

Transition Team Update: February 18, 2018

Understanding church finances

Church finances have emerged as a key concern several times during the transition process:

- Many congregants are concerned about the church's financial future.
- The Nooe Fund was cited as a cause of divisions within the church.
- Confusion about why and how money was spent on some projects and not others was evident.

In addition, many congregants feel that church leadership does not always share information about how and why decisions were made, including those involving spending money. As we move forward, the Transition Team feels it is important that we all understand how church finances work so that we can feel more confident in our future and in our decisions.

The church has two major pots of money: the Operating Budget and the Investment Funds.

Annual Operating Budget

Day-to-day expenses are covered by the Operating Budget. Each year, the Finance Committee- with input from other church committees – proposes a budget which is then reviewed and approved by Session. The exception is the Pastor's Terms of Call. The Terms of Call – which includes salary, housing allowance, and benefits – is proposed by the Finance Committee but approved by the Congregation.

The income to cover annual expenses is generally expected to come from the offerings of the congregation. Building use fees also provide a small income stream. In the past, if the year ended with a surplus, the money went to a Reserve Fund; if the year ended in a deficit, money was taken from the Reserve Fund.

In recent years, offerings have not met expenses. Fortunately, the Nooe gift was received at around the same time as our membership began to decline (and therefore, offerings declined). Session approved using the Nooe Fund to supplement the Operation Budget.

Responsibility for spending from the Operating budget falls to the Committee Chairs. As they incur expenses, a voucher is submitted to the Treasurer who pays the bills and keeps track of spending. If a large unexpected expense occurs, the Committee may request additional funds from Session. In these cases, one of the Investment Funds may be tapped.

Investment Funds

PPC is very fortunate to have several investment funds which can be used to pay for special projects or to cover unexpected expenses (see table on second page). Some funds are restricted; for example, the Hazel Carter Music Fund can only be used to pay for music-related projects. Other funds, like the Nooe Fund, are unrestricted.

Spending from the funds must be approved by Session. Requests for using money from any of the funds generally comes through a committee but can start with anyone in the congregation. Proposed projects should be scripture-based, theologically sound, and fit within the church's mission: *SEEKING to grow in our relationship with God and each other, SERVING God by serving our neighbors, SHARING through our gifts, prayers, and service.* A recent example is the purchase of new hymnals:

- A member of the congregation went to the Worship Committee with a request to purchase new hymnals.
- The Worship Committee met, discussed the request and approved it. They checked with Finance and were told that the Hazel Carter Music Fund had enough money to cover the purchase.
- The request was presented to Session which then approved the request.

All PPC funds are invested in New Covenant Funds, a socially responsible investing firm run by the Presbyterian church.

Fund Name	Date Originated	Original Amount	Perpetual ?	Restrictions	Value as of 12/31/2017
Cemetery/ Grounds Fund	1979	\$34,895	yes	Maintenance & beautification of grounds & cemetery. Total of \$34,895 to be perpetual as long as the stock market allows this to be. (Combination of Leach, Hayes Womack & Grounds funds)	\$37,959
Glenn Childrens/Youth Fund	1998	\$1,500	yes	children & youth expenditures-maintain Glenn name; retain \$1,500 for perpetuity.	\$6,903
Memorial Fund	1978	\$1,863	no	discretion of Session (meant for longterm items)	\$8,382
Connell Steeple Fund	1970	\$5,914	no	maintenance & repair of steeple	\$14,783
General Reserve	1991		no	Moneys left over from previous year's Operations income. In past, used to make up shortfall in annual income if needed. To be spent and closed in 2018.	\$5,305
Lucy Walden Fund	1994	\$28,271	no	Support & upkeep of building & grounds. Principal may be used for capital improvements as well as other worthwhile purposes as determined by the Session. Once Connell Steeple Fund depleted, family wishes this fund be used for upkeep of steeple.	\$23,643
Hazel Carter Music Fund	prior to 2002	\$591	no	Music support, material & equipment	\$2,904
Columbarium/Sere nity Garden	2007	\$1,159	no	Maintenance & repair thereof; resides in Money Market Account	\$3,255
Cameron Memorial Gift Fund	2012		no	Fed by interest from Presbyterian Foundation endowment fund paid quarterly. Usually around \$4K annually. It resides in the Money Market Account. No restrictions.	\$12,622
Nooe Gift Fund	2012	\$740,850	no	Currently in New Covenant and small amount in Money Market Account. No restrictions.	\$764,928

If you have any questions about the survey results, please contact a member of the Transition Team

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