

Presbyterian Church (U.S.A.), A Corporation
Consolidated Statements of Financial Position
June 30, 2018 and December 31, 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 5,347,574	\$ 16,128,477
Beneficial interest in pooled investments		
held by the Foundation - short-term	68,061,438	66,159,612
Other investments and accrued income	70,623,025	54,140,970
Contributions receivable from congregations	-	3,523,455
Receivables from related entities, net	9,956,358	4,421,206
Due from the Foundation church loans	-	3,609,790
Other accounts receivable	-	597,057
Mortgages and loans on churches and manses, including accrued interest - net	422,721	473,965
Inventories, prepaid expenses and other assets	876,863	1,021,742
Property and equipment, net of accumulated depreciation	10,103,073	10,486,316
Property available for sale	387,471	387,471
Beneficial interest in pooled investments held by the Foundation - long-term	333,869,041	338,189,072
Other investments held by the Foundation	7,111,822	7,694,357
Beneficial interest in perpetual trusts	78,226,530	78,226,530
Total Assets	\$ 584,985,916	\$ 585,060,020
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 4,636,883	\$ 6,546,864
Amounts received from congregations and designated for others	419,834	575,665
Amounts held for missionaries and committed for projects	7,321,379	7,170,691
Amounts due to other agencies	5,555,972	5,553,609
Due to the Foundation church loans	1,958,153	-
Deferred revenue	650,617	366,261
Other	1,466,833	223,442
Total Liabilities	22,009,671	20,436,532
Net Assets		
Net assets without donor restrictions		
Undesignated - General Mission	11,000,902	12,541,949
Undesignated - OGA per capita	10,505,276	6,494,258
Designated	53,937,647	53,521,100
Total Unrestricted	75,443,825	72,557,307
Net assets with donor restrictions		
Restricted by purpose or time	218,655,215	223,450,429
Restricted in perpetuity	268,877,205	268,615,752
Total Net Assets	562,976,245	564,623,488
Total Liabilities and Net Assets	\$ 584,985,916	\$ 585,060,020

Presbyterian Church (U.S.A.), A Corporation
Consolidated Statement of Activities
Six Months Ended June 30, 2018 and 2017

	2018	2017
Revenues, Gains and Other Support		
Contributions		
Congregations (Per capita - \$11,377,084)	\$ 14,628,440	\$ 15,236,040
Presbyterian Women	-	-
Gifts, bequests and grants	1,758,880	1,832,512
Special giving and special offering	10,300,206	10,578,548
Total Contributions	26,687,526	27,647,100
Investment returns and other support		
Realized net gain/loss	3,867,280	2,477,385
The Hubbard Press	551,516	621,421
Sales of resources	830,987	1,165,276
Program services	3,723,060	4,152,674
Other	-	22,333
Cost recovery	143,539	166,879
Total Operating Revenues and Other Support	35,803,909	36,253,069
Expenses		
Cost of Sales	341,755	427,800
Salaries and Benefits	18,018,587	17,720,990
Travel	2,557,988	939,731
Meetings	672,405	551,540
Administration	3,293,389	4,381,301
Depreciation	661,179	83,661
Programs	4,770,944	3,367,242
Resource Development	143,821	109,912
Grants	4,938,529	4,453,545
Total Operating Expenses	35,398,598	32,035,721
Change in Operating Net Assets	405,311	4,217,348
Non-operating revenues		
Income from endowments held by Foundation	1,487,517	3,090,360
Income on investments	1,361,537	325,511
Unrealized net gain/loss	(4,922,938)	11,561,937
Changes in value of beneficial interest	-	824,577
Interest income from loans	21,330	28,141
Total Non-Operating Revenues	(2,052,554)	15,830,526
Change in Net Assets	(1,647,243)	20,047,874
Beginning Net Assets	564,623,488	500,651,158
Net Surplus/(Deficit)	(1,647,243)	20,047,874
Ending Net Assets	\$ 562,976,245	\$ 520,699,032

Presbyterian Church (U.S.A.), A Corporation
Expense Detail
Six Months Ended June 30, 2018

Expenses by Program Area

Policy, Administration and Board Support	800,265
Communications and Mission Engagement and Support	517,676
Theology, Formation and Evangelism	3,086,861
Compassion, Peace and Justice	7,466,365
World Mission	8,399,074
Racial Equity and Women's Intercultural Ministries	2,777,812
Shared Services	512,148
Office of the General Assembly	5,178,031
Presbyterian Mission Agency	2,335,279
Presbyterian Historical Society	403,736
Santa Fe - Plaza Resolana (Ghost Ranch)	(14,283)
Conference Center - Stony Point	862,859
The Hubbard Press	425,683
Related Bodies and Other Programs	8,592
Shared Expenses	1,389,693
Depreciation	661,179
Other	587,628
Total	35,398,598

Expenses by Functional Classification

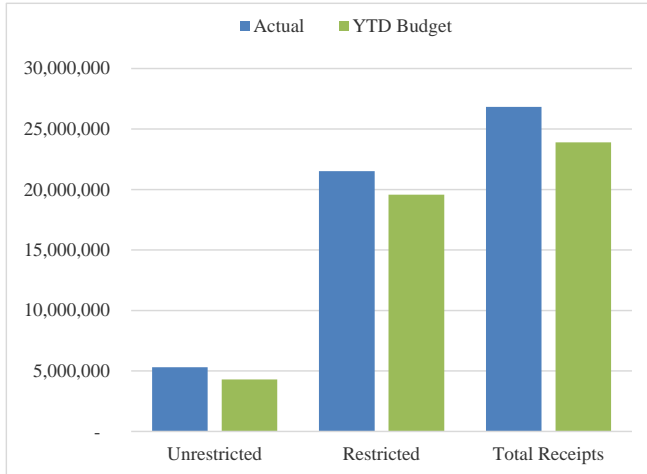
Cost of Sales	341,755
Salaries and Benefits	18,018,587
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Resource Development	143,821
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Total	35,398,598

**Presbyterian Mission Agency
Management Report
Budget Compared to Actual
For Six Months Ended June 30, 2018**

Below are financial highlights and significant budget variances through June 30, 2018.

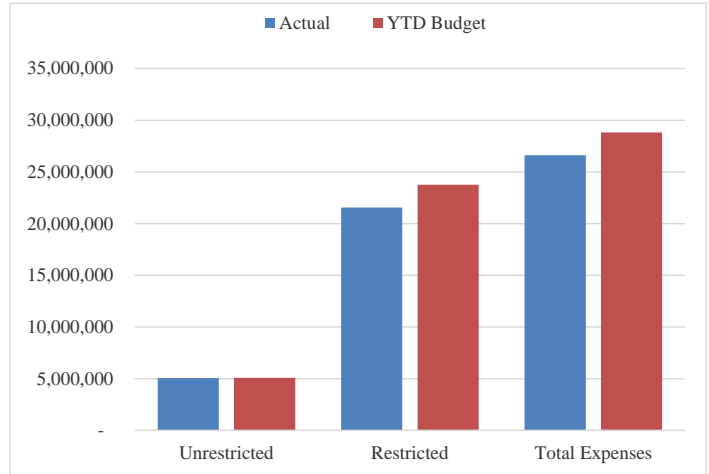
Receipts

Total receipts were higher than budgeted through June. Unrestricted receipts were \$999,207 or 23% over the budgeted amount. Restricted receipts were \$1,933,300 or 10% over the budgeted amount. Total receipts were over budget by \$2,932,507 or 12%.



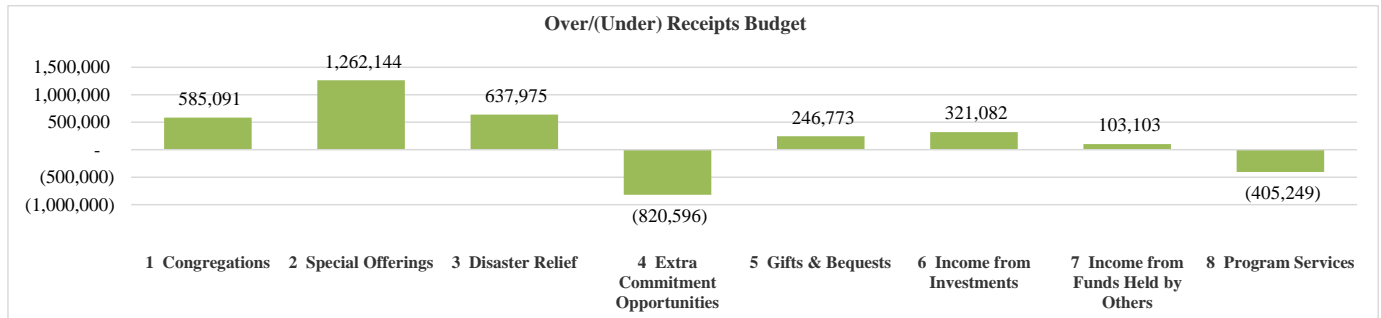
Expenses

Total expenses were \$2,211,663 or 8% under budget through June. Unrestricted expenses were \$15,241 or 0.3% under the budgeted amount. Restricted expenses were \$2,196,422 or 9% under the budgeted amount.



Receipts

The following graph reflects the categories of receipts with the largest variances, along with explanations below.



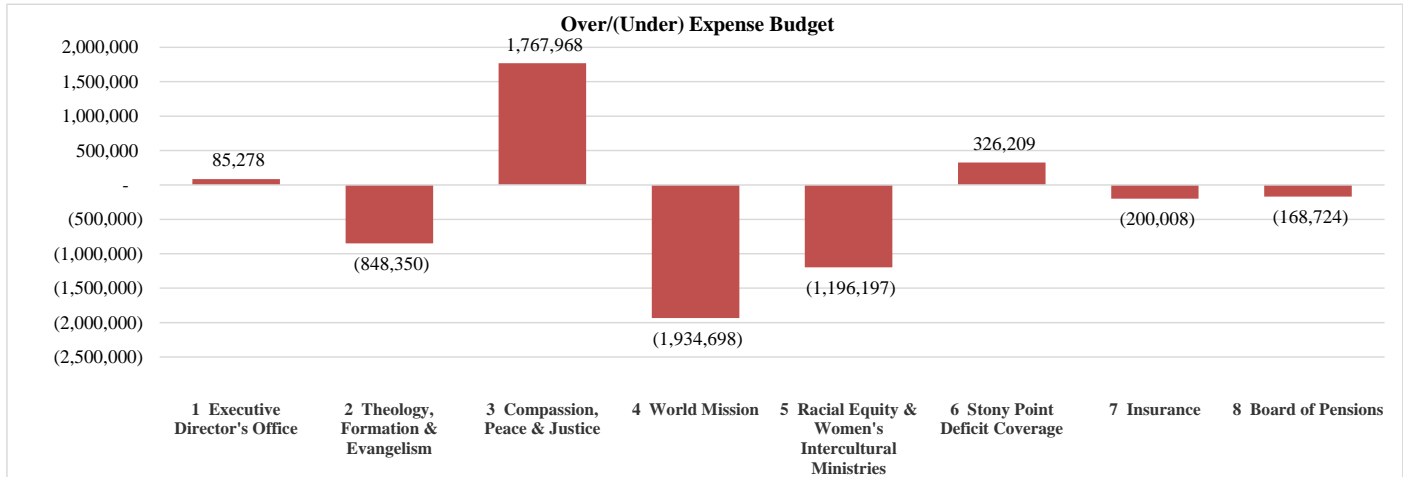
- 1 Support from Congregations and Presbyteries (Shared Mission Support and Directed Mission Support) – Support from congregations and presbyteries was over budget by \$585,091 or 22%. This is likely due to (1) under budgeting for Shared Mission giving [the Shared Mission budget reflects year-over-year decreases], and (2) a shift in categories of giving, thereby restricted, Directed Mission Support giving increased, while ECO giving, used to support mission co-workers, decreased.
- 2 Special Offerings – Special offerings receipts were over budget by \$1,262,144 or 28%. Year-to-date receipts were up \$772,835 from the same period a year ago. This increase is a result of (1) timing of the offering season—this year’s offering collection dates were earlier than last year’s, and (2) the expanded level of intentional and directed outreach to churches, reminding them of the excellent work being done through their support.
- 3 Specific Appeals – Emergency and Disaster Relief receipts were over budget by \$637,975 or 49%. Amounts received include general projects, \$785,000; U.S. hurricane response, \$265,000; and Hurricanes Harvey (08/29/2017), Irma (09/10/2017) and Maria (09/20/2017), \$624,000.
- 4 Extra Commitment Opportunities (ECO) – ECO giving was under budget by \$820,596 or 23% reflecting decreased giving to World Mission and mission co-worker personnel.
- 5 Gifts and Bequests – Gifts and bequests were over budget by \$246,773. This includes a large gift of \$166,369 from an estate.
- 6 Income from Investments – Income from investments was over budget by \$321,082 due to oil and gas lease income received through the Foundation. PMA is the beneficiary of an outside trust that holds property. During 2017, four new wells were added to one of the properties causing an increase in the oil and gas income.
- 7 Income from Funds Held by Others – Income from funds held by others was over budget by \$103,103 due to outside trust-related income.
- 8 Program Services – Program Services were under budget by \$405,249 due to lower than budgeted income for insurance reimbursement, unused student loans funding and internal services.

**Presbyterian Mission Agency
Management Report
Budget Compared to Actual
For Six Months Ended June 30, 2018**

Below are financial highlights and significant budget variances through June 30, 2018.

Expenses

The following graph reflects the categories of expenses with the largest variances, along with explanations.



As of June 30, the budget is underspent in total by \$2,211,663. Some of the underspending is related to timing, and other variances may continue until year-end. Because it is early in the year, it is too soon to project where the expenses will be at year-end, but historically the budget is underspent by then.

- 1 Executive Director's Office – Expenses were under budget due to (1) lower than budgeted expenses in Human Resources; i.e., travel, consultant fees, cultural proficiency, shared grants and miscellaneous expenses, (2) lower than budgeted expenses in Legal; i.e., legal fees, travel, staff development, and subscriptions, and (3) no expenses were incurred for Sexual Misconduct Ombudsperson.
- 2 Theology, Formation & Evangelism – Expenses were under budget due to staff vacancies in the Director's office, and in the ministry areas of Christian Education, Theological Education, and Theology & Worship (TFE is actively seeking to fill these positions). Expenses were also under budget due to the timing of YAV and financial aid grant disbursements to be paid later in the year.
- 3 Compassion, Peace & Justice – Expenses were over budget due to grant payments in Presbyterian Disaster Assistance (PDA) which include disaster response relief for Hurricanes Sandy, Matthew, Maria and Harvey, refugee crisis support, California mudslides, Kentucky flooding, Virginia tornadoes, and the Initiative Project in West Africa.
- 4 World Mission – Expenses were under budget due to staffing vacancies in the Director's office, Evangelism, Global Poverty and Mission Personnel offices; the timing of grant disbursements (primarily in the Africa, Asia and Middle East offices and from World Mission global funds) and the timing of events and programming through the Young Adult Volunteers (YAV) office.
- 5 Racial Equity & Women's Intercultural Ministries – Expenses were under budget due to staffing vacancies, timing of grant disbursements (primarily in Mission Program Grants and Racial Ethnic Schools and Colleges), and timing of General Assembly-related expenditures.
- 6 Stony Point Deficit Coverage – This amount reflects the operating loss through June 30. Stony Point is in the process of establishing an expense reduction plan for the balance of the year.
- 7 Insurance – Expenses were under budget primarily due to timing of payments for insurance premiums.
- 8 Board of Pensions – Expenses were under budget due to timing of the Christmas Joy Offering (CJO) promotion and second quarter CJO disbursements.

Change in Net Assets

Unrestricted – The unrestricted change in net assets as of June 30 is a surplus of \$251,554 compared to a budgeted deficit of \$762,894. This is primarily due to receipts from congregations (Shared Mission giving), oil and gas income, and outside trust income being greater than planned. This positive variance will likely continue for the year.

Restricted – The restricted change in net assets as of June 30 is a deficit of \$37,363 compared to a budgeted deficit of \$4,167,085. This variance is caused primarily by the special offering receipts being greater than budget and the restricted expenses being \$2.5 million lower than planned through the end of June. The expenses may be a result of timing. It is still very early in the year to project where the expense will be by year-end.



PRESBYTERIAN CHURCH (USA)
Presbyterian Mission Agency
Management Report
Six Months Ended June 30, 2018



	2018 Unrestricted					2018 Restricted					2018 Grand Total				
	2018 Annual Budget	2018 YTD Actual	+(-)% of 2018 Budget	2017 YTD Actual	+(-)% of 2017	2018 Annual Budget	2018 YTD Actual	+(-)% of 2018 Budget	2017 YTD Actual	+(-)% of 2017	2018 Annual Budget	2018 YTD Actual	+(-)% of 2018 Budget	2017 YTD Actual	+(-)% of 2017
Support from Congregations and Presbyteries															
Congregations	\$ 1,515,729	\$ 1,804,327	19.0%	2,007,468	(10.1%)	\$ 1,150,537	\$ 1,447,030	25.8%	\$ 1,573,992	(8.1%)	\$ 2,666,266	\$ 3,251,357	21.9%	3,581,460	(9.2%)
Special offerings															
Christmas Joy	-	-	-	-	-	1,708,611	1,917,631	12.2%	1,830,588	4.8%	1,708,611	1,917,631	12.2%	1,830,588	4.8%
One Great Hour of Sharing	-	-	-	-	-	2,591,888	3,204,785	23.6%	2,714,467	18.1%	2,591,888	3,204,785	23.6%	2,714,467	18.1%
Peace and Global Witness/Peacemaking	-	-	-	-	-	178,494	208,922	17.0%	205,262	1.8%	178,494	208,922	17.0%	205,262	1.8%
Special Offering Catalogs (SO projects)	-	-	-	-	-	50,400	348,442	591.4%	246,206	41.5%	50,400	348,442	591.4%	246,206	41.5%
Pentecost	-	-	-	-	-	60,370	171,127	183.5%	83,923	103.9%	60,370	171,127	183.5%	83,923	103.9%
Witness	-	-	-	-	-	-	1,000	(137.4%)	(1,374)	(172.8%)	-	1,000	(1,374)	(172.8%)	
Subtotal Special Offerings						4,589,763	5,851,907	27.5%	5,079,072	15.2%	4,589,763	5,851,907	27.5%	5,079,072	15.2%
Specific appeals															
Emergency and Disaster Relief	-	-	-	-	-	1,309,000	1,946,975	48.7%	929,978	109.4%	1,309,000	1,946,975	48.7%	929,978	109.4%
Extra Commitment	-	-	-	-	-	3,512,034	2,691,438	(23.4%)	2,701,022	(0.4%)	3,512,034	2,691,438	(23.4%)	2,701,022	(0.4%)
Special Missionary Support	-	-	-	-	-	152,520	378,742	148.3%	330,591	14.6%	152,520	378,742	148.3%	330,591	14.6%
Hunger	-	-	-	-	-	262,300	130,973	(50.1%)	109,511	19.6%	262,300	130,973	(50.1%)	109,511	19.6%
Theological Education Fund	-	-	-	-	-	-	325	162	100.6%	-	325	162	100.6%	-	
Additional Forms of Giving															
Presbyterian Women	-	-	-	-	-	185,040	172,277	(6.9%)	184,014	(6.4%)	185,040	172,277	(6.9%)	184,014	(6.4%)
Gifts and bequests	10,000	263,569	2535.7%	-	-	137,250	130,454	(5.0%)	2,424,945	(94.6%)	147,250	394,023	167.6%	2,424,945	(83.8%)
Grants from Outside Foundations	-	-	-	-	-	-	(178)	(14)	1171.4%	-	(178)	(14)	1171.4%	-	
Total Contributions	1,525,729	2,067,896	35.5%	2,007,468	3.0%	11,298,444	12,749,943	12.8%	13,333,273	(4.4%)	12,824,173	14,817,839	15.5%	15,340,741	(3.4%)
Endowments, Interest and Dividends															
Income from endowment funds held by the Foundation	2,336,118	2,269,733	(2.8%)	2,533,077	(10.4%)	2,816,370	3,513,279	24.7%	3,453,723	1.7%	5,152,488	5,783,012	12.2%	5,986,800	(3.4%)
Income & new gifts held by Foundation	-	-	-	-	-	840,000	823,145	(2.0%)	824,920	(0.2%)	840,000	823,145	(2.0%)	824,920	(0.2%)
Income from investments	198,240	536,355	170.6%	289,671	85.2%	38,000	20,967	(44.8%)	88,459	(76.3%)	236,240	557,322	135.9%	378,130	47.4%
Income from funds held by others	247,720	430,823	73.9%	824,577	(47.8%)	80,000	-	(100.0%)	-	-	327,720	430,823	31.5%	824,577	(47.8%)
Other															
Hubbard Press	-	-	-	-	-	25,459	25,462	0.0%	25,462	0.0%	25,459	25,462	0.0%	25,462	0.0%
Sales of resources	-	2,207	-	2,532	(13%)	483,025	746,859	54.6%	1,128,145	(33.8%)	483,025	749,066	55.1%	1,130,677	(33.8%)
Program Services	-	-	-	-	-	2,484,056	2,078,807	(16.3%)	2,125,458	(2.2%)	2,484,056	2,078,807	(16.3%)	2,125,458	(2.2%)
Program Services - Church Loans	-	-	-	-	-	1,516,803	1,557,627	2.7%	1,362,679	14.3%	1,516,803	1,557,627	2.7%	1,362,679	14.3%
Other	-	-	-	-	-	-	(632)	(2,301)	(127.5%)	-	(632)	(2,301)	(127.5%)	-	
Total Endow, Interest, Divnds & Other	2,782,078	3,239,118	16.4%	3,649,857	(11.3%)	8,283,713	8,765,514	5.8%	9,011,147	(2.7%)	11,065,791	12,004,632	8.5%	12,661,004	(5.2%)
Total Receipts	4,307,807	5,307,014	23.2%	5,657,325	(6.2%)	19,582,157	21,515,457	9.9%	22,344,420	(3.7%)	23,889,964	26,822,471	12.3%	28,001,745	(4.2%)
Expenses															
Executive Director Office	191,177	194,698	1.8%	202,953	(4.1%)	701,841	613,042	(12.7%)	627,499	(2.3%)	893,018	807,740	(9.5%)	830,452	(2.7%)
Mission Resources	28,800	31,581	9.7%	77,905	(59.5%)	507,660	539,720	6.3%	596,605	(9.5%)	536,460	571,301	6.5%	674,510	(15.3%)
Theology, Formation & Evangelism	1,264,561	873,493	(30.9%)	1,251,247	(30.2%)	2,734,025	2,276,743	(16.7%)	2,155,243	(5.6%)	3,998,586	3,150,236	(21.2%)	3,406,490	(7.5%)
Compassion, Peace and Justice	673,533	634,721	(5.8%)	540,942	17.3%	5,100,369	6,907,149	35.4%	5,615,081	23.0%	5,773,902	7,541,870	30.6%	6,156,023	22.5%
World Mission	2,044,334	1,994,723	(2.4%)	2,024,033	(1.4%)	8,450,514	6,565,427	(22.3%)	6,599,275	(0.5%)	10,494,848	8,560,150	(18.4%)	8,623,308	(0.7%)
Racial Equity & Women's Intercultural Ministries	866,423	754,664	(12.9%)	676,119	11.6%	3,139,761	2,055,323	(34.5%)	2,097,766	(2.0%)	4,006,184	2,809,987	(29.9%)	2,773,885	1.3%
Shared Services	-	-	-	-	-	670,198	589,014	(12.1%)	864,201	(31.8%)	670,198	589,014	(12.1%)	864,201	(31.8%)
Santa Fe Disposal Costs	-	(14,283)	-	771,419	(101.9%)	-	-	-	-	-	-	(14,283)	771,419	(101.9%)	
Stony Point Deficit Coverage	-	288,209	-	122,185	135.9%	62,000	100,000	61.3%	-	-	62,000	388,209	526.1%	122,185	217.7%
Curriculum Transfer Expenses	-	170,390	-	-	-	-	-	-	-	-	-	170,390	-	-	
Insurance	-	-	-	-	-	1,405,266	1,205,258	(14.2%)	999,494	20.6%	1,405,266	1,205,258	(14.2%)	999,494	20.6%
Board of Pensions	-	-	-	-	-	831,795	663,071	(20.3%)	680,914	(2.6%)	831,795	663,071	(20.3%)	680,914	(2.6%)
Shared Expenses	-	125,710	-	24,108	421.4%	142,530	31,035	(78.2%)	454	6735.9%	142,530	156,745	10.0%	24,562	538.2%
Other	1,873	1,554	(17.0%)	1,887	(17.6%)	3,283	7,038	114.4%	3,080	128.5%	5,156	8,592	66.6%	4,967	73.0%
Total Expenses	5,070,701	5,055,460	(0.3%)	5,692,798	(11.2%)	23,749,242	21,552,820	(9.2%)	20,239,612	6.5%	28,819,943	26,608,280	(7.7%)	25,932,410	2.6%
Change in net assets	\$ (762,894)	\$ 251,554	(133.0%)	(35,473)	(809.1%)	\$ (4,167,085)	\$ (37,363)	(99.1%)	2,104,808	(101.8%)	\$ (4,929,979)	\$ 214,191	(104.3%)	2,069,335	(89.6%)

Glossary of Financial Terms

Basic Mission Support – The money received from congregations. Typically, these are funds sent to the Presbyterian Mission Agency (PMA) from presbyteries. There are two component parts to Basic Mission Support:

1. **Shared** – Unrestricted support, which means there are no limitations on the use of these funds.
2. **Directed** – Temporarily restricted funds where the donor has restricted the use for a particular purpose.

Churchwide Special Offerings – Offerings received by Presbyterian congregations each year to provide funds for designated causes as follows:

1. **Christmas Joy** – Received during the season of *Advent*, this offering supports the Board of Pensions assistance programs (50%) and PC(USA) racial-ethnic schools and colleges (50%).
2. **One Great Hour of Sharing (OGHS)** – Received on Easter Sunday, Passion/Palm Sunday or both, while many congregations receive it during the season of Lent. Donations to OGHS are used to support the following:
 - a. Presbyterian Hunger Program (36%)
 - b. Presbyterian Disaster Assistance (32%)
 - c. Self-Development of People (32%)
3. **Peace & Global Witness** – Received during September and October, the newest Special Offering can fund a wide range of work. The Presbyterian Mission Agency receives 50 percent (50%) of the Offering, with gifts received from former Peacemaking Offering congregations being automatically designated to the Presbyterian Peacemaking Program until 2016.

New funds under the broad designation will support collaborative efforts between World Mission and Compassion, Peace and Justice, and churches may also designate at a more definite level. Twenty-five percent (25%) of funds are kept within the congregation and twenty-five percent (25%) are kept within the Presbytery for use in any mission program falling under the broad category of peace and global witness.

4. **Pentecost** – Received in the season leading up to the day of Pentecost. Congregations keep 40 percent of the proceeds to support ministries with children at risk. The balance supports General Assembly ministries with youth and young adults (50%) and child advocacy at the national level (10%).
 - a. The Pentecost Offering replaced the **Witness Offering** in 1998 (though it is still collected by some congregations).

Extra Commitment Opportunity (ECO) - Congregational and/or individual gifts that are donated to fund specific PC(USA)-approved mission projects and ministries.

Theological Education Fund (TEF) - A voluntary giving program established to provide a way for congregations to support PC(USA)-related seminaries.

Emergency and Disaster Relief – Administered by Presbyterian Disaster Assistance (PDA), this designated account helps congregations, presbyteries and mission partners of the Presbyterian Church (U.S.A.) witness to the healing love of Christ through caring for communities impacted by crises and catastrophic events.

Bequests and Annuities – These funds come to the Presbyterian Mission Agency (PMA) directly from donors or via the Presbyterian Church (U.S.A.) Foundation. Such gifts may be unrestricted (gifts can be used wherever the

need is greatest) or restricted (gifts are used for a specific purpose or designated for a project or program). Bequests and annuities received by the Presbyterian Church (U.S.A.) that are not fully expendable (such as those that create an endowment) are invested by the Presbyterian Foundation.

Endowments, Interest and Dividends – These funds are established and held by the Presbyterian Foundation. They are categorized as either unrestricted or restricted. Additionally, these funds may be permanent or expendable. Income from permanent funds is paid to the Presbyterian Church (U.S.A.) according to a spending formula designed to maintain the fund in perpetuity.

Program Services and Resources – These are categories of sales accounts for another source of funding.

1. **Program Services** – This category of sales includes fees for consulting services (e.g., Research Services), event registration for conferences (including Big Tent and Triennium), fees for administrative services from affiliated ministries and programs (such as Presbyterian Women), other Presbyterian Mission agencies (e.g., Presbyterian Publishing Corporation) and church loan programs, and reimbursement of insurance premiums for related agencies and entities.
2. **Sales of Resources** – This category of sales includes receipts from resources that are produced and sold in various ministry areas. It includes sales of the *Presbyterian Mission Yearbook* and *Presbyterian Planning Calendar* and subscriptions to *Presbyterians Today* and *Call to Worship*. This category also includes sales from educational resources for child advocacy, peacemaking, and environmental justice.

Per Capita – Per capita is a set amount of money (apportionment) per member that congregations (through their sessions) pay to the Presbyterian Church (U.S.A.).