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## **PRESBYTERY OF MIDDLE TENNESSEE**

### **Financial Policies and Procedures**

**Purpose:** These policies and procedures have been adopted by the Presbytery of Middle Tennessee to guide those charged with overseeing its financial affairs. Our goal is to be good stewards of all that has been entrusted to us, and, in so doing, to maximize the resources that can be used to support the work of the Presbytery. We seek to ensure that Presbytery's finances are handled honestly, competently, prudently, and transparently. The organizational framework and financial directives set out in this document are designed to further those objectives.

**Best Practices:** This document contains language that is often descriptive rather than expressly prescriptive. Descriptive language reflects current practices. These have been developed and proved successful over time; they incorporate accounting and financial best practices and should be followed unless there are strong, articulable reasons to depart from them (i.e., they are similar to a Book of Order provision couched in terms of "should" rather than "must"). If changed circumstances require regular departures from the practices described in this document, the descriptions should be revised and the new procedures approved by Presbytery.

**Resources:** Presbytery's main source of income is the money contributed by its member churches. Although these gifts are voluntary, Presbytery has historically paid denominational per capita assessments to Synod and General Assembly, and it requests that congregations use the current per capita assessment for their church as a starting point when deciding how much to contribute. Presbytery also receives investment income and gifts and grants from other sources, including Synod and denominational agencies. On occasion Presbytery may take possession of and sell the property of dissolved, departed, or extinct congregations, although such non-recurring revenue is typically not included in operating income.

In addition to its current income, Presbytery holds significant reserves that can be drawn on as needed for capital investments and expenditures and to pay certain types of operating expenses, including deficits in the current operating budget. Our goal in managing these reserves is to maximize Presbytery's ability to support the ministry and mission of its churches over time. This requires careful balancing of current and projected future needs. Overspending from reserves now would leave us financially unprepared to cope with future crises or to take advantage of future opportunities—both important reasons to maintain a rainy day fund. But accumulating more than is necessary to prepare for those future needs would be equally improvident, as it sacrifices real benefits that could be achieved today in favor of future uses for those

funds that will never materialize. Decisions about whether to draw on or add to reserve funds are the province, in the first instance, of the Finance Committee, in consultation with the Administrative Committee. In the case of the annual budget or major revenues or expenses, their decisions require approval by Presbytery.

**Cash Flow:** Insofar as possible, Presbytery operates on a balanced budget, matching revenues and expenses on a calendar year basis. Within the confines of its annual budget, Presbytery seeks to manage its cash flow so that current income is always sufficient to cover current expenses. In this way we avoid having to withdraw money from reserves to pay operating expenses (unless the withdrawals have been previously approved as part of the annual budget). Cash flow is monitored on a weekly basis through a report prepared by Presbytery's accountant showing receipts, expenditures, and the resulting cash balance. This report is distributed weekly to the Treasurer and Executive Presbyters and monthly to the other members of the Finance Committee.

**Donor Restrictions:** If a donor requests that a gift be used for a specified purpose, and if Presbytery accepts the gift subject to that limitation, Presbytery will honor the donor's request and use the gift in the manner intended by the donor. Many such gifts are of a routine or recurring nature and do not require special scrutiny. However, to ensure that Presbytery does not undertake obligations that it cannot or perhaps even should not fulfill, the Executive Presbyters and the Accountant are charged with monitoring gifts with donor restrictions and bringing any that may impose difficult or unusual obligations to the attention of the Finance Committee. The Finance Committee may reject any gifts that come with unacceptable conditions by returning the money to the donor within 60 days of receipt.

If compliance with a donor-imposed restriction becomes impossible or impracticable, the Finance Committee may choose to return the donation or may redirect it to another use that adheres as closely as possible to the donor's original intent.

**Temporarily Restricted Funds:** Some of the money Presbytery receives is intended for third-party recipients—such as special offerings for designated agencies or purposes—and Presbytery is merely a conduit through which the funds are channeled. These pass-through funds are held in temporary accounts and promptly distributed to the intended beneficiaries. Special offerings and similar gifts held in temporarily restricted funds are normally forwarded no later than 30 days after they are received, unless they are specifically designed to accumulate for use at a later date. Presbytery has the capability to receive funds through online giving, and many of the donations made in this way go into one of Presbytery's temporarily restricted funds.

**Designated Funds:** Presbytery also receives money for its own account that is designated for specific purposes, such as new church development. If not included in the current operating budget, such funds are placed in special reserve accounts that are drawn on as needed to support the specified uses. These accounts are also funded internally through other sources, such as proceeds from the sale of property of closed churches and allocations from reserves, that are not subject to donor restrictions. A list of the currently active designated funds is in *Appendix A*.

Designated funds are intended to allow for capital accumulation to fund long term objectives. Like the annual operating budget, these accounts speak to Presbytery's values and priorities. The Finance Committee is charged with regularly reviewing the designated funds to be sure that the purposes for which money from each fund can be used are clearly defined and consistent with Presbytery's current priorities and needs, and that each fund is being drawn on when appropriate to further the ministry or mission for which it was created. The Finance Committee may add, eliminate, or modify designated fund accounts or redeploy non-donor-restricted funds in the accounts in order to better reflect current needs and priorities. No new designated funds may be created without Finance Committee approval. The Finance Committee shall report changes in the designated funds to Presbytery at least annually.

Money from designated funds is accessed either as a line item expense in the annual budget or as authorized by the Finance Committee pursuant to the normal procedures for approval of unbudgeted expenses. When money from designated funds is used to cover operating expenses as part of the annual budget, it is identified and accounted for separately from expenses that are expected to be paid out of current revenues.

One of the designated funds—allowance for church defaults—was created to cover any foreseeable obligation arising out of a default by one or more of Presbytery's member churches. The Finance Committee, in conjunction with the Stated Clerk, is responsible for maintaining records sufficient to show all guarantees or similar obligations expressly assumed by Presbytery in connection with loans made to member churches. Presbytery ~~may only guarantee a loan~~ if the Finance Committee concludes that there is sufficient collateral to protect Presbytery from being exposed to a deficiency if the church defaults. As a failsafe, Presbytery also maintains a balance in this account equal to the amount of guaranteed loans outstanding, adjusting the total from year to year in accordance with changing loan balances. The account balance need not include loans for which Presbytery has approved a church's request to encumber its property but has not guaranteed the loan. In such cases the Finance Committee might recommend, in the event of a default, that Presbytery negotiate with the lender to pay off the loan balance in order to retain the property. However, Presbytery would not be obligated to do so and would have no liability for a deficiency judgment if it allows the lender to foreclose and the collateral proves insufficient to pay off the balance of the loan.

**Donor Prescribed Endowments:** Presbytery may accept contributions from donors who require that the corpus be maintained in perpetuity. Such funds are held in a separate account and managed in compliance with the requirements of the Tennessee Uniform Prudent Management of Institutional Funds Act, Tenn. Code Ann. § 35-10-204. Endowment funds should be invested in accordance with the long time horizon suitable for a permanently restricted corpus. The Finance Committee is responsible for seeing that the distributable earnings, calculated in a manner consistent with the statute, are accumulated or used in accordance with the donor's intent. It should also consider whether to undertake a campaign to increase Presbytery's endowments as a way of providing long term financial stability.

**Functional Endowments:** In addition to receiving endowment funds restricted by the donor, Presbytery may establish one or more functional endowment funds that are invested and disbursed in the same manner as a UPMIFA endowment but differ in that the monies are transferred into the fund by Presbytery and can be withdrawn without restriction. The purpose of a functional endowment is to impose, on a voluntary basis, the same kind of spending discipline and long-term perspective on Presbytery's use of its financial reserves as a true endowment, while preserving the flexibility to withdraw funds from the corpus if changed circumstances require that the funds be put to a different use. As with donor-prescribed endowments, the Finance Committee is charged with determining how much of the endowment's distributable earnings should be spent or accumulated annually. Distributable earnings are calculated in the manner specified by the UPMIFA, up to a maximum of 7% of the fund's average fair market value over the preceding three year period. Absent a donor or Presbytery limitation on the use of endowment funds, the distributable earnings from these funds can be drawn on to fund Presbytery's annual operating budget, either as part of the budget or at year end to make up any revenue shortfall.

**Unrestricted Funds:** The largest portion of Presbytery's reserves is undesignated and unrestricted. This account is treated as a functional endowment from which a maximum of 5% of the fair market value over the preceding three-year period can be drawn on to fund the operating budget or to cover budget deficits and unbudgeted expenses that have been approved but cannot easily be paid out of operating revenues or designated funds.

**Stewardship:** Presbytery pays per capita assessments, based on the reported membership of each church, to the Synod of Living Waters and the PCUSA General Assembly. Although Presbytery could mandate payment of these assessments by its member churches, it has chosen instead to rely on their voluntary contributions to fund both the per capita payments and other parts of the budget. This reliance on voluntary giving means that Presbytery cannot take the financial support of its churches for granted but must actively solicit contributions. The Finance Committee, through its stewardship working group, is responsible for organizing and overseeing annual stewardship appeals to each congregation, supplemented as needed by additional targeted appeals or educational programs that highlight how Presbytery uses the money it receives and why it is important to continue supporting the work of Presbytery and, through it, the higher councils of the church.

In August of each year the stewardship working group drafts a letter to all the churches on behalf of the Finance and Administrative Committees thanking them for their past support, explaining the per capita assessment for each church, highlighting some of the important ministries supported by Presbytery, and requesting their support for the next year as they consider their budgets. Once approved by the Finance and Administrative Committees, the letter, accompanied by a pledge card, is distributed to all pastors and clerks of session. The Executive Presbyters and the Finance Committee's stewardship working group, along with the beneficiaries of designated gifts, are encouraged to find appropriate ways of thanking those who contribute to Presbytery or, through Presbytery, to one of its ministries.

In October, members of the stewardship working group arrange for someone to reach out on behalf of Presbytery to any of the churches that have not responded to see if they can answer questions and solicit a response. A letter is prepared to thank churches when they respond.

Church rolls that have been inflated by the failure to remove inactive and departed members cause Presbytery to incur greater than necessary per capita costs. It is therefore a matter of good financial stewardship for each church to clean its rolls regularly. Stewardship appeals to the churches should remind them of their Book of Order obligation to update their membership rolls, as well as the extra financial burden we all bear if this is not done

**Budget:** Like other church-related, nonprofit organizations, Presbytery hires staff and contractors, maintains an office (which is currently virtual rather than physical), and conducts the business that it is charged to do. Much of that business involves providing grants and other financial support for churches and church-related entities. These operations are financed and conducted pursuant to an annual budget, in which Presbytery gives concrete expression to its vision, its priorities, and its goals. Presbytery's budget, like all of its accounting, is on a calendar-year basis.

Each year the Executive Presbyters, the Treasurer, and the Administrative and Finance Committees are jointly responsible for projecting income for the coming year; gathering information and recommendations from Presbytery's committees and other sources about what activities should be funded from that revenue stream; weighing, where necessary, the competing claims and requests for funding; considering whether any of the needs identified during this process could and should be funded out of designated funds; and at the end of that process proposing a reasonably accomplishable balanced budget (expenses +/- 2% of projected revenues plus amounts to be withdrawn from designated funds) for adoption by the full Presbytery. Extraordinary circumstances, such as the recent pandemic, may necessitate a temporary departure from the goal of presenting a balanced budget, but the finance and administrative committees must provide an explanation and justification to Presbytery when presenting a deficit budget and must work toward bringing expenses into line with current revenues. The budget for the following year should ordinarily be proposed at the last Presbytery meeting of the year, normally in October.

**Budget Process and Timeline:** Various committees have responsibility for overseeing the missional aspects of Presbytery's work. Each year the Finance Committee, as it begins drafting a proposed budget, appoints several of its members to a working group, typically led by the Finance Committee's vice-moderator, to solicit the input and recommendations of the other committees concerning spending priorities for the coming year.

This budget working group uses the grant application form (*Appendix B*) to gather information about entities and activities for which Presbytery may be asked to provide financial support. All individuals, organizations, or activities that receive money from

Presbytery must complete an application, and all requests for funding must be endorsed by a Presbytery committee. The budget working group has discretion to interpret and adjust the requirements of the form to fit the circumstances of each applicant, as long as it obtains all the information needed to make an informed decision about the funding request. The working group is authorized to follow up with applicants and request whatever additional information is needed to vet any request for funding, including not just financial data but anything that bears on the suitability of both the recipient and the activity being funded. A similar form (*Appendix C*) must be filled out by applicants for Hunger Action grants, although these grants are approved by the Committee on Mutual Support and do not appear in the regular budget.

The working group then compiles the information it has gathered, drafts a recommended budget that matches the projected revenues for the following year, and presents it to the Finance Committee for discussion, along with whatever backup information and options it believes would be helpful for the full committee. Once the Finance Committee has settled on a final draft of the proposed budget, it presents the draft budget to the Administrative Committee for approval, after which they jointly recommend it for adoption at the next presbytery meeting.

The work of preparing a budget should begin no later than June, with the goal of having a proposed budget, approved by both the Finance and Administrative Committees, to present at the October presbytery meeting. A typical schedule for accomplishing this would be:

- **June**

- o The Treasurer, the Executive Presbyters, and Presbytery's Accountant present their best projection of revenues for the following year to the Finance Committee. In formulating their recommendation, they should confer with the head of the Investment Task Force to get an estimate of investment income, which should include any unrealized capital gains that have been reclassified as current revenues and may be used to fund operating expenses pursuant to Presbytery's Investment Policy. They should also contact the large churches that provide a substantial share of presbytery's income to discuss those churches' projected giving during the coming year. This projection can be modified as pledges are received, but it should begin with current and prior year giving as a baseline and make adjustments as needed to account for expected changes in circumstances. Once adopted by the Finance Committee, this figure represents the total amount of expenses that the working group may include in the proposed budget, except for expenses that will be paid out of designated funds, unless the Finance Committee agrees to a modification.
- o The budget working group consults with staff to get their thoughts about the budget and begins gathering input and recommendations from the committees and potentially others who have a stake in the budget, including, where appropriate, past recipients of funding. These contacts

would typically be by telephone or email, at least initially, but in-person or electronic meetings may be needed if there are unusual circumstances, such as an entirely new request or one that is substantially higher than in previous years.

- **July**

- The working group continues to gather information and begins assembling a draft budget.

- **August**

- The working group presents its preliminary budget to the Finance Committee. If there are questions that require further consultation or research, those issues should be addressed in time to complete the Finance Committee's part of the process by its September meeting.

- **September**

- The budget is finalized and adopted by the Finance and Administrative Committees.

- **October**

- The Administrative and Finance Committees present their proposed budget to Presbytery for a vote.

If Presbytery fails to adopt a budget for the following year at the October meeting, it must provide for the payment of necessary expenses once the current budget expires through a continuing resolution, which will govern spending until there is a formally approved budget. The resolution should specify the level and type of spending allowed and the persons who may approve expenditures pursuant to this temporary spending authority. A typical continuing resolution would authorize the Executive Presbyters and the Treasurer to pay all necessary expenses at the same level as the current budget (subject only to unavoidable cost increases), vesting in them the discretion to determine what qualifies as a necessary expense and what is an unavoidable cost increase.

**Off-Budget Fundraising:** Presbytery collects and disburses money raised by persons affiliated with Presbytery for missions, such as Hunger Action, that are authorized by Presbytery and overseen by its committees but are not funded out of normal operating revenues. These funds are outside of the budget and the budgeting process. Fundraising appeals and disbursements from these funds must be approved by the committee(s) of Presbytery under which they operate (currently the Committee on Mutual Support).

**Unbudgeted Expenses:** Unbudgeted expenses up to \$5,000 must be approved by the Finance Committee. Unbudgeted expenses greater than \$5,000 must be approved by

the Finance Committee and Presbytery. The Finance Committee may require submission of a ~~grant application-form~~ in connection with a request to fund an unbudgeted expense. The Finance Committee is expected to consult with the Administrative Committee concerning all significant unbudgeted expenses. If exigent circumstances do not allow time to present a proposed expense to Presbytery for approval, the Finance and Administrative Committees may authorize the expenditure on an emergency basis, which requires both (1) a finding by the committees that there is an urgent need to act on the request before Presbytery would be able to meet and (2) approval by a two-thirds majority of each committee.

**Accountant/Bookkeeper:** Presbytery contracts with a bookkeeping firm to handle its books, pay its bills, prepare financial statements, and perform all other accounting functions. These functions should be spelled out in detail in Presbytery's contract with the bookkeeping firm. The person assigned by that firm to perform these functions ("the Accountant") is supervised by the Executive Presbyters, who review and approve the firm's invoices, and by the Treasurer. The Accountant is charged not only with handling Presbytery's books and day-to-day financial transactions, but also with providing advice and assistance to the Executive Presbyters and the Finance Committee on all aspects of financial management and planning. The Executive Presbyters should regularly review the performance of both the bookkeeping firm and the Accountant.

**Financial Information and Authorizations:** The Treasurer and the other members of the Finance Committee, as well as the Accountant and the Executive Presbyters, are authorized to access all of Presbytery's books and financial records. In addition, the members of the Investment Task Force are authorized to access Presbytery's investment accounts and obtain any information needed to perform their functions; however, only the Treasurer and the Chair of the Investment Task Force may give instructions to Presbytery's financial advisors and direct the investment and redemption of funds in Presbytery's portfolio. The Treasurer, who is also a Trustee, is authorized to act on behalf of Presbytery and its corporate entity (The Trustees of the Presbytery of Middle Tennessee, Presbyterian Church (U.S.A.)) in all financial matters. If requested, the Stated Clerk shall certify to Presbytery's banks, lenders, investment advisors, and other interested parties the persons who are authorized to access information, direct investments, sign checks, or take other financial actions on behalf of Presbytery.

**Approval and Payment of Expenses:** The Accountant is responsible for payment of expenses. All invoices and other requests for payment of previously authorized expenses must be reviewed and approved for payment by one of the Executive Presbyters, or if they are unavailable the Treasurer, before payment may be issued; provided, however, that budgeted expenses of a routine and recurring nature, such as Board of Pensions payments, need not be reviewed and individually approved as long as the schedule of such payments has been approved in advance; and provided further that neither the Executive Presbyters nor the Treasurer may approve their own or their spouse's expenses.



To the extent possible, all funds transfers, whether incoming or outgoing, shall be made electronically. The Finance Committee and the Accountant shall seek to minimize the use of cash and physical checks, both by encouraging churches and individuals to make contributions to Presbytery in electronic form and by paying expenses by ACH, direct deposit, wire transfer, or other form of direct funds transfer whenever that is allowed and is cost effective.

**Payment by Check:** The Executive Presbyters and the Treasurer, plus the Vice-Moderator and the Clerk of the Finance Committee, are authorized to sign checks. One signature is required for amounts less than \$2,500, and two signatures are required for amounts of \$2,500 or more. The Executive Presbyters are the preferred first choice for signatures; but under no circumstances, when two signatures are required, may both Executive Presbyters sign a check.

**Cash Receipts:** When a cash offering is received (particularly at Presbytery meetings), a Presbytery representative (either staff or a member of the Finance Committee) and a representative from the hosting church count the money together and fill out a cash offering form (*Appendix D*) and a bank deposit slip. The Presbytery representative then delivers the cash and the deposit slip to one of the Executive Presbyters, who deposits the cash into the Presbytery bank account and sends a copy of the receipt to the Accountant. The Presbytery representative also provides the accountant with the completed cash offering form.

**Check Receipts:** One of the Executive Presbyters retrieves and opens the mail, stamps the back of the check “For Deposit Only,” copies checks, completes the deposit slip and the other Executive Presbyter takes the checks to the bank for deposit. The copied checks are scanned, along with the deposit slip, and emailed to the Accountant. Alternatively, the Executive Presbyters may deposit checks online in the Presbytery account, if that option is available on a cost-free or cost-effective basis, and if the bank provides a record of the transactions with all of the information needed by the Accountant to track and verify the deposits.

**Financial Reports:** Among the financial reports prepared by the Accountant are a weekly cash flow report; a cumulative monthly income statement, balance sheet, and pledged giving report; and a final year-end version of each monthly statement. These reports are initially provided by the Accountant to the Treasurer and Executive Presbyters and subsequently by them to the Finance and Administrative Committees. The Accountant, Executive Presbyters, Treasurer, and members of the Finance Committee and the Investment Task Force also receive a monthly statement from Presbytery’s financial advisor showing its investment results. The Finance Committee provides the most current financial reports each quarter to Presbytery as part of its committee report. The Treasurer will normally review the financial results and highlight items of interest at each stated Presbytery meeting.

Presbytery keeps its books on an accrual basis, except that pledges from its member churches are not recorded as income at the time the pledges are received. Presbytery does accrue unpaid pledges at year end and counts money received the following year in

payment of prior-year pledges as prior-year income. Although this practice departs slightly from generally accepted accounting principles, which would require booking an unconditional promise to give as income upon receipt, the Finance Committee believes recognizing contributions only when received or at year end provides a more accurate picture of Presbytery's financial condition and makes the financial reports more useful management tools.

**Internal Review:** The Treasurer shall appoint a member of the Finance Committee—preferably someone with an auditing background—to conduct a monthly internal review of Presbytery's books and financial transactions using the form attached as *Appendix E*. The internal audit results are provided to the Treasurer and the Executive Presbyters.

**External Review:** Presbytery's books are reviewed every year and audited every five years by a qualified CPA. The Executive Presbyters and the Accountant shall take the lead in screening and selecting an auditing firm to perform these tasks. They shall recommend their choice to the Finance Committee, which is authorized to retain an auditor/reviewer based on these recommendations. Presbytery approval is not required.

**Investments:** In conjunction with the Finance Committee, to which it answers, the Investment Task Force is responsible for managing Presbytery's invested reserve funds pursuant to Presbytery's Investment Policy (*Appendix F*). This includes selecting and overseeing the professional advisors who execute the investments and hold the funds. The Investment Task Force should regularly evaluate the quality of advice and service received from its financial professionals and recommend changes as needed. It is also responsible for recommending changes in the Investment Policy whenever it deems them advisable (or as requested by the Finance Committee), including asset allocations and the degree of active management authorized by the policy.

Each year in connection with the budgeting process, the Investment Task Force shall confer with the Finance Committee about Presbytery's potential need to withdraw funds from its reserves within the next two calendar years. Such withdrawals may be (1) from designated funds in order to cover planned, budgeted expenses or to address the specific needs for which the fund was established, (2) from the default reserve to cover defaults by member churches, or (3) from endowments and undesignated reserves to fund the operating budget or to cover unbudgeted expenses and revenue shortfalls. This projection of reasonably foreseeable short term needs should cover all likely exigencies but should be no larger than necessary to protect against having to liquidate long term investments in unfavorable market conditions. The amount of reserves thus calculated should be invested in a manner that would allow ready access to the funds if needed within the succeeding two years. The remainder of Presbytery's reserves, including the corpus of its endowments, should be invested with a longer time horizon—five to ten years—so as to maximize the return on those funds. The percentage of Presbytery's reserves that fall within each of these categories, and the amount of each, will thus vary from year to year, which will require the Investment Task Force to review its asset

allocations and adjust them as needed to maintain the correct balance based on current projections.

Presbytery's investment portfolio should be of benefit both now and in the future on a generationally neutral basis. The rate of spending available from the investment portfolio to support the operating budget is to be set annually by the Investment Committee based on market performance and trends, the inflation rate, and portfolio allocations. To minimize year-to-year swings in annual spending amounts, the average of the prior three years' ending balances of the portfolio is to be used as the base in the available spending amount calculation.

After spending from the investment portfolio has been properly approved, distributions are to be placed in a reserve fund that is invested in cash and cash equivalents. Transfers from the reserve fund to the appropriate operating account are to be approved by the Finance Committee and are subject to review on an annual basis.

Presbytery's reserve accounts are invested on a pooled basis and are not segregated according to designated uses. This allocation between short and long term investments is therefore unrelated to the amounts in any designated account. The designations, in other words, are only for accounting purposes, not investment purposes.

**Property:** The Finance Committee's property working group, in conjunction with the Stated Clerk, maintains a list of all property held by the churches within its bounds, current debt obligations of each church, whether church property has been encumbered as collateral for loans, the approximate value of the property, and whether Presbytery is a co-signer or guarantor of the loan and thus contingently liable in case of a default. Unless exempted pursuant to G-4.0208, all churches must obtain Presbytery approval before buying, selling, or encumbering real property. The process to be followed is set out in Presbytery's Church Property Sale Policy (*Appendix G*). The policy contains a list of churches that were eligible and took advantage of the G-4.0208 exemption. Initial screening and investigation of a church's request to buy, sell, or encumber property are conducted by the property working group, which then makes a recommendation to the Finance and Administrative Committees. Presbytery approval is required if the value of the transaction exceeds \$25,000.

**Funds from Closed Churches:** The Church Property Sale Policy also addresses the procedure to be followed by an administrative commission charged with receiving and disposing of property from a dissolved or dismissed congregation. Normally all real and personal property of a closed church is sold and the proceeds added to the designated fund for new church development and church revitalization. The rationale is that recycling these assets is the best way of honoring the ministry of the closed church—by using them to share the gospel message with new disciples, who are essential to the future health of the church. The death of one congregation, in other words, should be the occasion for giving life to others. Just as each particular church must replace members who die if it is to maintain its vitality in the future, so must Presbytery replace its departed members if it hopes to continue offering a Reformed presence in the communities it serves and to avoid declining into irrelevance. Administrative

commissions may propose different uses for some of the funds, subject to approval by Presbytery, but the majority of such funds should go to serve Presbytery's long term strategic goal of promoting the formation of new worshipping communities and the revitalization and growth of existing congregations.

**Adoption:** This policy was adopted by the Presbytery of Middle Tennessee at its meeting of October 21, 2021, and supersedes all previous financial policies.