

Financial Snapshot Albany Presbytery – June 2016

Black = approved 2010
Green = current practice
Red = proposed change

Preface, June 1, 2016

At the moment, there are two separate and related money management systems in Albany Presbytery.

The annual budget, including mission disbursements, and including designated accounts generally related to particular budget lines is administered by the Council at the moment on an ad hoc basis.

The Board of Trustees of Albany Presbytery manages larger investment accounts that provide income to the budget (and the budget's mission causes) and finance the cost of managing property and assets.

Contents

Board of Trustees Duties and Funds	1
Financial Policies and Procedures	3
Grants and Loans Fund	6
Description and Balances of Funds	7
Leases, Mortgages, and Loans	8
Trends	9
Interpretation	10

BOARD OF TRUSTEES

Duties per Standing Rules:

The Presbytery of Albany shall be incorporated under the Religious Corporations Law of the State of New York and in harmony with the Constitution of the Presbyterian Church (U.S.A.), so as to enable it to receive, hold and transfer property--real and personal--and facilitate the management of its corporate affairs as directed by the Presbytery.

Accountability –

All members are expected to attend all meetings. Any unexcused absences will be followed up by a phone call; three excused or unexcused absences in a year may signal that the

member really can't fit this commitment into his or her schedule, and the Chair will ask whether resignation is the best solution.

Meeting Format –

Meeting will be held as needed. The Presbytery office may send out email reminders in advance. Members may request to be excused due to emergencies but will ensure that any reports or work will be submitted on time.

Role of President –

The President moderates and serves as liaison to Council. **The President** makes reports to the Presbytery, delegating certain responsibilities when appropriate. The President ensures that members know their responsibilities and have the resources and support they need to meet those responsibilities. The President ensures the development of a yearly work plan and a review of the work done at year's end.

Role of Staff –

The [Staff Title] is the staff member advising this Board. She acts as advisor and has voice but no vote.

Role of Member –

Members are expected to spend up to two hours at Board meetings and devote time in-between meetings to the work of the Board.

ACCOUNT & FUND DESCRIPTIONS

The Trustees of the Presbytery of Albany are responsible for the management of a number of accounts. Below are descriptions of major investment accounts. From time to time, the Trustees may open and dissolve short-term accounts for special purposes. Annually, the activity of all accounts managed by the Trustees is reported to the Presbytery.

Capital District Community Loan Fund

In the past, the Trustees invested in this loan fund from Mission Endowment Funds and now receive small interest payments each year.

Checking Account

This account is set up to handle the day to day transactions of the several accounts identified below. The treasurer keeps a record of all deposits and withdrawals from the account and an accountability of the balance by account. The current expectation is to keep a minimum balance in the checking account and invest monies not needed for current expenses.

Mission Endowment Fund (Short and Long Term)

- These funds came from the four predecessor presbyteries which merged into the present Albany Presbytery. They

are managed by the Trustees with “total return” (income and growth combined) as the criteria of measurement. The objective is to provide an increasing flow of income over time for use by the Presbytery to support general ecclesiastical activities. No additional funds have been added to this endowment since the Presbytery mergers of 1958-59.

- Usually, a draw from the endowment for support of the Presbytery is allowed using a formula which provides 5 percent of the endowment fund balance each year.
- The calculation uses an average fund balance for **trailing 10 quarters**.

Trustees Operating Fund

- Comprised primarily of assets that came to the Presbytery as a result of church closings. They are managed by the Trustees with “total return” (income and growth combined) as the criteria of measurement. The objective is to provide an increasing flow of income over time for use by the trustees **to maintain capital assets and support the presbytery budget**.
- Usually, a draw from the endowment uses a formula which provides 5 percent of the endowment fund balance each year to be distributed **between Trustees management expenses and support of the budget**.
- The calculation uses an average fund balance for the **trailing 10 quarters**.

Jermain Legacy Fund

The Jermain Legacy Fund has been in litigation for many years and we expect that when all the expenses are returned to the operating funds that financed the litigation and expenses, there will be only a small reminder.

Grant and Loan Fund

See document below.

INVESTMENT POLICIES OF THE BOARD OF TRUSTEES

The primary objective of all funds invested in securities is to combine growth of capital with income via high-quality investments. This is accomplished through diversification, income, and risk control through equities, fixed income securities, and/or cash equivalents. The funds are invested with a target weighting mix as follows:

Asset Class	Min Wt	Target Wt	Max Wt
Equities	50	60	70
Fixed Income	30	39	50
Cash & Equivalents	0	1	5

The General Assembly of the Presbyterian Church has placed a restriction of corporations due to their involvement in military-related production, tobacco or human rights violations. The divestment list is available at <http://www.pcusa.org/mrti/divestment.htm>. The Albany Presbytery does not invest funds in securities of the listed companies.



My financial adviser says I don't have enough faith, and my spiritual adviser says I'm too diversified.

Fitz
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Financial Policies

ACCOUNTING DOCUMENTATION

Policy Statement: *It is the policy of Albany Presbytery to establish and maintain records to record costs of the organization based on generally accepted accounting principles (GAAP), as well as any applicable, current and existing Federal guidelines.*

Interim financial statements are produced each month reporting income and expense for each fund. The information is also used to evaluate our current performance against budget and to assist in projecting costs and budgets for the upcoming year. The Financial Manager will ensure that all appropriate committees and individuals will receive regular financial reports as requested and/or helpful.

ANNUAL AUDIT

Policy Statement: *It is the policy of Albany Presbytery to meet the requirements of G-11.0307 in the Book of Order. The results of such a review will be recorded in the minutes of the Presbytery when complete. **The Trustees shall assume the responsibility for the review or audit of the financial records of the presbytery and the Trustees.***

ANNUAL BUDGET

Policy Statement: *It is the policy of Albany Presbytery to have an annual budget approved by the Presbytery each calendar year (see Budget Process Calendar).*

AUTHORIZED SIGNERS FOR DISBURSEMENTS

Policy Statement: *It is the policy of Albany Presbytery to require certain management and/or Governing Body signatures on checks disbursed.*

Individuals authorized to sign checks for the Mission and Ecclesiastical accounts on behalf of the Presbytery are the [Staff Title] and Presbytery Treasurer. Individuals authorized to sign checks for the Trustees' accounts are the Financial Manager, Trustees' Treasurer and President. Only one signature is required for any given transaction **unless the transaction is over \$2,000, when two signatures shall be required.**

BANK STATEMENTS

Policy Statement: *It is the policy of Albany Presbytery reconcile all bank statements.*

- The [Staff Title] (or designee) opens, reviews, dates and initials all bank and investment statements upon receipt.

- Once that review has been completed, the statements are forwarded to the Financial Manager or appropriate Board officer for reconciliation.
- The Financial Manager or appropriate Board officer will complete reconciliation against the Presbytery records within 60 days of receipt. Discrepancies will be reported immediately to the [Staff Title].
- Once reconciliation has been completed, the bank statements and reconciliation report will be kept on file.

DEPOSIT OF FUNDS

Policy Statement: *It is the policy of Albany Presbytery to uphold a process for depositing funds which maintains internal controls.*

The following procedures will be followed in the process of depositing funds:

- All church-wide mission support funds are submitted by churches to a lock box and directly deposited by the bank into a single account. The Financial Manager then reviews and disburses funds into the appropriate accounts.
- The Support staff will prepare the bank deposit slip for those checks and other funds which come into the office, and will make a copy of each check being deposited (or written backup in the case of cash). Checks shall be endorsed for deposit.
- Copies of checks and supporting documentation are retained by the Financial Manager.

DISBURSEMENT OF FUNDS

Policy Statement: *It is the policy of Albany Presbytery to disburse funds in order to pay vendors, to reimburse expenses of staff and to meet other Presbytery financial obligations.*

- The Financial Manager receives all requests for payment and, upon review and approval (including identification of the appropriate budget line item), disburses funds. All checks must be made out to specific companies and individuals, and may not be made out to cash.
- Disbursements by check are forwarded to the Treasurer or other authorized signer for signature.
- Disbursements by electronic transfer are performed by the Financial Manager and reviewed by the [Staff Title].
- The support staff mails the checks with any necessary documentation. The supporting documentation retained for the Presbytery files is stapled to the check stub and filed.

- Unused checks will be safeguarded at all times and kept in a locked cabinet when the office is closed. Blank checks will not be signed ahead of time.
- Presbytery credit cards will be provided to employees as deemed necessary by the [Staff Title], and shall be used only for Presbytery expenses. The monthly credit card statement will be reviewed by the Financial Manager and such review will be documented and kept on file.
- The Financial Manager monitors expenditures against approved budget amounts and periodically reports to committee, task force and Board chairs the status of their budget allocations, as well as the [Staff Title].
- Committees, Task Forces and Boards may reallocate funds between line items within their budgets, within their total budget allocation. Permission to exceed their total budget allocation must be submitted to and approved by the Presbytery in advance.
- Committees, Task Forces or Boards are **discouraged from carrying over money over from one budget year to another**. If they do, the request must be submitted to and approved by the Presbytery prior to December 31 of the given budget year.

EMPLOYEE & VOLUNTEER EXPENSES, REPORTING AND REIMBURSEMENT

Policy Statement: *It is the policy of Albany Presbytery to reimburse all individuals in a timely fashion for expenses related to Presbytery business.*

Expense Reimbursement:

- 1) Expenses incurred in the performance of committee and task force work are reimbursable under a vouchered reimbursement plan for all committee and task force members. Reimbursable expenses must be submitted within 60 days and may include travel (to and from committee meetings as well as other travel on committee business), meals, parking, tolls, supplies and postage. Other expenses not listed here may also be reimbursable; please check with the Financial Manager.
- 2) Mileage is reimbursed at the standard IRS business rate. Committee and task force members should be aware that reimbursement at this rate is higher than the volunteer mileage rate allowed by the IRS. This creates income to the recipient to the extent that the reimbursement exceeds the IRS standard charitable mileage rate. Should an individual receive mileage reimbursement totaling more than \$600 in a single year, a form 1099 will be issued to the individual from the Presbytery office.
- 3) Expenses should be vouchered, either using a paper voucher form or a request via email. Supporting

documentation for all expenses should be submitted with the voucher request. For mileage requests, a statement including the date of the expenses, the places traveled to and from, and the reason for the travel is sufficient documentation. For any items purchased, a paper receipt should be submitted.

- 4) The Presbytery is exempt from sales tax and any individual expecting to purchase reimbursable items which would be subject to sales tax should carry a tax-exempt form with them and present it to the vendor. ALL reimbursements are to be submitted through the committee or task force chair by the end of the month following the month in which the expense was incurred – for example, by the end of February for any January expense. This is required by the IRS for the reimbursement to be considered non-taxable to the recipient.
- 5) Reimbursement Request forms and tax exempt forms are available from the presbytery office.
- 6) **The employee expenses of the [Staff Title] and the Stated Clerk must be reviewed by the Treasurer or an elected officer of the presbytery appointed by the Treasurer.**

PAYROLL

Policy Statement: *It is the policy of Albany Presbytery to pay employees (see #1-#7) and independent contractors (see #8) in a timely and efficient manner, while complying with all federal and state regulations regarding such, as well as the Personnel Policies of Albany Presbytery.*

- The Presbytery contracts with an outside payroll service to process all payroll activities, including all required state and federal tax reporting and filing.
- Hourly and non-exempt employees will fill out time sheets and submit to their supervisor on a regular basis. The timing of such submission is to be established between each employee and their supervisor, but will be at least monthly.
- Payroll will be paid on the 15th and last day of each month, or the immediate preceding business day should the regular payday fall on a weekend or holiday.
- An office support staff person collects and submits accurate hiring, hour and salary information for each employee calling it in to the payroll service prior to the scheduled pay date.
- When the payroll is delivered, the support staff person checks the information submitted with the payroll

register for accuracy and signs and dates the register after review.

- Checks and direct deposit payroll stubs are delivered to employees.
- The payroll reports from the payroll service are given to the Financial Manager. The Financial Manager posts the information to the General Ledger and reconciles the bank account when the statement is received.
- Independent contractors will be paid on a monthly basis, or as per the contract negotiated.

CHURCHWIDE COMMITMENTS AND CONNECTIONS

Albany Presbytery's financial procedures are governed by the Manual of the General Assembly, Organization for Mission, Appendix A: Financial Issues. (The current version of this manual as of this writing can be found at <http://www.pcusa.org/gamc/08organizationmission.pdf>).

Accordingly, Albany Presbytery subscribes to the Glossary of Terms Related to Financial Issues, the Principles underlying the funding of the mission and ministry of the PCUSA and the Church-wide Funding Plan (this information can be found on our website at www.albanypresbytery.org (Go to Committees and click Budget and Finance)).

UNRESTRICTED AND RESTRICTED GIVING

Unrestricted giving refers to gifts received for the overall support of the adopted budget of the presbytery. Unrestricted giving is foundational in the Church-wide Funding Plan. Through unrestricted giving, individuals and governing bodies share in support of the whole mission and ministry in which the church engages.

Restricted giving refers to gifts that are restricted by a contributor or donor for use in support of a validated project, budget category, or appeal. Restricted giving, such as directed mission support, church-wide special offerings, and other specific appeals, is a valuable and important method of adding to unrestricted giving. Contributors wishing to use restricted giving are encouraged first to choose projects or categories within adopted budgets through directed mission support. Special offerings and other specific appeals are always restricted by their stated purpose.

DEDICATED ACCOUNTS

Within the separate mission and ecclesiastical funds, it is at times necessary to set aside specific monies for specific use. This is accomplished by using dedicated funds. Dedicated funds can arise in a variety of ways; e.g. Presbytery or Council action, receipt of monies outside of budgeted categories or the accumulation of funds across more than one budget cycle. The authority to spend from dedicated funds rests with a committee or task force of the Presbytery.

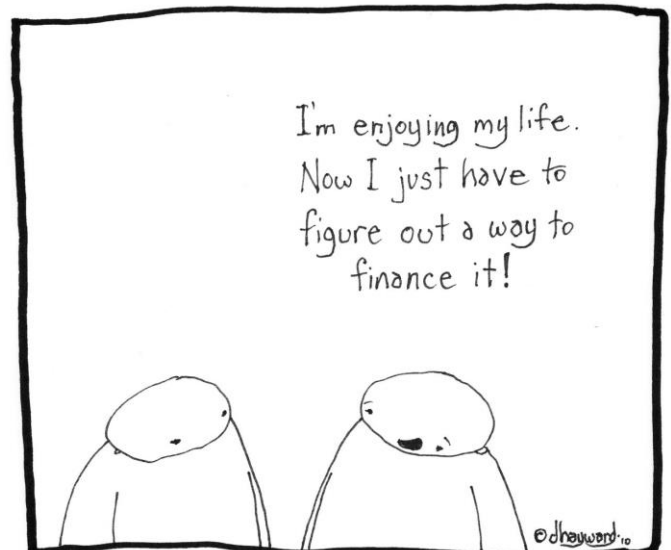
Current fund balances are found on the latest Presbytery balance sheet.

TREASURER'S DUTIES

- The treasurer weekly reviews the bills and vouchers for the Presbytery accounts and signs the attached checks for payment. If needed, the treasurer will initial vouchers for payment. As needed, the treasurer will sign checks other than weekly.
- The treasurer attends Presbytery meetings.

ASSET DISPOSAL POLICY (2016):

Any congregation that plans to give away more than 10 percent of its total financial assets or \$25,000, whichever is larger, in any one calendar year, to any outside entity, whether PCUSA affiliated or not, 501(c) 3 or not, is required to have prior Presbytery Trustee notification and review to be completed within 90 days.



Trustees Grants and Loan Fund

The fund is in a designated, invested account, divided into two parts: 70% of the initial monies realized are reserved and invested in order to ensure the perpetuation of the fund.

Interest from these investments may be given out in grants or loans, but the initial capital will be protected.

30% of the initial monies realized are available for grants and no interest loans to congregations which seek to develop their properties to use for mission and further ministry. Up to one third of this part of the fund may be given out as grants. Up to two thirds of this part of the fund may be given out as loans

The criteria for awarding grants and loans will include a combination of demonstrating that one is a vital congregation and/or being in a location deemed to have ongoing strategic significance for Albany Presbytery.

Temporary Process for 2016

1. The pastor and Session will lead an Appreciative Inquiry process which helps the congregation discern potential new missional strategies:

These groups will ask the following questions after surveying the neighborhood:

- What is God up to (in our neighborhood)?
- What does God want to do with this information?
- Who is our neighbor?
- What do our neighbors say they need?
- How do we discern the answers to these questions?
- What experiment do you think God wants us to try?
- Who can help us with this? Who can we partner with?
- What is the process by which the congregation will raise a portion of the funds needed for this project?

2. Six Paragraph Memo: no longer than two pages. Your responses to these questions should be directly related to the Appreciative Inquiry Process of item 1.

- Situation: what's the need to address?
- Strategy: what's our idea to meet the need; and how do we know it works? (This will include a plan for congregational fundraising for a portion of the project costs or other method for using church resources for the project.)
- Execution: what steps are we going to take (from startup to ongoing time frame)

- Support: what are the logistics; what resources (human, physical, financial) do we need?
- Leadership/Partnership: what other organizations/structures need to be involved?

The following questions about your building and finances will help both the session and the Trustees get a sense of your continued maintenance plan for the building and your assets going into the future.

3. Please answer the following questions about your building less than 3 sentences each question.

- Has there been any work to the building exceeding \$5000.00 over the last five years or that you anticipate in the next five years? Please describe.
- How would you describe the physical shape of your building (roof, plumbing, electrical)?
- Are there any leaks in the building?
- Are there any cracks that are visible on internal or external walls of the church buildings that are larger than two feet? If more than one building, list for each building.
- Do you have a building maintenance plan for the next 5 years?
- Who is responsible for the management of your buildings?
- Do you have any outside groups that rent your church facilities? Do you have rental agreements with them and do they provide separate insurance?
- Is your insurance policy up-to-date?

4. Please complete the Presbyterian Foundation Financial Calculator. Your congregation is already pre-loaded into this system. Please complete and send the PDF copy you receive from the Foundation to the team.

Please submit the memo (part 2), your answers to the questions in section 3 and a copy of the Financial Calculator to the Grants and Loans Taskforce, c/o Viki Brooks, brooksv@union.edu.

The yearly deadline for receipt of 2016 applications is April 30th. Decisions will be made by June 1st. The Task Force will award grants and loans based on the merits of all applications received in each funding cycle, rather than simply dividing up available monies among all eligible applications.

The congregation is expected to provide a one-page report explaining how funds were used and any benefit they saw from the grant or loan a year from the receipt of funds.

**Description of Funds and Accounts
of Albany Presbytery
CIM = Curran Investment Management**

TRUSTEES FUNDS	ORIGIN	OBJECTIVE	USAGE	4/30/2016
CIM:Trustees Operating Fund	Funds originally came from the 4 predecessor presbyteries which merged (1954) into the present Albany Presbytery.	To Provide an increasing flow of income for use by the Presbytery.	Asset administration and budget support.	1,392,500
CIM:Mission (Short Term)	Original Mission Fund was separated into two funds and \$144,965 was moved to create Mission (Short Term)	To offset negative balances in checking account without selling investments.		151,834
CIM:Mission Fund (Long Term)	Comprised primarily of assets that came to the Presbytery as a result of church closings.	to provide an increasing flow of income for use by Presbytery to support mission activities	Supporting the mission of the Presbytery	416,795
CIM:Jermain Legacy Fund	Mr. Jermain's original will	To manage fund expenses.	Management Fees	143,210
CIM:Grant & Loan Fund	\$300,000 was moved from General Fund for local congregation assistance.		To support congregations in building maintenance and development	300,274
			Trustee Endowment funds with CIM	2,404,613
			Trustee Checking funds with SEFCU	126,019
			TOTAL TRUSTEE ASSETS	2,530,632
ALBANY PRESBYTERY FUNDS				
CIM:General Fund	Designated Accounts		Monthly Interest and occasional draw to Presbytery Checking	302,774
First Niagara Checking		Day to Day transactions	Kept at minimum	28,043
First Niagara Payroll		Semi Monthly P/R; Taxes; Ckwise Fee	\$8,000 transferred Chking to P/R twice monthly	614
			TOTAL ALBANY PRESBYTERY ASSETS	331,431
			TOTAL TRUSTEES & ALBANY PRESBYTERY ASSETS	2,862,063

TRUSTEES LEASES, MORTGAGES & LOANS

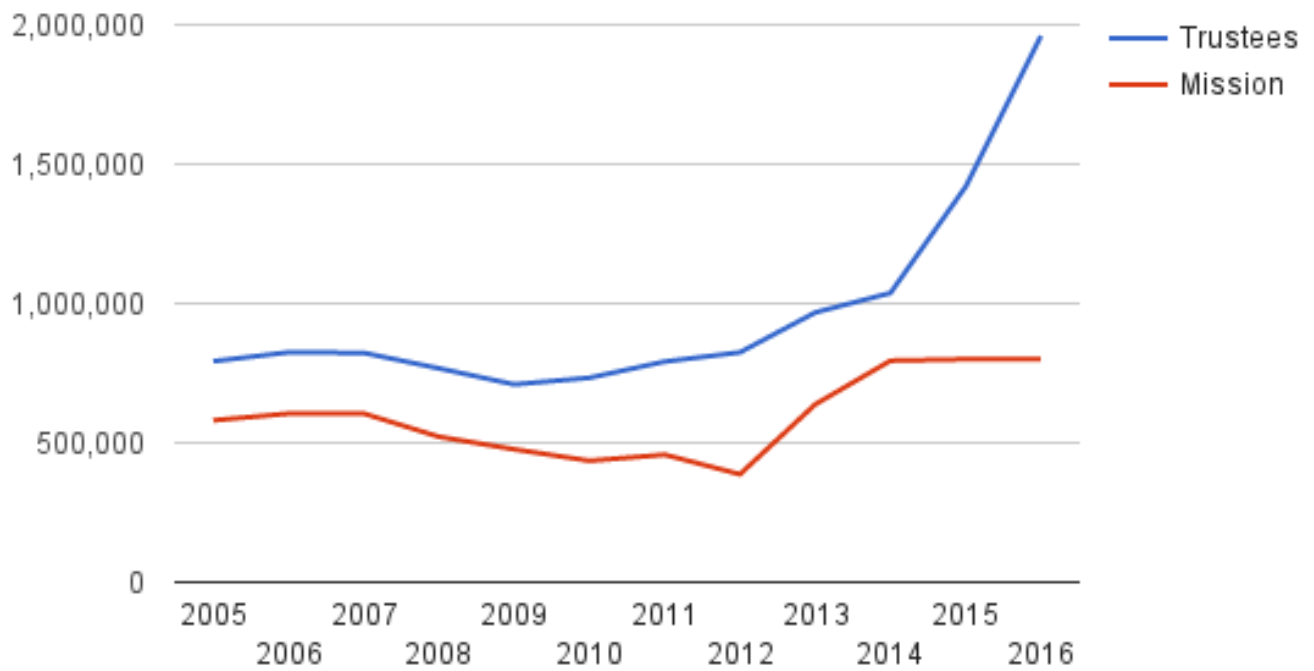
		Term	Payments	Payments Thru 4/30/16	Balance Due
Ballston Spa Presbyterian Church	7,000.00	8/14 – 7/19	116.67 / mo	2,450.07	\$ 4,550
Buckley Road Baptist Church	Leasing Gloversville PC	12/12 – 12 -13	500.00 /mo	19,000.00	
Cambridge Presbyterian Church	30,000.00	6/13 – 6/18	Due 6/1/18	3,000.00	\$ 27,000
Church of God in Christ : Mortgage	92,000.00	9/11 – 8/18	1095.23 /mo	74,475.64	17,524
Hamilton-Union PC	12,000.00	10/14 – 9/19	200.00 /mo	3,600.00	8,400
First Presbyterian Church of Hudson	4,768.00	12/15 – 12 19	\$1k / year	1,000.00	3,768
Mount Olivet Baptist Church: Mortgage	100,000.00	9/13 – 8/43	278 / mo	9,452.00	90,548
Stillwater Presbyterian Church	8,040.00	1/15 – 12/19	134 /mo	2,144.00	5,896
Total Leases, Mortgages & Loans	253,808.00		2,323.89	115,121.71	157,686
PILP LOANS GUARANTEED BY ALBANY PRESBYTERY TRUSTEES					
First PC of Hudson Falls	60,000.00	1/16 -1/21	1,091.50	860.97	59,139
St. Peters PC, Spencertown	140,000.00	10/06 – 11/26	1,043.81	119,170.61	20,829
United Church of Cohoes	150,000.00	2/08 – 12/19	759.69	126,217.70	23,782
First PC of Brunswick	1,932,000.00	11/15-12/30	14,586.88	27,908.22	1,904,092
Totals Guaranteed PILP LOANS	2,282,000.00		17,481.88	274,157.50	2,007,843
These loans are not held or administered by the Presbytery. They are secured by the assets of the congregations.					

Real Estate Held by Albany Presbytery June 1, 2016

- Oakwood Avenue Community Building
- Hebron Center (main portion)
- Gloversville PC
- Watervliet

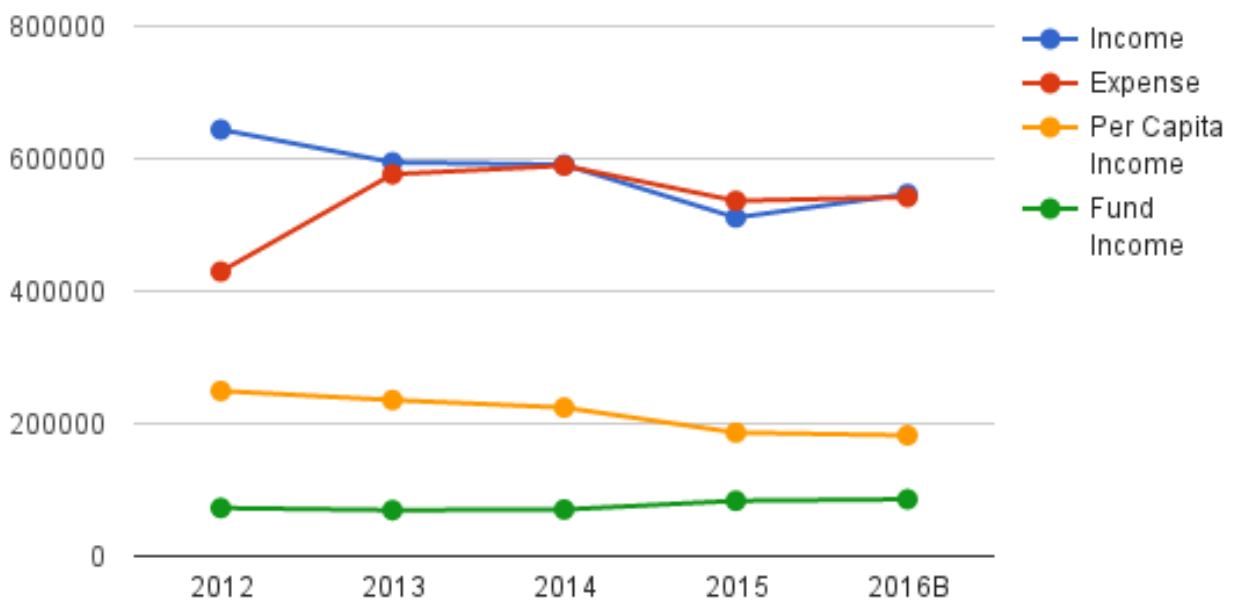
Trends

Funds Under Management

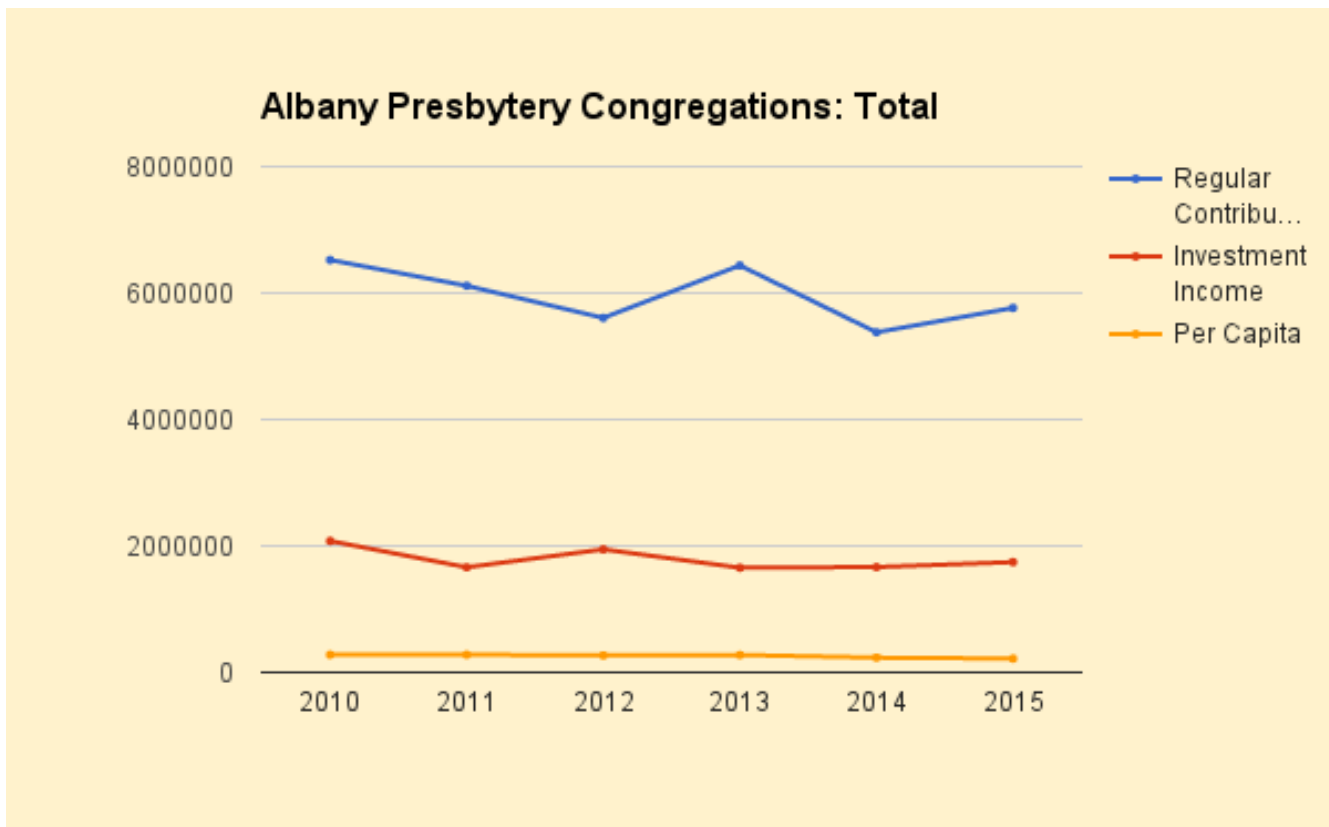


2016 is projected based on anticipated sales of real estate.

Presbytery Budget



2016 is the revised budget, other points are actual



Interpretation

The financial picture for the presbytery for the short and intermediate future appears stable. Barring unforeseen legal action or catastrophe, the incomes streams now present will provide a certain degree of stability and finance a scope of the work of the presbytery similar to the status quo. Income from held funds will increase modestly as properties are sold. Modest increases in the per capita can offset membership losses.

This does not, however, translate into financial stability for any particular congregation that is not insulated from income losses from membership decline by endowments or the ability to negotiate increases in per capita income.

The financial stability of the presbytery in the face of decreasing financial stability in the congregations suggests a greater role for the presbytery in assisting congregations in the areas that will continue to drain their resources: buildings and personnel.

While the trustees are poised to help with buildings, long-term solutions to the pastoral needs of congregations will require discernment, flexibility, and courage from congregations and ministers.