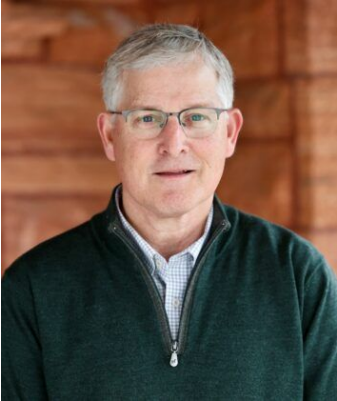




OSC Finances 101

Community Hour Forum
February 1, 2026

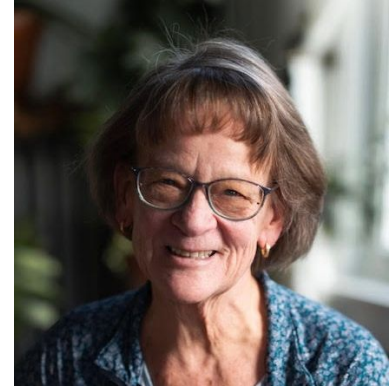
Key lay leaders in OSC Finances



Paul Kuenstner
Finance Committee Chair



Debby Kuenstner
Chair, Board of Trustees



Donna Matson
Treasurer

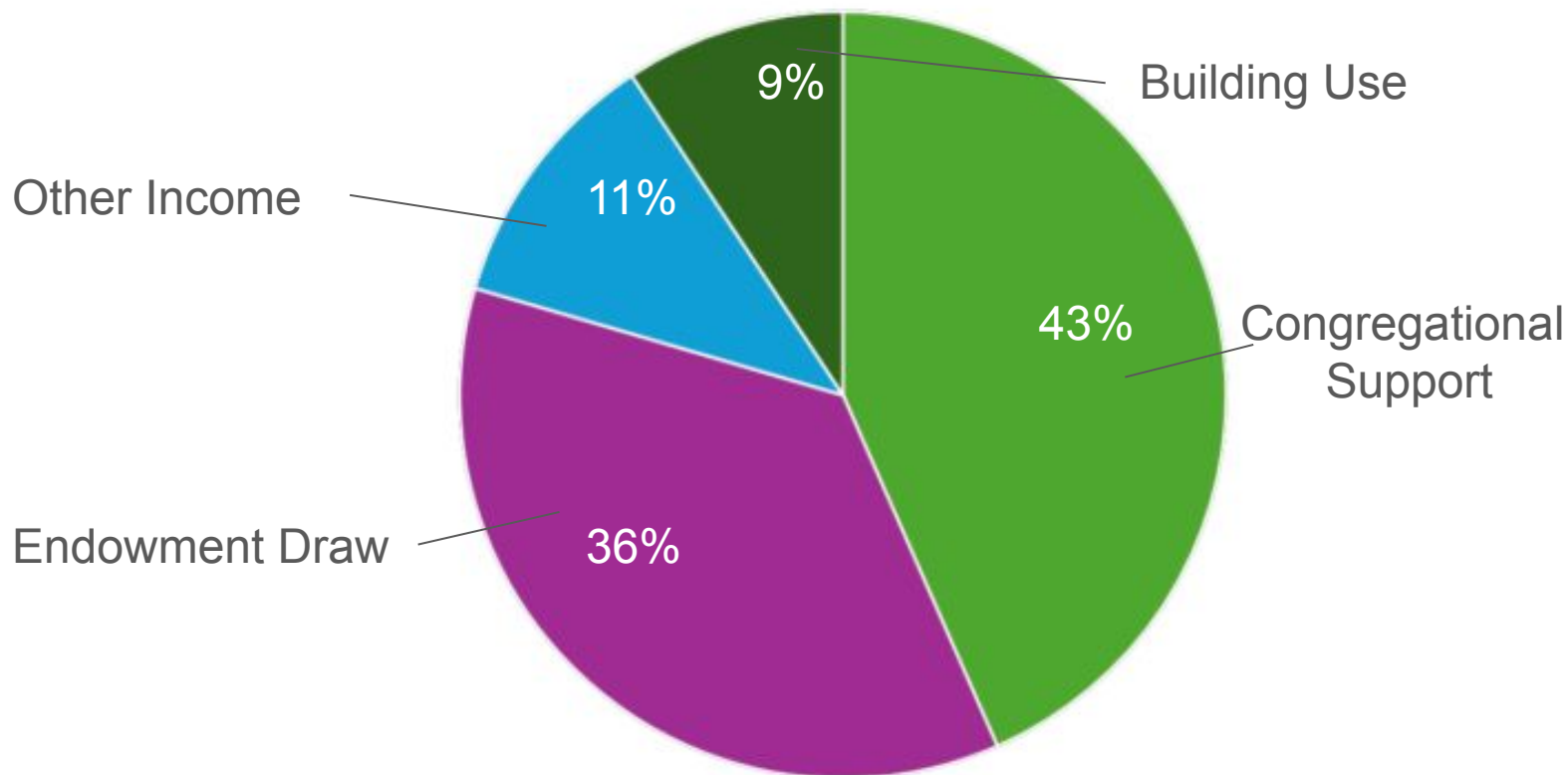
Agenda

- Big picture financial challenges, Paul
- Tackling building needs, Debby
- Budgeting for 2026, Paul
- Questions

Two financial challenges

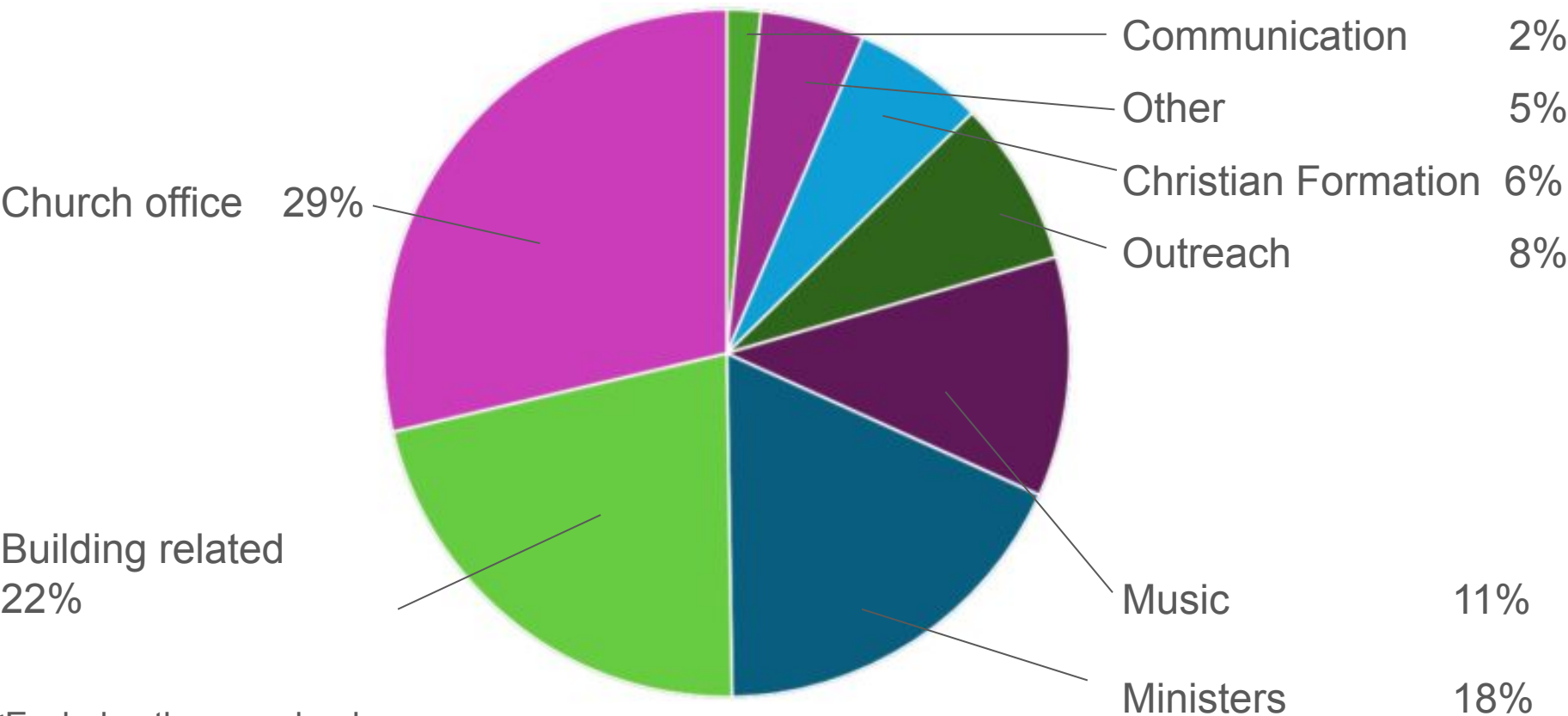
- Operating expenses have been growing more quickly than revenue
 - We ran a \$350 thousand deficit in 2025
 - We spent down reserve funds
 - Deficit spending reduces resources for future ministry
- Building needs are bigger what we had been planning
 - Project AIR (2012-13): upgraded mechanical systems, safety, comfort, and accessibility
 - Crack repairs: addressed building damage and restored some stained glass windows
 - Emergency repairs of tower masonry 2021-22

Sources of revenue (percentages based on 2025 budget)*



*Excludes the preschool

Categories of expense (percentages based on 2025 budget)



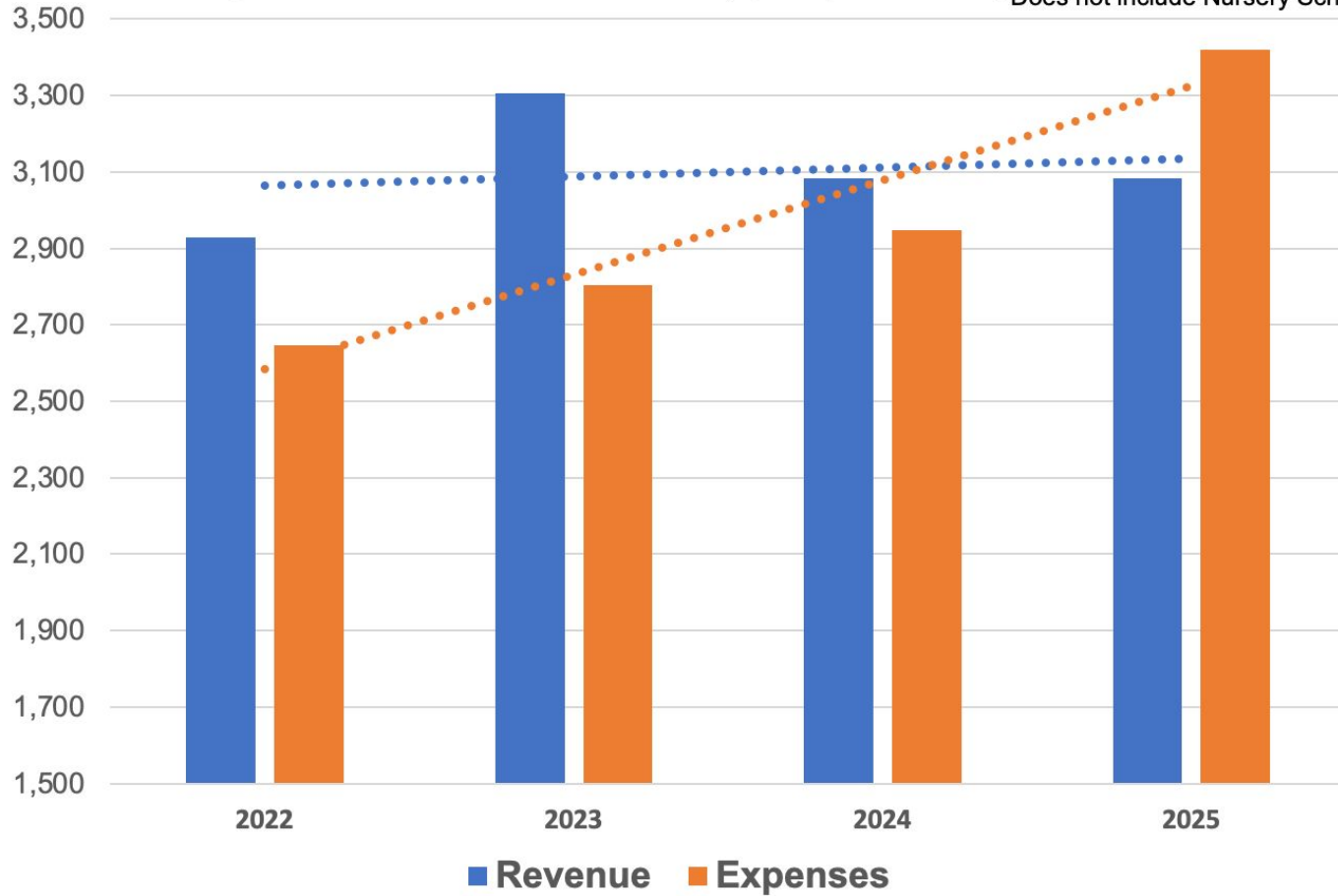
*Excludes the preschool

Old South
January 31, 2026

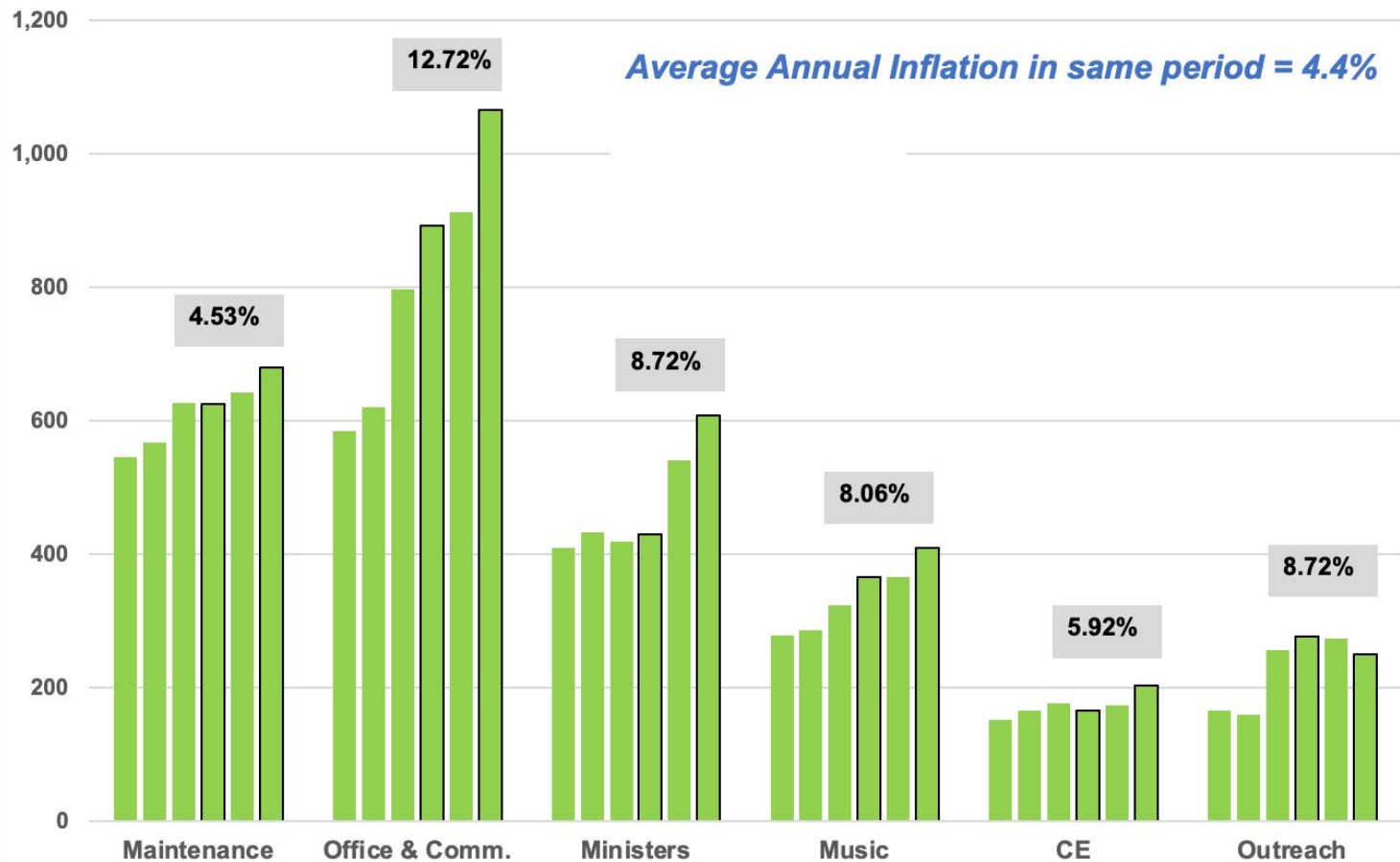
Development of a Deficit *

(\$000)

* Does not include Nursery School



Annual Expense Growth 2020 - 2025



Building needs update

In 2025, the Operations Committee contracted with Wiss Janney Engineering for an updated building assessment

Probable Cost for Building & Organ Work, 2026-2035

Building	\$21.3M
<u>Organ</u>	<u>1.4M</u>
Total	22.7M

The Building Reserve balance is \$1.9 million

Options to fund building needs

- Adjust the scope of the work
- Adjust the timing of the work
- Increase the endowment spending rate
- Put a larger share of the endowment draw in the building reserve
- Use operating cash
- Seek grant funding
- *Spend unrestricted endowed funds*
- *Borrow*

Role of the Endowment

- Our \$54 million endowment is the result of gifts and proceeds from asset sales (air rights, Bay Psalm book) accumulated over generations and invested by the trustees
- Every year, the trustees allocate a portion of long-term investment returns to be used for operations and building needs. The balance is remains invested to allow future distributions to keep up with inflation
- Think of the endowment as Old South's 401k: current spending must to be weighed against a long life expectancy

Operations Committee and Trustee Plan

- Adjust the scope of the work—
 - A team is working with WJE on a project to address the most urgent masonry needs
- Adjust the timing of the work—
 - The work will be spread over more than 10 years
- Increase the endowment spending rate
 - Annual spending rate increased to 5% from 4%
- Put a larger share of the endowment draw in the building reserve
 - Adjust split from 70/30 operations/building reserve to 50/50
- Seek grant funding
 - Need to develop a project before proposals can be made

Operating budget implications—

- 2026 endowment support lower than 2025
- Support thereafter grows roughly in line with inflation, but doesn't rebound to 2025 level in real terms

Principles for developing the 2026 budget

1. Long-term financial health requires Od South to maintain a balanced budget. Deficit spending, which is funded through existing assets, reduces resources for future ministry. Prudent fiscal operation calls for 3 months of operating expenses (~\$1 million) as a cash reserve.
2. Our beautiful, historic building is central to our ministry. We are committed to ensuring appropriate maintenance of the building.
3. In this era of increasing social need, Old South chooses to support community and social service organizations.
4. Investments in congregational life should prioritize growth and deepening connections among members including our remote community. That work includes widening our welcome.
5. Though the number and character of worship services may change over time, vitality and vibrancy of worship is central to Old South.
6. We must appropriately compensate our staff.

The 2026 Budget, a work in progress

- Anticipating the needs of the building, trustees have increased the endowment draw from 4% to 5% and changed the allocation of funds to the building reserve. The net result is a 6% decrease in funds to operations compared to 2025.
- Although we will not achieve a balanced budget in 2026, we are working to make changes and hope to achieve a balanced budget by 2027.
- Congregational growth and congregational giving are fundamental to our ability to maintain our financial health and our ministries of mercy, justice, and beauty

An additional consideration: Proposed Consultant for Belonging

What: A **2-year** consultancy engaging members, staff, leadership, and visitors in practices of welcome, equity, and transformation.

Why: Our current membership and leadership does not fully reflect the vibrancy and cultural diversity of Boston. Looking to the future, we want to be a church where everyone sees themselves reflected — in worship, in leadership, and in the pews.

Hoped for outcomes:

- Increased diversity among church visitors, members, and leaders
- Strengthened capacity to support and retain BIPOC clergy and staff
- Committees and leaders with new skills to engage in faithful, inclusive decision-making
- A deeper church-wide culture of welcome, spiritual depth, and relational resilience
- Deeper realization of the promise of our call to be a church of the Open Door within the city of Boston

Looking ahead

- Greater coordination is necessary to better manage Old South's resources
- We propose:
 - The Finance Committee extend their budget work to develop a multi-year forecast of revenues and expenses
 - Trustees and Operations closely collaborate to consider long-term building needs
 - Regular updates to Council on current year and long budget developments
 - Earlier budget planning by Council committees

Questions?

Appendix

2025 Budget: Revenue

	2025	Budget 2025	2024	2023
Endowment	1,155,463	1,155,463	1,021,940	1,222,844
Congregational Support	1,379,474	1,403,465	1,350,589	1,411,551
Preschool	703,826	678,396	715,479	732,587
Building Use	312,851	300,000	244,790	287,256
Other Income	234,256	344,102	220,693	154,185
TOTAL	3,785,869	3,881,426	3,553,491	3,808,422

2025 Budget: Expense

	2025	Budget 2025	2024	2023
Church Maintenance	680,048	715,272	641,264	635,061
Church Office	1,064,724	950,384	845,890	830,123
Communications	62,553	52,983	66,176	61,899
Ministers	607,993	596,060	540,885	428,798
Music	408,733	374,193	365,502	365,503
Christian Formation Program	202,706	205,310	173,310	166,123
Outreach	250,433	258,293	273,445	275,954
Preschool	636,850	621,915	584,842	581,894
Building Use	55,576	26,688	41,849	50,218
Other (non dept spec)	162,758	132,261	128,161	68,583
TOTAL	4,132,373	3,933,359	3,661,324	3,464,158

Assets	
Current Assets	
Bank Accounts	
100105 Operating Checking Acct #5102	508,395.08
100120 Citizens MMKT (prior One United Bank)	251,809.80
100135 Citizens MMKT #8818	896,961.68
150105 MV Checking - Citizens Bank	93,105.55
Total for Bank Accounts	\$1,750,272.11
Less MV Checking	(93,105.55)
Available Cash for OSC before Restrictions	1,657,166.56
<u>Restricted Cash:</u>	
Temp Restricted Operating	(318,348.00)
Temp Time Restricted-Columbarium-Perpetual	(31,500.00)
Board Restricted (Not Building Reserve)	(100,556.23)
	(450,404.23)
Unrestricted Cash at 12/31/25	1,206,762.33
Cash to have on Reserve:	
Total Expenses for 2025	4,110,935.00
Per Month	342,577.92
3 Months of Expenses	1,027,733.70