

**Coordinating Commission
Report to Presbytery
November 14, 2020**

Since the August presbytery meeting, the Coordinating Commission of the Presbytery of Transylvania has met two times: September 15, 2020, and October 20, 2020.

The Coordinating Commission has taken these actions:

- Approved communion observances for virtual worship services (first Sunday of each month, September 2020 through March 2021) being provided through the Church Development and Revitalization Ministry
- Began a process to update/revise Manual of Operations
- At the request of Pastoral Transitions Commission, called a presbytery meeting for October 8, 2020, for the purpose of examining a candidate for ordination
- Formed a group to lead the presbytery in conversations around racial equity and justice. Members include: Rachel Anderson (convener), Hannah McIntyre, Mark Davis, Jim Dougans, Rose Taul, and Caroline Kelly
- Endorsed the recommendations from a joint group of Administration and Coordinating Commission members charged to review the presbytery's reserves and consider the sustainability of current operations. Pending the final review of the Administration Commission, these are the recommendations: 1) undesignate currently restricted funds from the sale of Gleneagles property, 2) consider higher levels of per capita to meet administrative expenses and unified giving to support mission, and 3) review staffing levels. (See Attached)
- Schedule a second forum on issues surrounding gun violence in January or whenever the speaker can be available.

Recommendations for Presbytery Action:

- Approve the following 2021 meeting dates (subject to change depending on COVID restrictions):
 - Tuesday, February 2, 2021, 5 to 7 PM, Zoom
 - Tuesday, May 18, 2021, 5 to 7 PM, Zoom
 - Tuesday, August 17, 2021, 5 to 7 PM, Zoom
 - Tuesday, November 9, 2021, 5 to 7 PM, Zoom

Coordinating Commission/Administration Task Group on Reserves

Members: Sara Benedetti, Linda Crawford, Rachel Mathews, Mike Ward. Staff: Robyn Justus, Philip Lotspeich.

On October 19, 2020, the task group met by Zoom to analyze the health of presbytery reserves and the impact that dwindling reserves might have on the life of the presbytery in the next two budget cycles and beyond. Sara, Rachel and Robyn had done previous work on the Proposed 2021 Budget.

The key issue facing the Presbytery is one of sustainability. Given our current spending and giving patterns, how long will our reserves be available to support the gap between what we receive (per capita and unified giving) and our spending? And if that gap cannot be closed, how long will our current reserves last before drastic cuts to staff and programs must be made?

We have already taken a potentially big step toward addressing this gap by taking a look at Camp Burnamwood and setting it on a course toward sustainability. Depending on the course set by the Presbytery, Burnamwood will either need to be breaking even or close to it by the end of 2022 or we will be faced with another inflection point.

The recommendations below would be predicated on work that would be done in 2021 and 2022. Namely exploring the various possibilities for closing that funding gap and examining the efficacy of our mission and ministry. If we simply make moves to extend the financial cliff a few years and do none of the work to change the outlook, we simply kick the can down the road. It will take the pressure off of us now yet simply delaying it for a few years.

In that 2-year period, we discussed the need to set metrics for determining whether or not progress is being made with Burnamwood, staffing, mission and ministry. Those metrics would be used in 2022 to determine any changes that would be necessary. Additionally, we would work in those 2 years to build a comprehensive stewardship group (commission or ministry) that would develop our funding sources. Unified Giving is an area that has potential for growth but need sustained and focused attention to develop. Per capita is another area of possible growth. Our Presbytery portion of per capita is currently set at \$25.51 per member. By looking at the administrative budget and dividing by the number of members in the Presbytery, per capita would need to be \$33.74/member to fully fund our administrative work. As a reminder, per capita only funds administrative items. Mission and ministry are funded by unified giving. An example of a useful metric would be setting an acceptable percentage of the budget to be funded by reserves or restricted funds. Currently, roughly 40% of our budget is funded by reserves and designated sources. We could set a target of 10-20% funding by the end of 2022, which would indicate a much healthier financial condition.

Finally, last year we began to explore more cooperation between Kentucky Presbyteries. One strategy to explore would be to further collaborate but in increasingly substantive ways that would enhance our mission and ministry and close the gap between funding and spending. Of course, those conversations will be more difficult, especially if we have to significantly change how we do what we do.

The financials as of September 30, 2020 were reviewed. The designated and undesignated reserves were reviewed. (Appendix 1)

Here is a summary of projections of undesignated reserves in 2021 and 2022 based on current financials, the 2021 proposed budget and without any fundraising efforts or increases in per capita.

412 Rose Street Foundation Account	\$167,711
<i>Total Undesignated in General account at Foundation/Chase Bank</i>	<i>\$76,892</i>
<i>Burnamwood year-to-date as of 9/30/20</i>	<i>\$(27,231)</i>
<i>Projected Burnamwood Dam cost remaining in 2020</i>	<i>\$(60,000)</i>
Projected Balance in Total Undesignated Reserves 12/31/2020	<u>\$157,372</u>
412 Rose Street Reserves projection for use in 2021 Budget	\$(69,506)
Projected Balance in Total Undesignated Reserves 12/31/2021	<u>\$87,866</u>
412 Rose Street Reserves projection for 2022 Budget	\$(69,506)
Projected Balance in Total Undesignated Reserves 12/31/2022	<u>\$18,360</u>

The following recommendations are proposed:

1. **Undesignate** the Church Development/Redevelopment account that is invested at the Presbyterian Foundation that has a balance of \$180,406 and move the funds to the General Account at the Foundation.

At the June 6, 2009, Presbytery meeting, the Presbytery approved an action that designated \$111,756 of the Gleneagles property sale for church development or redevelopment. These funds were invested in a c.d. until 2017 when the funds were moved to the Church Development/Redevelopment account invested at the Presbyterian Foundation. No funds have been withdrawn from this account since that time. The investment has increased by \$59,399 since the initial deposit at the Foundation. This action would give us funding for the current staffing pattern and give the Burnamwood Vision Group time to implement a Burnamwood strategy.

If approved it would add \$180,406 to our undesignated reserves and the analysis would look as follows:

Undesignated Reserves	$\$167,711 + 180,406 =$	<u>\$348,117</u>
<i>Total Undesignated in General account at Foundation/Chase Bank</i>		<i>\$76,892</i>
<i>Burnamwood year-to-date as of 9/30/20</i>		<i>\$(27,231)</i>
<i>Projected Burnamwood Dam cost remaining in 2020</i>		<i>\$(60,000)</i>
Projected Balance in Total Undesignated Reserves 12/31/2020	$\$157,372 + 180,406 =$	<u>\$337,778</u>
Undesignated Reserves projection for use in 2021 Budget		\$ (69,506)
Projected Balance in Total Undesignated Reserves 12/31/2021	$\$ 87,866 + 180,406 =$	<u>\$268,272</u>
Undesignated Reserves projection for 2022 Budget		\$(69,506)
Projected Balance in Total Undesignated Reserves 12/31/2022	$\$ 18,360 + 180,406 =$	<u>\$198,766</u>

2. Develop a task group and strategy to work on stewardship.

The current portion of per capita that stays in the presbytery's budget is \$25.51 per member. The actual presbytery per capita amount based on expenses is \$33.74 per member. Presbytery's membership is 6569. If we increased per capita based on our expenses that should be charged to per capita, we could increase revenue by approximately \$50,000 in 2021. The task group is not recommending this increase at this time of pandemic but should be an issue to consider.

3. Staffing was reviewed and considered. The presbytery has a small staff. We do not believe this is the right time to make a change.

We propose that conversations should begin in 2021 with all options on the table from reducing staff to sharing staff with other Presbyteries.

Appendix 1

Reserves as of 9/30/20

Accounts	Purpose	
Caldwell Campbell (invested at Presbyterian foundation)	Designated that dividends are to be received by First Richmond	36,316
Church Development/Redevelopment (invested at Presbyterian Foundation)	Proceeds from sale of Gleneagles property; designated for church development/redevelopment	180,406
General Account (invested at Presbyterian foundation)	Operating account (includes the following designated funds)	166,066
Operating Account Balance	Chase	65,405
Administrative Personnel	The Administrative Personnel Loan Fund is a special ministry administered by the Presbytery of Transylvania through the Department of Ministry. Its purpose is to make low interest loans available to administrative personnel (secretaries, bookkeepers, off	(2,500)
Candidates Grant Fund	Grants are issued by CPM. This money comes from offerings taken at Installations and Ordinations of Ministers.	(8,707)
Emergency Grant Fund	Emergency Grants for Churches in a crisis.	(3,500)
Five Cent Hunger	Grants are issued by the Mission Committee. Some churches include this in their budget. 50% collected goes to GA & 50% stays in Transylvania.	(3,450)
Greenway Designated Fund	Portion of the Greenway Funds received in the operating budget in Dec.2019 by adopting spending formula of 5% of the average year-end value for the three trailing years for the John M. Greenway Fund.	(19,183)
Burnamwood Scholarship	Scholarships for individuals to attend Burnamwood.	(5,019)
Funding from Synod--for "Stewardship"	Funding received from the Synod to be used for Stewardship Projects/Workshops	(3,417)
Proceeds from Sale of Church Property	Closing of Morris Fork, St.Helen's, Sharpsburg, Bethesda; funds received from Greenbriar & Wooton church property; can be used for church development/redevelopment; \$15,000 of Vicco proceeds can be used for leadership development; \$10,000 downpayment from Manchester; sale of Garrard Manchester property \$69,845	(108,367)
Peacemaking	1/3 of the peacemaking offering that stays in the Presbytery. Mission Committee issues grants from these funds.	(436)
Total designated funds in General Fund		(154,580)
Total of undesignated reserves in General Fund		76,892
John M. Greenway Trust (Invested at Presbyterian Foundation)	Permanently restricted fund; trust document says that "interest can be used each year to employ evangelists for the purpose of bring precious souls into God's kingdom helping struggling churches in the Mountain districts of Kentucky"; dividends are used to fund a portion of the General Presbyterian compensation.	1,192,099
Harmony Cemetery Fund (Invested at Presbyterian Foundation)	Created 1957. No records of maintenance after 1971.	8,173
John F. White Fund (Invested at Presbyterian Foundation)	Income used at discretion of Trustees for the following purposes: Whites Memorial Church, Indigent Presbyterian ministers, poor. Trustees have approved the following annual distributions: \$24,200 to Whites Memorial Church and \$12,000 to the operating budget under Pastoral Transitions for ministers in need.	681,261

Mec Lona Davis Fund (Invested at Presbyterian Foundation)	Designated for Guerrant Memorial Presbyterian Church; dividends are distributed to Guerrant each year.	242,201
Nicholasville Church Redevelopment Fund (Invested at Presbyterian Foundation)	These funds from the sale of the church property shall be used to strengthen and further the PC(USA) witness in Jessamine County. Action of Presbytery November 11, 2017	255,738
412 Rose Street Proceeds (Invested at Presbyterian Foundation) Campus Ministry Funds (invested at Presbyterian Foundation)	\$7,552 is used each month in the operating budget. These funds are invested at the Presbyterian Foundation. Presbytery does not control how these funds are invested. Presbytery receives dividends from these funds for the purpose of campus ministry in Appalachian counties of Kentucky. These dividends are used to award campus ministry grants in those counties designated by the funds.	167,711
CG Bowman		13,939
Dickson-Davis		5,520
FK Jones		26,172
Home Economics Birthday		114,482
Richard Spencer		2,604
Total Campus Ministry Funds		162,716
Total of Accounts as of 9/30/20		3,158,092
	Estimate of Needed Operating Reserves (four months of expenses)	159,133
	Estimated Balance in Undesignated Reserves as of 9/30/20	(82,242)
	Total Designated Funds	2,913,489
	Total Undesignated Funds	244,603
	Total of Accounts	3,158,092