

## **Treasurer's Comment: On Probable Sources of Funding for Third Presbyterian Reparative Action**

When this case came up about two months ago, we had no knowledge of the magnitude of the harm done. I have been asked several times, "Is there money to do this?" In June when the recommendation was the forgiveness of \$325,548.88, we could show capacity to accommodate this quickly. Now that the Commission on Ministry's full recommendation from their August 10 meeting includes reimbursement of interest and principal, we are still able accommodate the \$718,884.11, but we would need to phase out the payments over time. The Administration Team would work on executing the rollout and timeline of whatever action presbytery decides.

The following options are where we can get the liquid funds from:

### **"Held Properties"**

Held Properties are considered a board designated fund for the purpose of handling sales of churches, repairing, and maintaining churches that are awaiting sale. Legacy Grants are made after a church sale and the net proceeds go into this category.

1. Sale of a Short-Term Certificate of Deposit - \$115,000+/-

We have a very short-term CD coming due soon, with an approximate value of \$115,000. It is held within a portfolio of special long-term CD's that represent the net proceeds of 4 churches that were sold in 2018-2019. The CD's mature in a ladder spread over the next 4-5 years. These long-term CD's are not a liquid asset. Only the short term one mentioned above is liquid.

1. We also have "cash in the bank" from other church sales. Most notably, the \$671,000 net remains of Calvary Church sale are in the bank.

I estimate an overall Held Property balance of approximately \$950,000. To use \$769,000 would only leave a reserve of \$181,000.

### **General Fund**

These are cash assets that are not restricted by donors or board purposes. They are the assets that are increased through Per Capita, Mission and other donations. The expenses of overhead, payroll and programs decrease the General Fund.

1. We have an investment portfolio at Commerce Trust. The largest amount of it is our Endowment Funds. These are permanently restricted funds that have specific guidelines under which they can be used. But within the whole investment, however, is approximately \$404,000 of unrestricted funds (no limitations of use). To date, they have only been used for budgetary relief. If used, this investment would have to be sold. If the sale occurs under favorable market conditions, this is good. If Market conditions are negative on that particular day, the sale would incur a loss of value.
2. Could we use a combination of funds available? We could. If we used some funds from Held Properties and some from our General Fund, I estimate it would leave a combined reserve of \$1,025,948 between the two categories. Considering the Presbytery historically runs a deficit by year end, would there be enough for budgetary relief and maintain a responsible cash reserve? If there was another reparations case or a big emergency/disaster/catastrophe, would there be any funds available to give out?

I am not here to argue the merit of the reparation or the amount. I am of the opinion that a single, one-time lump sum settlement of the full amount from both presented motions would be ill advised without causing adversity of the financial security of the Presbytery.

Kathy Sherrick, Treasurer  
Presbytery of Giddings Lovejoy  
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