

# The Financial Realities of Building A New Church

## A Cost Comparison

### Present Situation:

- We have three churches. They are completely paid for and carry no mortgage
- Repairs and renovations to our three churches are needed after 10 years of neglect
- Annual maintenance of our three churches will be on par with maintenance of a new church and the cost of cleaning, clearing of a large parking lot.

### Cost of Proposal:

#### Assumptions:

- Cost of land and building - \$21,000,000
- Annual General Revenue to the parish - \$800,000 (approx \$15,400 per week)
- Current savings - \$3,000,000
- Construction cannot begin until \$11,000,000 in savings/pledges is secure. The balance will be raised with a \$10,000,000 mortgage
- Existing Churches can be sold for \$3,000,000

#### To Begin Construction in 2015

- An additional \$5,000,000 must be donated
- The three churches must be successfully sold for \$3,000,000

#### Analysis

- To achieve the additional \$5,000,000 over the next four years additional savings/pledges of \$1,250,000 per year are required.
- In order to save \$1,250,000 each year and provide the normal support of \$800,000 to cover annual expenses, parishioners must make weekly contributions 2.5Xs their normal donation, for the next four years.
- After the construction the same level of giving (2.5Xs) will be required to ensure regular support (\$800,000 per year), make payments on the new \$10,000,000 mortgage (\$702,000 per year) and provide some money for inflation, increased programming and additional expenses i.e. snow removal.

#### Impact On All Parishioners

- A family donating \$10/week (\$500 per year) must increase this amount to \$25 per week for the next 25 years.
- A family donating \$20/week (\$1,000 per year) must increase this amount to \$50 per week for the next 25 years.
- A family donating \$50/week (\$2,500 per year) must increase this amount to \$150 per week for the next 25 years.

## Other Factors

- For those who cannot increase their donations as above, others will need to do more
- Sizeable donations (which have not yet materialized) will ease the increase
- Construction Costs, revenues and operating costs associated with a Columbarium will need to be factored into the above analysis.
- Increased construction costs for the church caused by inflation over the next 4-5 years also need to be factored into the analysis

## Is This Scenario Realistic?

This scenario is based on assumptions which are required to make the issue "standstill" long enough to analyse it.

To the extent there are other positive factors this scenario could be pessimistic. For example a few large benefactors who give significant donations will ease the burden on the rest. If the churches sell for more than \$3,000,000 it will also improve the picture. If the diocese lends the parish the money at little or no interest, clearly this would improve matters. A columbarium might alter the revenue scenario.

To the extent the assumptions are optimistic then the scenarios could be worse. The above analysis assumes that every active supporter improves his/her contribution as portrayed in the scenario, but this may not be realistic. For those who cannot or will not respond with larger donations the burden becomes even greater for those who do. How accurate is the projected cost of \$21,000,000? Will building costs remain unchanged until 2015 or 2017....not likely? What about the additional costs of a columbarium? Will interest rates remain this low?