who come for weddings and other ceremonies. Inspire people with examples of how others have given.

See **Resources** on page 18 for more information.