

Presbytery of Middle Tennessee (PMT) 2019 Budget Analysis

This Budget adopted by the Administrative Committee and the Finance Committee is - in most instances - an **estimate** of activity expected in the 2019 calendar year. In addition to budgeted line items, Presbytery collects other (non-budgeted) income and pays other (non-budgeted) expense comprised mostly of restricted and designated donations and expenditures and miscellaneous other income and expense. **This budget is prepared principally on a cash basis and Presbytery's interim financial statements are generally prepared on the same basis as the budget but including other non-budgeted income and expense to measure compliance with our budget.** Annual audited financial statements are prepared in accordance with generally accepted accounting principles (GAAP), sometimes with exceptions. Presbytery is also the beneficiary of PCUSA or Synod grants, specifically including Hunger (#4010) and Campus Ministry (#5020-06).

Total Income is composed primarily of pledges made by and collected from constituent churches. Pledge income (#4000) is based on pledges made by Churches and estimates of pledges that will be paid by Churches. Presbytery is required to pay per capita (dues)¹ to the Synod of Living Waters and the PCUSA, based on the number of aggregate members reported in reports to Presbytery. The PMT has elected – by policy - to not impose the per capita requirement on each individual church, but to solicit income from each church based - at a minimum - on Presbytery's per capita requirements. We solicit contribution commitments from our Churches, but most responses are not received timely to allow consideration in the adopted budget. Accordingly, income is predominantly based on prior year giving and, accordingly, is a significant estimate. The amount of per capita paid and expected to be paid by Presbytery, based on constituent Churches' annual reports, is reported in accounts 5070-01 and 5070-03.

Expenses are estimated based on submissions by controlling committees and ministry units, known contractual requirements, projections and other sources.

Compensation (aggregate 5100 accounts) and **Per Capita Costs** (#s 5070.01 and .03) are two of our Presbytery's largest cost centers. Compensation, in most business and business-like endeavors, is typically the largest cost center. Presbytery is no exception. Compensation will be impacted in at least two significant respects in 2019, compared with 2018 because we are seeking an Administrative Assistant (AA) under terms significantly different from prior years, and more significantly, a new Executive Presbyter (we are now operating with an interim). We contemplate the AA will be a part-time / no fringe benefit position. The Hunger Action Advocate (#s 5100-35, 36 & 37) position is funded by a PCUSA grant (#4010). Accounting and payroll services (#5100-61) are outsourced to two separate entities.

¹ Per Capita for 2018 was \$3.98 for Synod and \$7.73 for PCUSA. Per Capita for 2019 is \$3.98 and \$8.95, respectively.

Program costs include Leadership Excellence, Mutual Support, Ministry (COM, CPM), and Church Transformation. NaCoMe and Campus Ministries are significant Mutual Support efforts. As noted above, Campus Ministries is partially funded by a Synod grant.

The **Church Transformation Committee** oversees several new church and transitional church efforts, some in conjunction with Administrative Commissions,² including the Hispanic Presbyterian Church, worshipping at Glenclyff Presbyterian Church, the Sudanese Presbyterian Church worshipping in Gallatin and the Training Hub operating in East Nashville - in connection with the Woodland Presbyterian Church. In addition, there are several other Administrative Commissions working with churches in Presbytery and there are emerging new church efforts. The ADMIN and FIN Committees monitors the work of these bodies and has, historically, responded to financial and other needs necessary to return these entities to healthy status. Presbytery, acting on the advice of the Church Transformation Committee, has contracted with an independent entity, Ministry Architects, to provide leadership and perform certain revitalization efforts identified as the East Nashville Hub (#5050-10). The 2019 grant request from Ministry Architects will be reviewed at the February 21 meeting of the Administrative and Finance Committees.

Finance and Administration costs include occupancy costs, office costs, communication, insurance, audit, and information technology costs. Occupancy costs consist of reimbursement of allocable utility, telephone and other costs paid in conjunction with an agreement with Westminster that provides office and meeting space. Presbytery is audited annually by an independent certified public accountant.

² Administrative Commissions are formed to guide Churches through periods of transition or other difficulties. Administrative Commissions work with Sessions to encourage and support Churches in transition for any number of reasons. There are currently five or six commissions at work in PMT. Administrative Commissions and other transformation efforts do not always need funding, but they often do need financial and other assistance. Accordingly, these efforts represent real financial liabilities - as reflected in this budget - and **potentially significant contingent liabilities** to PMT.