

JOINT MEETING

A Corporation Board, Committee on the Office of the General Assembly,
Presbyterian Mission Agency Board
May 2, 2022, 1:00 p.m. EDT

AGENDA

Welcome and Call to Order	Gregory Bentley
Opening Prayer	Stephanie Anthony, COGA
Land Acknowledgement	Warren Lesane, PMAB
Declaration of Quorums (via PC-Biz)	Gregory Bentley
Highlights of the 2023- 2024 Budgets	
• PMA Budget Initiatives	Diane Moffett
• OGA Budget Initiatives	Kerry Rice
• ASG Budget Initiatives	Kathy Lueckert
• 2023-2024 Budgets	Ian Hall
Questions	
Approval of Budgets	Gregory Bentley

For Action:

- 1. That the Committee on the Office of the General Assembly and the Presbyterian Mission Agency Board approve as part of the 2023-2024 Unified Budget:**
 - A General Assembly Per Capita budget of \$14,954,091 for 2023 and \$16,193,992 for 2024;
- 2. That the Committee on the Office of the General Assembly and the Presbyterian Mission Agency Board recommend for adoption by the 225th General Assembly (2022):**
 - The apportionment rate of \$9.61 for 2023 and \$10.28 for 2024.
- 3. That the Committee on the Office of the General Assembly, the Presbyterian Church (U.S.A.), A Corporation Board, and the Presbyterian Mission Agency Board recommend to the 225th General Assembly (2022):**
 - The adoption of the 2023-2024 Unified Budget of \$88,089,588 for 2023 and \$90,136,411 for 2024
 - The approval of the allocation of annual income realized in 2021 and projected for 2022 from the John C. Lord and Edmund P. Dwight Funds in support of the budget for the general mission work of the Presbyterian Mission Agency.

Closing Prayer

Bill Teng, A Corporation

Unified Budget Assumptions

The Presbyterian Church (U.S.A.), A Corporation (A Corp) consists of the Office of the General Assembly (OGA), the Presbyterian Mission Agency (PMA), and the Administrative Services Group (ASG).

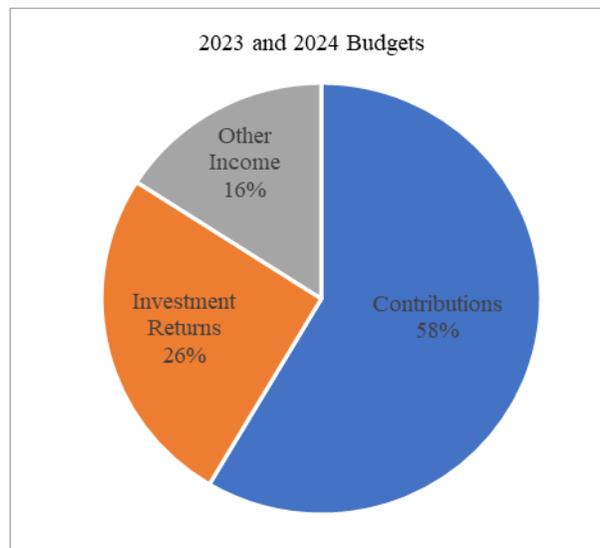
The unified budget reflects the activity of the Presbyterian Church (U.S.A.), A Corporation. The details of the separate budgets of the Office of the General Assembly, the Presbyterian Mission Agency, and the Administrative Services Group are included. While the budgets can be viewed independently, the underlying numbers and assumptions show the support and connectivity of each budget, and the unified budget shows the combined revenue and expenses of the Presbyterian Church (U.S.A.), A Corporation.

Revenue, Gains, and Other Support

The total revenue, gains, and other support are budgeted for \$71.2 million in 2023 and \$72.7 million in 2024. This revenue consists of contributions, investment returns, and other income.

	2023 Budget	2024 Budget
Contributions	41,675,384	42,056,391
Investment Returns	18,218,615	18,977,077
Other Income	11,326,481	11,682,852
Total	\$ 71,220,480	\$ 72,716,320

The 2023 and the 2024 budgets plan to receive 42% of the income without donor restrictions and 58% with donor restrictions.



Without donor restrictions refer to income and contributions that are unrestricted in use. Included are per capita giving (primarily income to the Office of the General Assembly) and Shared Mission giving (mostly income to the Presbyterian Mission Agency).

With donor restrictions refer to income and contributions restricted by the donor for a particular use or project. Special offerings, disaster relief giving, and income from restricted endowment funds are included.

Contributions

The contributions income makes up 58% of the 2023 and 2024 budget revenue.

Congregations – The OGA contributions (without donor restrictions) represent per capita giving, and the budget is based on a pending recommended per capita rate per person of \$9.61 for 2023 and \$10.28 for 2024. The PMA contributions represent both Shared (without donor restrictions) and Directed (with donor restrictions) mission giving.

Gifts, bequests, and grants – As proposed in the November 2019 Budget Summit, during the 2023-2024 budget cycles, all new, unexpected, unrestricted gifts or bequests of more than \$50,000 received by the Presbyterian Church (U.S.A.), A Corporation will be shared. These gifts will be allocated to the Office of the General Assembly and the Presbyterian Mission Agency at a distribution rate equal to the Administrative Services Group cost allocation percentage of 20% OGA and 80% PMA.

Special Giving and Special Offerings – The ‘Other’ Presbyterian Mission Agency category includes Special Giving and Special Offerings.

Contribution Giving and COVID-19 Impact

In early 2020 the Presbyterian Church (U.S.A.), A Corporation (A Corp), reduced the contribution budgets by 25% in 2021 and by 20% in 2022 due to a projected decrease in giving due to COVID-19. By the end of 2021, total contributions were over budget and more significant than the prior year, although the contributions were not at the same level as in 2019. The actual and budget amounts were as follows:

2019 Actual	\$40,104,965
2020 Actual	\$31,504,800
2021 Actual	\$37,311,307
2021 Budget	\$27,328,479

Thanks to faithful Presbyterians, contribution income has improved but is still not at pre-COVID-19 levels.

The 2023 and 2024 contribution budgets were developed based on historical trends. Each giving category was evaluated by reviewing the last five years of data and other relevant factors.

The Per Capita giving, which is reflected under the contributions from congregations, is based on the projected PC(USA) membership for 2023 and 2024. The PMA contribution budgets were developed based on historical trends. Most contribution categories were based on a three-year weighted average.

Investment Return

The investment revenue makes up 26% of the budget in 2023 and 2024.

Income from endowment funds held by the Foundation – This represents the interest income from investments held at the Foundation.

Income from other investments – This represents income from PNC short-term investments, investments with PILP, and outside trusts income.

Realized gain (loss) on investments – This represents the spending formula amounts from endowments held at the Foundation. The spending formula agreement determines the income, and the Foundation provides the projected payments. For 2023 this agreement calls for a 4.20% and in 2024, a 4.15% annual return payout rate of the average market value based on the 20-quarter rolling average with an 18-month lag.

Other Income

Other income makes up 16% of the 2023 and 2024 budget revenue.

Hubbard Press – Income from the sale of church offering envelopes.

Stony Point – This includes guest revenue and other revenue of Stony Point.

Sales of Resources – This category includes income from the *Presbyterians Today* magazine, the Presbyterian Planning Calendar, and other sales.

Program Services – PMA program services (without donor restrictions) include registration fees from special events and board-designated church loan funding used for 1001 New Worshiping Communities' programs. Additionally, reimbursements from the Presbyterian Foundation, Presbyterian Investment & Loan Program, Inc., Presbyterian Publishing Corporation, Board of Pensions, Presbyterian Historical Society, Hubbard Press, and Stony Point (for insurance premiums paid by A Corp on their behalf) are included in this category.

Donor restricted PMA program services include income from the Foundation's church loan funds used for New Worshiping Community grants.

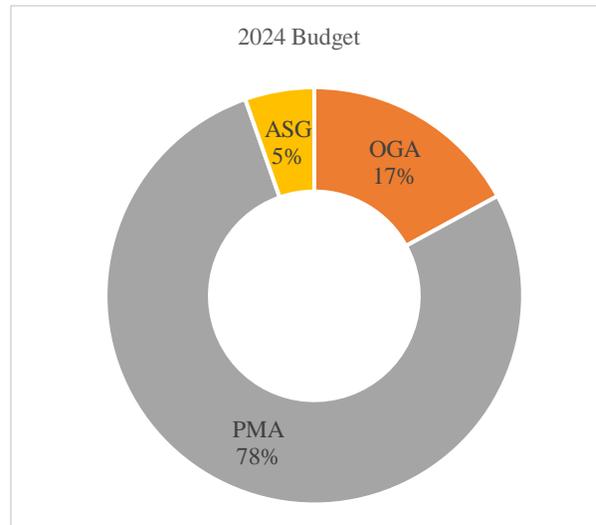
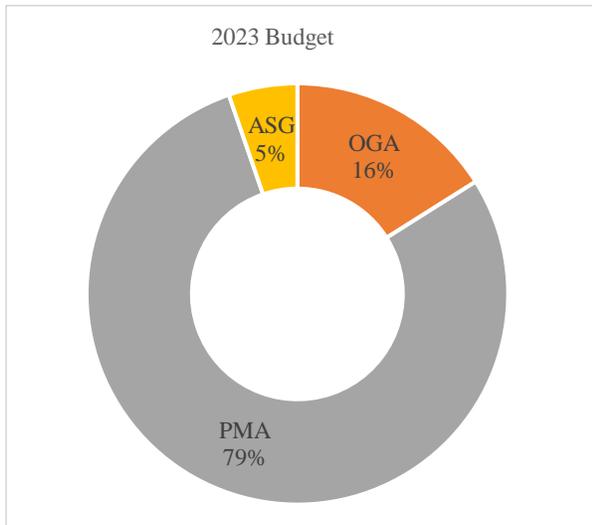
ASG's revenue consists of income from service and rental agreements with related parties such as Presbyterian Women, Presbyterian Investment & Loan Program, Presbyterian Publishing Corporation, and other external parties.

Expenses

The total expenses are budgeted at \$88.0 million for 2023 and \$90.1 million for 2024. The 2023 expenses originate from the OGA budget, 16%; the PMA budget, 79%; and the ASG budget, 5%. The 2024 expenses result from the OGA budget, 17%; the PMA budget, 78%; and the ASG budget, 5%.

The total expenses by natural classification are as follows:

	2023 Budget	2024 Budget
Cost of Sales	523,034	577,308
Salaries and Benefits	39,594,893	41,368,106
Travel	1,976,770	3,754,178
Meetings	819,916	932,851
Administration	17,333,758	14,429,326
Depreciation	1,606,497	1,639,864
Programs	10,405,412	11,605,946
Grants	15,829,308	15,828,832
Total Expenses	\$ 88,089,588	\$ 90,136,411



Salaries and Benefits –

- a. Staffing – The proposed budget includes 418 full-time staff and 43 part-time staff. This includes OGA, PMA, ASG, and mission co-workers.
- b. Salaries expense – Salaries are budgeted to increase by 3% per year.
- c. Board of Pensions dues – Dues for the Major Medical Plan are estimated to increase by an average of 1.8% for 2023 and 2024. The Pension Plan and the Death and Disability Plan are expected to remain as budgeted in 2022.

Travel – The increase from 2023 to 2024 reflects the increased travel related to the General Assembly.

Meetings Expense – The meetings included in this expense category are A Corp Board, PMA Board, Moderator, and Advisory and Advocacy Committees.

Administration – The administration expenses include replacement reserves, insurance premiums, software maintenance fees, building repairs and maintenance, utilities, and standard office expenditures such as postage, office supplies, and telephones.

The following tables provide a detailed expense budget for OGA, PMA, and ASG.

General Assembly Per Capita Budget

	2023 Budget	2024 Budget
Expenses		
Churchwide Ministries	498,300	4,337,089
Presbyterian Historical Society	1,714,597	1,772,327
Ecclesial and Ecumenical Ministries	1,098,939	1,104,582
Mid Council Ministries	1,947,478	2,101,505
Office of the Stated Clerk	2,621,939	2,519,716
Presbyterian Mission Agency	905,442	978,871
Administrative Services Group	2,683,708	2,737,597
Other Expense	325,000	325,000
Uncollectible Apportionments	1,186,226	1,211,827
Presbyterian Historical Society - Designated	523,769	553,679
Commitment - Subsequent Assemblies	1,448,693	(1,448,201)
Total Expenses	\$ 14,954,091	\$ 16,193,992

Churchwide Ministries – Includes expenses for the biennial General Assembly and meetings and resource expenses for permanent and special committees. Commissioners will be asked to determine the format for the 226th General Assembly (2024) (the business is item GA-MC-15). The proposed 2023-2024 per capita budget lists the maximum costs between the four options. Options range from \$1,251,926 (lowest cost) to \$3,653,166 (highest and included in the proposed budget).

Ecclesial and Ecumenical Ministries – Contributions to our Ecumenical Partners and support for ecumenical assemblies.

Mid Council Ministries – Includes the Office of Constitutional Interpretation, Ordered Ministries, Certification, and Mid Council Relations.

Office of the Stated Clerk – Expenses for administration, work of the Stated Clerk, Moderators, and Communications.

Support to PMA – The GA Per Capita budget includes expenses that support mission administration within the PMA budget of \$905,442 and \$978,871 for 2023 and 2024, respectively.

Support to ASG – The OGA budget includes an expense for ASG. Included in OGA’s budget are amounts to support ASG of \$2,683,708 and \$2,737,597 for 2023 and 2024, respectively.

General Assembly Mission Budget

	2023 Budget	2024 Budget
Expenses		
Communications	3,257,135	3,350,519
Compassion, Peace and Justice	13,317,751	13,312,668
Executive Director	3,652,802	3,741,501
Mission Engagement and Support	5,359,113	5,616,771
Racial Equity and Women's Intercultural Ministries	5,369,329	5,381,632
Shared Expense	1,964,863	1,402,657
Stony Point	1,660,600	1,800,078
Theology, Formation and Evangelism	8,698,822	8,817,685
World Mission	14,020,681	14,292,917
Administrative Services Group	12,094,842	12,358,593
Office of the General Assembly	750,000	750,000
Total Expenses	\$ 70,145,938	\$ 70,825,021

Shared Expense – This includes amounts received from the Christmas Joy offering remitted to the Board of Pensions and grants for the Theological Education Fund. The 2023 budget includes Stony Point capital costs.

Support to ASG – The budgeted support amounts are \$12,094,842 for 2023 and \$12,358,593 for 2024.

Support to OGA – In the 2023 and 2024 budget cycles, PMA supports the OGA budget with \$750,000 each year. PMA is using unrestricted gifts and unrestricted reserves for this purpose.

Cost Recovery Rate – A 17% cost recovery flat rate is used in the PMA budget for the 2023 and 2024 budget cycles.

Administrative Services Group Budget

	2023 Budget	2024 Budget
Expenses		
A-Corporation Board Meetings	32,930	32,930
A-Corporation President	509,105	518,879
Building Services	2,092,196	2,166,292
Chief Financial Officer	238,133	244,361
Conference Services	244,410	245,244
Depreciation	995,000	1,033,000
Distribution Services	790,273	804,069
Finance and Accounting	1,831,910	1,889,435
Global Language Resources	877,214	929,377
Hubbard Press	933,874	946,464
Human Resources	1,640,447	1,667,667
Information Technology	2,283,849	2,250,188
Insurance	2,877,310	3,065,041
Internal Audit	266,563	272,984
Investment Management	235,000	235,000
Legal Services	1,256,580	1,282,560
Mail and Print Services	295,193	300,005
Research Services	584,641	592,983
Risk Management	195,543	200,930
Shared Expense	1,243,380	1,265,050
Total Expenses	\$ 19,423,551	\$ 19,942,459

A Corporation, through the staff of the Administrative Services Group (ASG), provides the services of Building Services (Facilities), Finance and Accounting, Treasury, Accounts Payable, Accounts Receivable, Purchasing, Global Language Resources, Human Resources, Payroll, Information Technology, Internal Audit, Legal, Risk Management (Insurance), Mail and Print Services, Research Services, and Distribution Service to its client partners.

The ASG client partners are the Office of the General Assembly, Presbyterian Mission Agency, Presbyterian Investment & Loan Program, Presbyterian Publishing Corporation, and Presbyterian Women.

The 2023 and 2024 ASG budgets will be funded by three sources as follows:

	2023 Budget	2024 Budget
Funding Sources		
PMA	12,094,842	12,358,593
Service agreements with related parties, external contracts, and church offering envelope sales from Hubbard	4,645,001	4,846,269
OGA	2,683,708	2,737,597
Total	\$ 19,423,551	\$ 19,942,459

Global Language Resources (GLR) – A key initiative in the ASG budget is growing the Global Language Resources office. Two linguists were added to the staff for 2023 and 2024. In the 2023 and 2024 budgets, there is an increase of \$25,000 each year to significantly provide more GLR contract translation services to improve translation capabilities.

Information Technology – The increase in Information Technology is related to the Cybersecurity and Disaster Recovery software fees and increased maintenance contracts.

Insurance – Insurance premiums are expected to increase each year. This is primarily related to general liability, excess liability, and auto liability insurance plans.

Shared Expense – This includes capital replacement reserves and audit fees.

Use of Reserves

OGA – The Per Capita budget will use \$1,364,296 in 2023 and \$2,172,083 in 2024 from the per capita reserves during this budget cycle.

PMA – As the unrestricted reserve policy requires, PMA is not using any unrestricted, undesignated reserves to balance its budget during this cycle. PMA uses \$4,747,826 in 2023 and \$4,673,371 in 2024 in unrestricted, designated reserves. PMA will use reserves with donor restrictions of \$10,703,512 in 2023 and \$10,461,573 in 2024. Those with donor restrictions amounts primarily represent the use of Presbyterian Disaster Assistance (PDA) and endowment funds received in a prior year.

Presbyterian Church (U.S.A.), A Corporation
Unified Budget
2023

JOINT BUDGET MEETING
May 2, 2022

	<u>OGA</u>	<u>Without Donor Restriction</u> <u>PMA</u>	<u>ASG</u>	<u>With Donor Restriction</u> <u>PMA</u>	<u>Total</u>
Revenue, Gains and Other Support					
Contributions					
Congregations	\$ 11,862,259	\$ 4,500,000	\$ -	\$ 2,600,000	\$ 18,962,259
Gifts, bequests and grants	355,000	565,000	-	2,602,125	3,522,125
Special giving and special offering					
Presbyterian Disaster Assistance	-	-	-	2,850,000	2,850,000
Other Presbyterian Mission Agency	-	-	-	16,341,000	16,341,000
Total Contributions	<u>12,217,259</u>	<u>5,065,000</u>	<u>-</u>	<u>24,393,125</u>	<u>41,675,384</u>
Investment Return					
Income from endowment funds held by the Foundation	345,186	500,000	-	1,944,477	2,789,663
Income from other investments	600	2,638,600	23,400	-	2,662,600
Realized gain (loss) on investments, net	-	4,201,693	15,000	8,545,659	12,762,352
Unrealized gain (loss) on investments, net	-	-	4,000	-	4,000
Total Investment Return	<u>345,786</u>	<u>7,340,293</u>	<u>42,400</u>	<u>10,490,136</u>	<u>18,218,615</u>
Other Income					
Interest income from loans	-	-	-	-	-
Hubbard Press	-	-	908,000	-	908,000
Stony Point	-	1,477,600	-	-	1,477,600
Sales of resources	132,200	544,877	600	-	677,677
Program Services	32,150	264,112	3,710,527	4,203,015	8,209,804
Other	42,400	11,000	-	-	53,400
	<u>206,750</u>	<u>2,297,589</u>	<u>4,619,127</u>	<u>4,203,015</u>	<u>11,326,481</u>
Total Revenue, Gains, and Other Support	<u>12,769,795</u>	<u>14,702,882</u>	<u>4,661,527</u>	<u>39,086,276</u>	<u>71,220,480</u>
Expenses					
Cost of Sales	3,465	372,348	104,000	43,221	523,034
Salaries and Benefits	6,609,840	9,826,980	1,405,997	21,752,077	39,594,893
Travel	317,529	584,756	11,694	1,062,792	1,976,770
Meetings	358,640	121,785	338	339,152	819,916
Administration	4,875,702	4,681,885	3,077,275	4,698,896	17,333,758
Depreciation	409,802	1,156,936	24,500	15,259	1,606,497
Programs	1,557,113	1,293,166	21,197	7,533,935	10,405,412
Grants	2,000	1,482,852	-	14,344,456	15,829,308
Total Expenses	<u>14,134,091</u>	<u>19,520,708</u>	<u>4,645,001</u>	<u>49,789,788</u>	<u>88,089,588</u>
Current Year - Change in Net Assets	\$ (1,364,296)	\$ (4,817,826)	\$ 16,526	\$ (10,703,512)	\$ (16,869,108)
Prior Year - Use of Available Designated and Restricted Funds	\$ 1,364,296	\$ 4,817,826	\$ -	\$ 10,703,512	\$ 16,885,634
Surplus / (Deficit)	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 16,526</u>	<u>\$ -</u>	<u>\$ 16,526</u>

Presbyterian Church (U.S.A.), A Corporation
Unified Budget
2024

JOINT BUDGET MEETING
May 2, 2022

	<u>OGA</u>	<u>Without Donor Restriction</u> <u>PMA</u>	<u>ASG</u>	<u>With Donor Restriction</u> <u>PMA</u>	<u>Total</u>
Revenue, Gains and Other Support					
Contributions					
Congregations	\$ 12,118,266	\$ 4,500,000	\$ -	\$ 2,600,000	\$ 19,218,266
Gifts, bequests and grants	480,000	565,000	-	2,602,125	3,647,125
Special giving and special offering					
Presbyterian Disaster Assistance	-	-	-	2,850,000	2,850,000
Other Presbyterian Mission Agency	-	-	-	16,341,000	16,341,000
Total Contributions	<u>12,598,266</u>	<u>5,065,000</u>	<u>-</u>	<u>24,393,125</u>	<u>42,056,391</u>
Investment Return					
Income from endowment funds held by the Foundation	346,374	500,000	-	1,958,622	2,804,996
Income from other investments	600	2,638,600	23,400	-	2,662,600
Realized gain (loss) on investments, net	-	4,449,897	15,000	9,040,584	13,505,481
Unrealized gain (loss) on investments, net	-	-	4,000	-	4,000
Total Investment Return	<u>346,974</u>	<u>7,588,497</u>	<u>42,400</u>	<u>10,999,206</u>	<u>18,977,077</u>
Other Income					
Interest income from loans	-	-	-	-	-
Hubbard Press	-	-	908,000	-	908,000
Stony Point	-	1,628,150	-	-	1,628,150
Sales of resources	131,200	508,139	600	-	639,939
Program Services	37,150	156,353	3,899,205	4,361,736	8,454,444
Other	41,319	11,000	-	-	52,319
Total Other Income	<u>209,669</u>	<u>2,303,642</u>	<u>4,807,805</u>	<u>4,361,736</u>	<u>11,682,852</u>
Total Revenue, Gains, and Other Support	<u>13,154,909</u>	<u>14,957,139</u>	<u>4,850,205</u>	<u>39,754,067</u>	<u>72,716,320</u>
Expenses					
Cost of Sales	3,572	417,266	110,000	46,470	577,308
Salaries and Benefits	7,627,660	10,268,419	1,425,332	22,046,695	41,368,106
Travel	2,018,522	639,920	14,702	1,081,034	3,754,178
Meetings	464,891	145,685	336	321,940	932,851
Administration	2,046,664	4,261,258	3,254,329	4,867,075	14,429,326
Depreciation	409,802	1,196,622	20,500	12,940	1,639,864
Programs	2,751,921	1,254,972	21,070	7,577,983	11,605,946
Grants	3,961	1,516,368	-	14,308,503	15,828,832
Total Expenses	<u>15,326,992</u>	<u>19,700,510</u>	<u>4,846,269</u>	<u>50,262,640</u>	<u>90,136,411</u>
Current Year - Change in Net Assets	\$ (2,172,083)	\$ (4,743,371)	\$ 3,936	\$ (10,508,573)	\$ (17,420,091)
Prior Year - Use of Available Designated and Restricted Funds	\$ 2,172,083	\$ 4,743,371	\$ -	\$ 10,508,573	\$ 17,424,027
Surplus / (Deficit)	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 3,936</u>	<u>\$ (0)</u>	<u>\$ 3,936</u>