

FINANCIAL REVIEW

Most participants in a congregation have little awareness of the congregation's finances. Most people would assume the "church is broke" without having looked at a balance sheet. Congregational finances are fairly complicated because each congregation tracks its income and expenses very differently. This is why we work hard to try to help everyone in the church understand their financial condition.

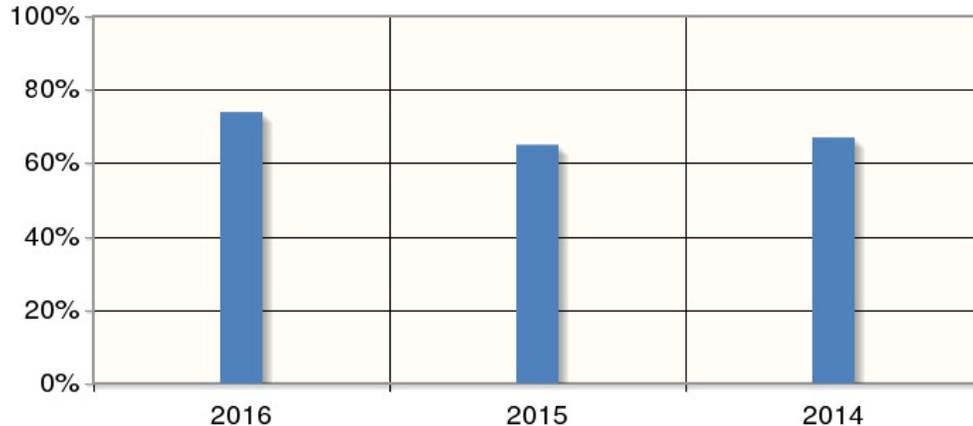
INCOME

Our first area of review is to look at the congregation's income sources. It is important to see where the income for supporting the congregation's ministry comes from, and how much the church relies on outside sources of income.

The table below indicates the income sources for your church in relationship to congregational offerings. At the minimum, a congregation should support its expenses with at least 70% of its income coming from offerings. Congregations that rely too heavily on outside sources of income will often compromise their ministry for the needs of those who provide outside income or become overly dependent on endowment income. Both 2014 and 2015 fall below 70%.

| Operating Income | 2016 | 2015 | 2014 |
|----------------------------|-------------|-------------|-------------|
| Contributions | \$436,418 | \$461,992 | \$506,284 |
| Interest from Investments | \$89,063 | \$201,528 | \$164,642 |
| Building Use Income | \$0 | \$0 | \$0 |
| Fundraisers | \$0 | \$0 | \$0 |
| Transfers from Other Accts | \$50,000 | \$0 | \$84,892 |
| Carry Forward | \$15,000 | \$47,250 | \$0 |
| Total: | \$590,481 | \$710,770 | \$755,818 |

Offering Support



Giving is steadily declining, showing potential disengagement by the congregation. The Presbyterian Church relies on a number of “other funds” for both general operation and mission giving.

EXPENSE

When we consider the expenses of the congregation, we group expenses in four main categories; Salary Support, Building and Administration, Program Expenses, and Mission Giving.

Salary Support includes salaries of all church staff and benefits associated with employing them. Such benefits would include social security offsets, health insurance, pension etc. It does not include costs such as auto expense or office reimbursements. **Most congregations will expend about 50% of their income on salary support.** Experience has shown that congregations that exceed 50% in this category are rarely over paying their pastor. In fact, most New Beginnings congregations fall short of average salaries for their conference. Check with your regional office to determine appropriate salary ranges for your area.

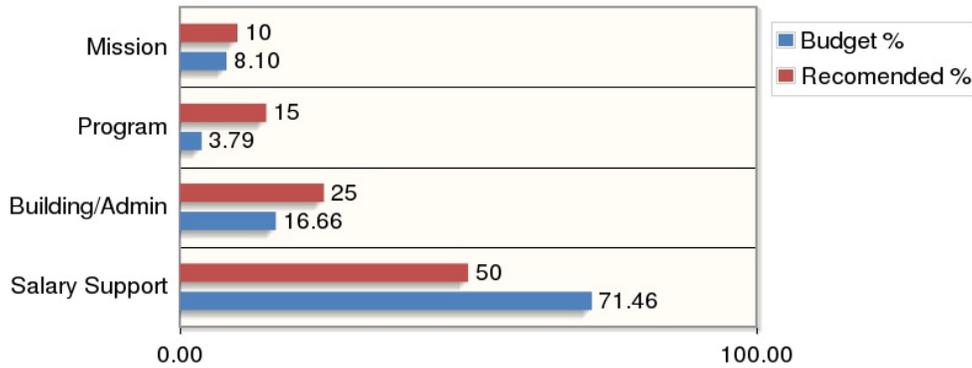
Building and Administration costs are those associated with running the church office and the building. Typical costs include insurance, utility bills, maintenance and yard upkeep. **A typical congregation will support building and administration costs with 25% of their income.** Congregations that are not “right-sized” find themselves paying more for facilities, usually at the expense of their program.

Program Expenses are costs associated with running a program. This would include faith development, evangelism, and worship materials, choir music and supplies, advertising, and other resources and supplies that enable the program to operate. **This is usually about 15% of a church’s budget.** Since this is the place where most congregations can control spending they will usually decrease their spending in this category first.

Mission Giving is giving that the congregation has contributed to both denominational mission causes as well as local mission causes. Mission giving trends **are about 10% of a vital**

congregation's budget as a starting point. Congregations will often reduce their mission spending after depleting their program spending. Many mainline congregations, in past decades, contributed 30-to-50% of their income to mission giving.

Recommended Budget



In addition to the sources of income, the congregation also has some investments plus the estimated value of the property. This is outlined in the table below:

Assets and Investments

| | |
|------------------------|---------------------|
| Property Value | \$8,000,000 |
| Investments | \$825,050 |
| Savings/Reserve | \$36,756 |
| Memorial Funds | \$10,408 |
| Endowments | \$4,068,816 |
| Checking | \$9,468 |
| Music Account | \$11,259 |
| Total: | \$12,961,759 |

The Presbyterian Church currently has no debt.

FINANCIAL CAPACITY

In light of the financial information above, this congregation has **ADEQUATE FINANCIAL CAPACITY** for ministry. That is to say the income streams are adequate for meeting the expenses of the basic ministry of this congregation. That is not to say the congregation does not need to improve its financial position. A simple rule for measuring congregational support of finances is \$1,000 X the AVERAGE WORSHIP ATTENDANCE. (For example, a typical congregation of 60 people in worship will have an annual offering income of \$60,000.) Congregations that are below that formula would benefit from stewardship education. Congregations exceeding the \$1,000-per-attendee rule, that still struggle financially will need to consider cutting expenses even more deeply.

The financial picture for The Presbyterian Church was not made clear during the assessment, nor in follow up phone calls. The assessor's estimation is that few people in the congregation, and maybe even on the session, understand what financial resources the church truly has to do ministry. Also, with monies being drawn from other places there may not be a complete understanding of the amount needed to operate the church as well as support its ministry. The congregation would do well to have a more complete understanding of its financial position. The group of financial supporters who support the church most are aging. They are dying or moving away. The church has a strong balance sheet. However, foresight and conversations will be needed to plan for the decline in contributions and how the church will manage on going support moving forward. Endowments and Investment accounts are tools that can be depleted more quickly than people realize.