

ASSEMBLY COUNCIL
SUPPLEMENTARY REPORT

2024 OPERATING FUND BUDGET

At the time of preparing this report, the Finance Department has not finalized the results for the first quarter and we are not able to provide commentary on the revenue or expenditure trends for 2024 to date.

2025 OPERATING FUND BUDGET

The proposed 2025 Operating Fund budget was developed on an iterative basis by the Management Team, the Finance Committee and Assembly Council based on principles that focus on how the church’s programs are delivered from the resources of the Operating Fund and various Restricted Funds.

When considering the 2025 budget, the Finance Committee and the Management Team recognize that the church is blessed with a wealth of financial resources that have accumulated over many years, as well as the important annual amounts received from Presbyterians Sharing and other generous donations. While the endowment funds and some of the restricted funds are restricted externally, including those restricted by the terms of wills, many restricted funds are available for the use in the ministry of the church under the direction of either Assembly Council or the Life and Mission Agency including, for example, the New and Renewing Ministry Fund, the Dissolved Congregations – The Presbyterian Church in Canada Portion Fund, and the Presbyterians Sharing Legacy Fund. At December 31, 2023, these three funds had a combined balance of \$29.9 million.

Based on discussions with the Management Team, the Finance Committee recommended to the Assembly Council that it should avoid reductions in the programs of the church because we have sufficient financial resources in the medium term to continue their support. Consequently, the Assembly Council recommends that the deficiency between the planned 2025 Operating Fund expenditures and the projected Operating Fund revenues be covered by a transfer of \$3.5 million from selected restricted funds.

The proposed Operating Fund budget expenditures are \$8,901,000 for 2025. The Finance Committee has reviewed these expenditures with the Management Team for delivery of the planned mission activities in 2025, noting that total 2025 budget expenditures have increased by \$901,000 from the approved 2024 budget of \$8,000,000.

Operating Fund Expenditures	2023 Actual	2024 Budget	2025 Budget
General Assembly/Assembly Council	1,149,977	956,098	1,153,000
Office of Intercultural Liaison	0	0	225,000
Life and Mission Agency	4,600,098	5,180,990	5,440,000
Support Services	1,656,340	1,359,853	1,569,000
Colleges	536,262	503,059	480,000
Amortization of capital assets	32,945	0	34,000
Total Expenditures	7,975,622	8,000,000	8,901,000

The 2025 expenditure budget of \$8,901,000 represents an 11 percent increase over the 2024 expenditure budget, of which 3 percent is attributable to the new Office of Intercultural Liaison, 2 percent to the General Assembly/Assembly Council, 3 percent to the Life and Mission Agency and 3 percent to Support Services.

The projected 2024 Operating Fund budget revenues are \$5,413,000, a 1 percent increase from the 2024 budget.

Operating Fund Revenues	2023 Actual	2024 Budget	2025 Budget
Presbyterians Sharing, congregations	4,868,315	4,930,000	5,000,000
Presbyterians Sharing, individuals	455,139	0	0
Income from Investments	408,342	300,000	300,000
Income from Estates	0	10,000	10,000
AMS Contribution	41,484	40,000	40,000
Donations, bequests, gifts and income from other sources	490,648	73,000	73,000
Total Revenues	6,263,927	5,343,000	5,413,000

The Operating Fund revenues earned in any given year are from Presbyterians Sharing, returns from investments and other sources.

Revenue from Presbyterians Sharing donations from congregations has been declining by about 2 percent per year. We note that the numbers of congregations and the numbers in individual congregations are declining, and direct expenses for congregations are increasing year-over-year, although special gifts from bequests and individuals have been helping to sustain Presbyterians Sharing revenues.

Investment results are difficult to predict due to the volatility of macro-economic conditions and their impact on the Consolidated Investment Portfolio. Consequently, a normalized return of \$300,000 has been used for budget purposes.

The following summarized financial statement presents 2025 Total Revenues and the 2025 Total Expenditures compared with 2024 Budget and 2023 Actual. Before interfund transfers, the 2025 deficiency is projected to be \$3,488,000 (2024 budget deficiency \$2,657,000), however we believe that the overall financial health of the denomination remains strong and its ability to support the General Assembly’s Operating Fund budget is healthy on account of the substantial amount of resources in the restricted funds that are available to support the operations of the church.

Operating Fund Expenditures	2023 Actual	2024 Budget	2025 Budget
Total expenditures	7,975,622	8,000,000	8,901,000
Operating Fund Revenues			
Total annual revenues	<u>6,263,927</u>	<u>5,343,000</u>	<u>5,413,000</u>
Expenditures (exceeding) annual revenues	(1,711,695)	(2,657,000)	(3,488,000)
Inter Fund Transfers	2023 Actual	2024 Budget	2025 Budget
Transfers from Restricted Funds to Operating Fund			
Total transfers	1,800,000	2,500,000	3,500,000
Total annual movements in funds	(1,711,695)	(2,657,000)	(3,488,000)
Fund balance, beginning of year	<u>675,496</u>	<u>763,801</u>	<u>606,801</u>
Fund balance, end of year	763,801	606,801	618,801

The Management Team continues to monitor the economic situation and our actual revenues and expenditures throughout the year, and responds to evolving financial realities, making adjustments as required – including assessing staffing levels, adjusting programs, and implementing changes to reduce expenses, while carrying on the programs of the church and exercising good stewardship. As part of the ongoing monitoring, the Management Team will continue to evaluate and, if there needs to be adjustments to the 2025 budget, consult with the Finance Committee for its consideration.

Recommendation ASC-007 adopted/defeated/amended
That the 2025 budget be approved.

Three Year Forecast

A meaningful forecast of possible future scenarios for the years 2026 through 2028 has not been considered by Assembly Council and is therefore not provided in this report.

2023 Undesignated Bequests

The church received \$319,265 of undesignated bequests in 2023. Based on the formula, the Assembly Council approved:

-	10 percent to colleges	\$31,926
-	40 percent to the Life and Mission Agency Priority Fund	\$127,706
-	50 percent allocated by the Assembly Council	\$159,633

Within the 50 percent, \$70,000 was allocated to the Sexuality and Inclusion Fund and the remaining \$89,633 was allocated to the Emerging Issues Contingency Fund.

2023 Financial Statements

The Finance Committee presents the audited financial statements for The Presbyterian Church in Canada as well as for The Presbyterian Church in Canada Pension Plan to the Assembly Council for approval. The Council then presents them to the General Assembly for information.

Recommendation ASC-008 adopted/defeated/amended

That the audited financial statements for The Presbyterian Church in Canada for the year ended December 31, 2023, be received for information.

Recommendation ASC-009 adopted/defeated/amended

That the audited financial statements for The Presbyterian Church in Canada Pension Fund for the year ended December 31, 2023, be posted on the 2024 General Assembly report webpage for information upon final approval by the Assembly Council.

THE PRESBYTERIAN CHURCH IN CANADA
Operating Fund Budget
For the year ended December 31, 2023

	2023	2024	2025
	Actual	Budget	Budget
	\$	\$	\$
REVENUES			
Presbyterians Sharing, congregations	4,868,315	4,700,000	5,000,000
Presbyterians Sharing, individuals	455,139	0	0
Income from Investments	408,342	300,000	300,000
Unrealized gains from investments	276,290	0	0
Income from Estates	0	10,000	10,000
AMS Contribution	41,484	40,000	40,000
Donations, bequests gifts and income from other sources	490,648	73,000	73,000
Total Receipts	6,263,927	5,343,000	5,413,000
EXPENDITURES			
GENERAL ASSEMBLY/ASSEMBLY COUNCIL			
General Assembly	377,910	261,076	368,500
Assembly Council/Committees	35,236	58,700	88,500
Assembly Council/Secretary's Office	728,486	621,067	662,000
Archives	8,345	15,255	34,000
Total General Assembly/Assembly Council	1,149,977	956,098	1,153,000
OFFICE OF INTERCULTURAL LIAISON			
Total Office of Intercultural Liaison	0	0	225,000
LIFE AND MISSION AGENCY			
Program Support and Administration	2,031,159	2,001,278	2,260,000
Ministry and Church Vocations	81,295	86,751	87,000
Stewardship and Planned Giving	117,691	122,891	123,000
Justice Ministries	76,322	90,531	90,000
Regional Resourcing	449,000	488,000	488,000
International Ministries	750,233	851,722	852,000
Communications	85,957	91,985	92,000
Canadian Ministres	1,008,441	1,447,832	1,448,000
Total Life and Mission Agency	4,600,098	5,180,990	5,440,000
SUPPORT SERVICES			
Administration	811,510	827,853	1,102,000
Building Maintenance	369,665	320,000	261,000
Missionary Residence	(22,472)	0	(48,000)
Financial Services	432,537	150,000	209,000
Printing and Distribution	65,280	62,000	45,000
Total Support Services	1,656,342	1,359,853	1,569,000
Approved by the General Assembly – Colleges	536,260	503,059	480,000
Amortization of capital assets	32,945	0	34,000
TOTAL NET EXPENDITURES	7,975,622	8,000,000	8,901,000
(DEFICIENCY) EXPENDITURES OVER REVENUES	(1,711,695)	(2,657,000)	(3,488,000)
Transfer from Restricted Fund to Operating Fund	1,800,000	2,500,000	3,500,000
Fund balance, beginning of year	675,496	763,801	606,801
Fund balance, end of year	763,801	606,801	618,801