

**FINANCE COMMITTEE
SUPPLEMENTAL REPORT
TO THE PRESBYTERY OF MIDDLE TENNESSEE
AUGUST 13, 2022**

INFORMATION

1. A stewardship message is attached.

ADMIT TO RECORD

1. The Finance Committee has reviewed extensive documentation submitted by Hillsboro PC in support of its request for Presbytery to approve a \$350,000 loan from the Presbyterian Investment and Loan Program, and to guarantee the loan. The essential facts are:
 - a. The church is renovating its sanctuary, entryway, and other spaces within the church building.
 - b. The work is approximately 60% complete and currently under budget.
 - c. The church has paid \$434,000 and owes an additional \$220,000 for work thus far completed.
 - d. The total cost of the construction will be \$1.139 million.
 - e. The church has budgeted an additional \$159,000 for equipment, furnishings, and other miscellaneous expenses related to the renovations.
 - f. The project is being funded by money received from the sale of excess property, insurance proceeds, and a capital campaign, which have thus far yielded a total of approximately \$842,000 cash in hand.
 - g. The church has received an additional \$162,000 in pledges to be paid over three years and has an identical amount (\$162,000) available from unrestricted designated funds that could be used for this project.
 - h. If 90% of the pledges are collected, these two sources will be enough to cover the full amount of the construction contract.
 - i. The church intends to solicit additional pledges and contributions to cover the cost of furnishings and equipment, and to avoid if possible the need to draw on its designated funds, which would require a total of \$321,000 in additional pledges and contributions. The church is confident that it will be able to secure this additional funding to complete the project.

- j. The proposed loan would have a 20 year term, but the church intends to pay it off in two or three years, as pledges are collected.
 - k. The church maintains a balanced budget and, in the committee's view, its finances are sound.
 - l. The loan would be secured by a deed of trust on the church's property, which is appraised for tax purposes at \$7 million.
2. Based on its review of the church's finances and documents related to the loan and the construction project, the Finance Committee has concluded:
 - a. The project is appropriate and furthers the mission and ministry of the church.
 - b. The church's financial plan for the project is reasonable and fiscally responsible.
 - c. Given the value of the property that will be pledged as security, Presbytery will have no financial exposure if it guarantees the loan.
 - d. The church's property would, in theory, be at risk if the church defaulted, though Presbytery could also pay any deficiency and preserve the property if it chose to do so. Moreover, given that the project is well underway and the church is already committed to it, that risk would exist even absent this bridge loan. However, in practical terms the risk is very small.
 - e. The amount that needs to be raised to fully fund the project is relatively small in relation to the financial capabilities of this congregation, and we believe the church can easily service this debt.
 - f. If the church encounters any difficulty or slowness in collecting pledges, it will be protected by the 20-year term of the loan, which would allow the church extra time to complete its capital campaign and obtain the needed contributions.

RECOMMENDATION

1. Therefore, the Finance Committee recommends that Presbytery approve Hillsboro PC's application for a \$350,000 loan from the Presbyterian Investment and Loan Program, and agree to guarantee the loan, subject to the Finance Committee's approval of the church's application and a vote of the congregation approving the essential terms of the loan.

STEWARDSHIP

August 2022

Sisters and Brothers in Christ,

We greet you this day to bring you a report on Stewardship from the Finance Committee. First of all, we are so grateful for your contributions to our shared ministry in the Presbytery. We know that every financial decision made by you as individuals and congregations, begins with a look at “the books”. And, that there are competing priorities in an ever-changing world. How much should we set aside for the roof or an HVAC unit? Or how much can we allocate to our ministry/the Presbytery’s ministry? We will pray with and for you as you deliberate this fall. Please know that you are loved, and that God’s love will guide us. Thank you again for your faithful giving.

The Gift of Resources

Let us begin by counting our blessings.

Our largest funding source comes from you in **Pledge giving** which allows us to support our shared mission efforts: support for Campus Ministry (UKirk), NaCoMe, Guatemala, Presbyterian Disaster Assistance, The Outreach Foundation, Telos/Southminster, Latinx, consulting and continuing education from our committees.

Putting PMTs designated funds to work in the field: social media and technology grants to churches \$41K, Matthew 25 \$5K, Hunger Action \$16K grants to churches;

Grants received Latinx \$25K, Matthew 25 \$20K, GA grants \$30K (Telos/Southminster), Synod of Living Waters Technology \$35K

2022 Stewardship Calendar

September – Pledge forms distributed to churches

September – December – church budget deliberations

December 2022 -January 5, 2023 - return Pledge forms

Thank you again, and may God bless the Presbytery and all our churches,
The Finance Committee