

PRESBYTERIAN MISSION AGENCY BOARD

April 23-24, 2014

Finance and Accounting

**ITEM A.103
FOR ACTION**

<i>FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY</i>			
X	A. Finance		E. Corporate Property, Legal, Finance
	B. Justice		F. PC(USA), A Corporation
	C. Leadership		G. Audit
	D. Worshipping Communities		H. Executive Committee
			J. Board Nominating & Governance Subcommittee
			P. Plenary

Subject: Summary of 2015 and 2016 Mission Budget Proposals (With Budget Assumptions)

Recommendation:

That the Finance Committee approve and recommend to the Presbyterian Mission Agency Board (PMAB) the proposed 2015 and 2016 Mission Budgets of \$73,671,744 and \$78,226,389, respectively, as presented in Table 1, and the proposed 2015 and 2016 Capital commitments of \$535,000 and \$325,000, respectively, as presented on page 4 in the Capital Reserve Fund Schedule.

Table 1	2015 Budget	2016 Budget
Unrestricted, current year	\$13,884,763	\$13,649,842
Unrestricted, prior year (PMPF)	2,124,194	2,439,886
Restricted	57,662,787	62,136,661
Total	\$73,671,744	\$78,226,389

Background:

Receipts

Receipts and sources of funding were budgeted based on reasonable projections, current data and funding trends, and known funding sources. Income from endowment funds were budgeted based on the Foundation's policy spending formula rate of 4.25%, and amounts for new worshipping communities were budgeted based on available church loan funds for 2015 (\$4.6 million) and 2016 (\$4.9 million). Fifty percent of the budget is funded by congregations that support the important mission work of the Church.

Several new initiatives were identified that have both high alignment and impact with the Mission Work plan, and need additional funding to continue into the future. Funds development investments are being made for several ministries with the first year as investment, and the second or third year as recovery of cost. It is expected that revenues in excess of cost will be realized beginning 2016 or 2017 and continue into the future. As we gain experience with these efforts, and monitor performance, we will adjust budgets accordingly.

Expenses

The projected expenses are based on assumptions used to calculate 2015 and 2016 salary increases, healthcare costs, travel estimates from ministry areas, and other pertinent data.

1. Anticipated expenses for the Youth Triennium are budgeted at \$3.1 million in 2016.

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2. The Per Capita budget for 2015 and 2016 was reduced. These reductions affected support of the Mission Agency budget, and due to declining membership and collections, approximately \$500,000 of additional expenses were absorbed each year.
3. The Executive Committee recommends to the PMAB for approval that for 2015, the budget reflect a salary pool of 3% (\$555,172) and for 2016, it will remain at 3% (\$558,027).
4. The projected increase for healthcare costs total \$407,969 for 2015 and \$165,655 for 2016.
5. For 2015 and 2016, a portion of the travel expenses were reduced by 10% or approximately \$50,000 each year, and we anticipate more savings as agency travel costs are reexamined.
6. These budgets reflect costs for 165 mission coworkers for 2015 and 2016.
7. A capital replacement reserve of \$400,000 is appropriated for 2015 and 2016.
8. A change from prior budgets includes elimination of the Theological Education Fund (TEF) revenue and corresponding expense, excluding cost allocation, of \$800,000 due to TEF's move to the Presbyterian Foundation.

TEF	2015 Budget	2016 Budget
Revenue	\$862,000	\$724,000
Expense	\$947,879	\$879,407

Summary

PMA has targeted financial sustainability as a goal for several years. The 2015-2016 budgets include investments in funds development for several targeted initiatives. As we benchmark the fundraising efforts and monitor receipts from congregations, individuals, and other sources, the budget and our ministries will be periodically recast to adjust for these factors.

PRESBYTERIAN CHURCH (U.S.A.), A CORPORATION
 Presbyterian Mission Agency

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	2015 Budget			2016 Budget		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue, gains and other support						
Contributions						
Congregations	\$ 5,532,000	\$ 3,354,000	\$ 8,886,000	\$ 5,125,000	\$ 3,421,000	\$ 8,546,000
Presbyterian Women	155,000	411,072	566,072	155,000	411,072	566,072
Gifts and bequests	750,000	409,000	1,159,000	750,000	417,000	1,167,000
Grants	-	320,000	320,000	-	50,000	50,000
Special offerings						
Christmas Joy	-	4,103,620	4,103,620	-	4,389,800	4,389,800
One Great Hour of Sharing	-	7,167,100	7,167,100	-	7,677,000	7,677,000
Peacemaking	-	1,115,160	1,115,160	-	1,191,400	1,191,400
Pentecost	-	872,120	872,120	-	956,800	956,800
Specific appeals						
Emergency and Disaster Relief	-	3,500,000	3,500,000	-	3,500,000	3,500,000
Extra Commitment	-	8,700,013	8,700,013	-	8,811,199	8,811,199
Mission Initiative	-	350,000	350,000	-	350,000	350,000
Special Missionary Support	-	-	-	-	-	-
Hunger	-	488,000	488,000	-	483,000	483,000
Theological Education Fund	-	-	-	-	-	-
Total Contributions	<u>6,437,000</u>	<u>30,790,085</u>	<u>37,227,085</u>	<u>6,030,000</u>	<u>31,658,271</u>	<u>37,688,271</u>
Income from endowment funds held by the Foundation	5,206,763	8,466,055	13,672,818	5,359,842	8,649,801	14,009,643
Income from investments	1,009,000	300,000	1,309,000	1,009,000	200,000	1,209,000
Income from funds held by others	1,132,000	120,000	1,252,000	1,126,000	120,000	1,246,000
Hubbard Press	100,000	155,119	255,119	125,000	156,976	281,976
Sales of resources and services	-	14,508,133	14,508,133	-	18,063,780	18,063,780
Other	-	134,000	134,000	-	111,000	111,000
	<u>7,447,763</u>	<u>23,683,307</u>	<u>31,131,070</u>	<u>7,619,842</u>	<u>27,301,557</u>	<u>34,921,399</u>
Total revenue, gains, and other support	<u>13,884,763</u>	<u>54,473,392</u>	<u>68,358,155</u>	<u>13,649,842</u>	<u>58,959,828</u>	<u>72,609,670</u>
Expenses						
Office of the Executive Administrator	388,913	1,637,886	2,026,799	358,391	1,733,159	2,091,550
Mission Resources	128,973	1,631,655	1,760,628	167,943	1,461,601	1,629,545
Office of the Deputy Executive Director	537,192	518,973	1,056,165	534,047	532,224	1,066,271
Theology Worship and Education	2,579,724	4,901,838	7,481,562	2,558,532	4,975,878	7,534,409
Evangelism and Church Growth	2,061,545	8,300,155	10,361,700	2,130,422	11,689,494	13,819,916
Compassion, Peace and Justice	1,722,082	11,666,124	13,388,206	1,739,230	11,644,300	13,383,529
World Mission	6,249,612	19,899,694	26,149,306	6,232,893	20,734,234	26,967,127
Racial Ethnic and Women's Ministries	2,339,024	3,260,754	5,599,778	2,366,348	3,413,052	5,779,400
Shared Services	-	2,402,028	2,402,028	-	2,244,662	2,244,662
Other	1,892	3,443,680	3,445,572	1,922	3,708,056	3,709,979
Total Expenses	<u>16,008,957</u>	<u>57,662,787</u>	<u>73,671,744</u>	<u>16,089,728</u>	<u>62,136,661</u>	<u>78,226,389</u>
Change in net assets	<u>\$ (2,124,194)</u>	<u>\$ (3,189,395)</u>	<u>\$ (5,313,589)</u>	<u>\$ (2,439,886)</u>	<u>\$ (3,176,833)</u>	<u>\$ (5,616,719)</u>

**Includes \$3,091,200 for Youth Triennium

Presbyterian Church (U.S.A.)
Presbyterian Mission Program Fund And Capital Reserve



Presbyterian Mission Program Fund
as of December 31, 2013

Balance as of January 1, 2013			
Market value adjustment in investments			
Net increase (decrease) in loans/receivables			
New allocation			
Use of allocations			
Unused allocations restored			
Increase (Decrease) YTD			
Subtotal			
Excess unrestricted revenues/(expenditures) from PMA Budget			
Balance as of December 31, 2013			

UNRESTRICTED			
UNDESIGNATED FUNDS	DESIGNATED FUNDS	PROGRAMMATIC LOAN FUND	COMBINED TOTAL
11,777,418	9,871,081	821,042	22,469,541
(238,787)			(238,787)
(133,579)		133,579	-
(1,000,000)	1,000,000		-
	(286,142)		(286,142)
3,547,965	(3,547,965)		-
2,175,598	(2,834,107)	133,579	(524,929)
13,953,016	7,036,974	954,621	21,944,612
	(1,152,347)		(1,152,347)
\$ 13,953,016	\$ 5,884,627	\$ 954,621	\$ 20,792,265

2013 Unused Budget Restored	662,759
2014 Budget Allocation Restored	3,878,809
2014 Adjusted Budget Allocations	(1,958,168)
World Mission Allocation for Contingencies	(1,000,000)
DREAM Fund Allocation	(500,000)
2015 Budget Allocation	(2,124,194)
2016 Budget Allocation	(2,439,886)
Projected Balance as of December 31, 2016	\$ 10,472,336

662,759
3,878,809
(1,958,168)
(1,000,000)
(500,000)
(2,124,194)
(2,439,886)
\$ 10,472,336

Unrestricted Receipts	15,269,179	16,321,823	13,884,763	13,649,842
Directed Mission Support Receipts	3,648,184	3,500,000	3,354,000	3,421,000
Total	\$ 18,917,363	\$ 19,821,823	\$ 17,238,763	\$ 17,070,842
30% Reserve Requirement	\$ 5,675,209	\$ 5,946,547	\$ 5,171,629	\$ 5,121,253

RESERVE REQUIREMENT			
2013	2014	2015	2016
15,269,179	16,321,823	13,884,763	13,649,842
3,648,184	3,500,000	3,354,000	3,421,000
\$ 18,917,363	\$ 19,821,823	\$ 17,238,763	\$ 17,070,842
\$ 5,675,209	\$ 5,946,547	\$ 5,171,629	\$ 5,121,253

Capital Reserve Fund
as of February 28, 2014

Balance as of January 1, 2014			
Earnings/(loss)			
Replacement reserve			
New allocations			
Use of allocations			
Cancellation of allocation			
Administration expenses			
Increase (Decrease) YTD			
Balance as of February 28, 2014			

BOARD DESIGNATED SUMMARY		
INVESTMENTS	COMMITMENTS	COMBINED TOTAL
1,088,186	(373,920)	714,266
(26,695)		(26,695)
64,660		64,660
	(352,541)	(352,541)
(119,732)	119,732	-
	(39)	(39)
(81,767)	(232,848)	(314,615)
\$ 1,006,419	\$ (606,768)	\$ 399,651

2014 Projected Income	380,035	380,035
2014 Projected Allocations ¹	(65,000)	(65,000)
2014 Requested Allocations(Elevator Modernization-2of4)	(243,000)	(243,000)
2014 Requested Allocations(Ghost Ranch-sewer and roof repairs)	(340,000)	(340,000)
2015 Projected Income	430,000	430,000
2015 Projected Allocations ²	(535,000)	(535,000)
2016 Projected Income	430,000	430,000
2016 Projected Allocations ³	(325,000)	(325,000)
Projected Balance as of December 31, 2016	\$ 2,246,454	\$ (2,114,768) \$ 131,686

380,035	380,035
(65,000)	(65,000)
(243,000)	(243,000)
(340,000)	(340,000)
430,000	430,000
(535,000)	(535,000)
430,000	430,000
(325,000)	(325,000)
\$ 2,246,454	\$ (2,114,768) \$ 131,686

¹ PDC-Electric Pallet Jack-5,000; 5th Floor Relamping-20,000; IT-MAC server upgrade-20,000; IT-CTRESXEXT Warranty replacment-20,000

² Elevator Modernization(2of4)-232,000; Restroom Remodel(3W,LL)-100,000; Barrell Roof-50,000; Energy Mgmt upgrade-50,000; Carpet Tile(est 1000 yds)-34,000; Google Search Appliance-29,000; 4th Floor Relamping-20,000; IT-VMWare Server Upgrade-20,000

³ Elevator Modernization(freight)-135,000; Restroom Remodel(1W,1E)-100,000; 3rd Floor Relamping-40,000; Kitchen Remodel(cabinets)-30,000; IT-WiFi Device Replacement-15,000; PDC-Electric Pallet Jack-5,000