

Report of the Ad Hoc Task Force On Three-Year Financial Planning

September 2018

Westminster Presbyterian Church

Table of Contents

1. Mission and membership of the Ad Hoc Task Force	1
2. Financial questions facing Westminster	1
3. Demographics of the congregation and of visitors.....	2
4. Pledge history	3
5. Main sources of financial resources other than pledges	4
a. Foundation.....	4
c. Bequests.....	5
d. Cell phone revenues	6
6. Personnel budget.....	7
7. Mission giving.....	7
8. Capital Maintenance Reserve Fund	8
9. The integrated financial plan for 2018 through 2020.....	9
10. Conclusion	10
Addendum: Bookkeeping simplification	11

1. Mission and membership of the Ad Hoc Task Force

In early 2018, the Session of Westminster Presbyterian Church created the Ad Hoc Task Force on Three-Year Financial Planning, and charged the Task Force with thoroughly examining Westminster's expenditures, revenue sources, and structural cost escalators. The Session requested that the Task Force make recommendations to the Session to ensure, to the extent reasonably possible, that the financial position of the church would be stable, secure, and sustainable over a three-year period ending in 2020.

The Task Force included the following members: Larry Hayward served as chair; Nancy Bea, Patrick Hunnicutt, and Lavinia Davis-Laux provided staff representation; Lanny Griffith, Bill Keeth, Ben Kennedy, Anne Marks, Margaret Myers, John Scruggs, Reid Stuntz, David Ware, David Wilcox, and Rob Winn were members of the congregation who served on the Task Force and brought with them familiarity with a range of relevant areas, including personnel, administration and finance, stewardship, the Westminster Foundation, buildings and grounds, and mission.

The Task Force met 14 times; provided its report to the Session in September 2018; and published it to the congregation upon Session approval.

2. Financial questions facing Westminster

As noted above, the creation of the Task Force was prompted by a desire to know, to the extent reasonably possible, that the church is on a sustainable track financially, and that it will be able to sustain commitments currently being contemplated. These commitments include the calling of a fourth pastor; the maintenance and upkeep of its physical plant; the advancement of the church's broad mission and programs; and the devotion of substantial resources toward mission.

The principal responsibilities of the Task Force have been, first, to gather the data necessary to assist Westminster in answering the questions before the Task Force, and, second, to begin to provide some initial answers on which further work, thought and prayer can build. To that end, the Task Force considered six questions:

- As the demographics of the church evolve with time, what trends should the church anticipate in pledges and other income?
- Should the church consider using the resources of the Foundation in a more active way, consistent with prudent management of these resources for the long term and respectful of the wishes of our benefactors?
- What other sources of income, aside from the Foundation, might address future gaps between pledge income and expenses?
- What growth should the church expect in the medium term in its personnel-related costs, including both salaries and other costs such as health insurance coverage?
- What expenses should the church project over the medium term to maintain the safety and utility of its buildings and grounds?

- What improvements to bookkeeping and reporting procedures in the church or Foundation could assist the church to effectively monitor its financial health and performance?

3. Demographics of the congregation and of visitors

Key data about the recent history of congregation membership, the number of visitors, conversion from visiting to membership, etc., and how that informs our judgment about what is realistic for the future.

In the past 15 years, Westminster's membership has increased from a low of about 850 (in the early 2000s) to its current level of 1,023. Since 2013, membership has been roughly steady, in the neighborhood of 1,000.

Since 2013, we have welcomed an average of 59 new members per year (including an average of 10 confirmands per year). At the same time, we have also bid farewell to an average of 50 members per year. Such losses result from job transfers, member deaths, and other sources of attrition. Membership losses have generally remained fairly consistent over the past 10 years.

Each week, the clergy, representatives of the New Member Committee and HOME Committee, and others meet to review worship attendance and coordinate outreach to visitors, including those we believe to be prospects for membership. Total annual prospects have decreased since we began tracking that number, but we believe that is partially because we have improved our ability to identify true prospects. Overall since 2006, 30 percent of the people who visit Westminster as prospects eventually join. Most do not join in the same year they begin visiting, but instead we see them contribute to our membership gains over the next several years. Last year was fairly typical, with 123 new prospects; 17 of those persons joined the same year, and presumably more will join in coming years.

When we ask new members what attracted them to Westminster, they answer with a remarkably consistent list of themes: strong children's programs, a strong music program, a friendly and welcoming congregation, and/or a theological approach that is comfortable to them and not prescriptive. Although we attract membership from diverse theological backgrounds, it is also very common for them to tell us that Westminster "feels like the church I grew up in."

It is worth noting that in an analysis of local PC(USA) church membership since 2003, Westminster is the only church examined that posted growth in each of the periods studied (the periods studied were 2003-2013 and 2013-2017).¹ Between 2013 and 2017, membership at Westminster increased 3 percent. On the high end, membership at Georgetown increased by 16 percent during that four-year period and National Presbyterian by 5 percent, while on the low end, membership at some churches shrank by 15 to 19 percent. No local churches studied have shrunk as much as the overall denomination, which has lost about 345,000 in the last four years, from about 1.75 million to about 1.4 million, a decrease of 20 percent.

Despite the trends at the denominational level, we have reason to believe that Westminster can expect modest growth in the future. Since 2013, we have posted growth in all age categories except ages 26-35 and 56-65. We have seen the largest gains in members ages 46-55 (21 percent increase) and 66+

¹ An appendix to this report, titled "New Member Data Updates – July 2018" presents this information in more detail, using graphs and tables.

(17 percent increase). Membership among adults aged 36-45 has also increased, and now makes up 18 percent of the overall congregation. Overall, our members are relatively evenly distributed across age groups with the largest, ages 66+, making up 28 percent of the congregation.

We continue to attract visitors of all ages, but especially young families and couples who have recently moved to Alexandria. It is worth noting that since 2006, the number of children and youth has increased from 180 to 380. Only those in eighth grade and above who have been confirmed are included in our 1,023 official members.

4. Pledge history

Key data about the recent history of pledges, and how that informs our judgment about what is realistic for the future.

The Westminster Stewardship Committee has completed an analysis of past years and now has a better understanding of what drives yearly stewardship performance. It has determined that, in each year, Westminster's pledge total is reduced by approximately \$75,000 to \$100,000 due to members who move away or pass away. In addition, the church typically sees a \$30,000 to \$40,000 decrease from current pledgers who reduce their pledges. For 2018, each of these metrics was at an all-time high. In many years, these pledge declines are offset by pledge increases—about 200 members will increase their pledge each year, and 15-30 new members will make a new pledge each year. The committee's analysis shows that, in some years, an energized campaign can more than offset the usual structural decreases to our pledge revenue, by bringing in higher-than-average pledge increases (for example, in 2016 Westminster achieved an overall 10 percent increase). Also, in some years, there will, of course, be a higher volume of new members and new pledge-makers.

The Stewardship Committee's analysis also indicates that the church enjoys a broad base of financial support from members across all age ranges. While average contributions tend to increase as church members approach age 60, the relationship between age and pledging is not an overly strong one. Indeed, the church is also not overly reliant on any small group of donors for a large percentage of its budget. While the church does have a handful of extremely generous members, the sum of the top 10 pledges equals 19 percent of the pledge total and the top 20 percent of pledges (the top 84 pledges out of 415) made up 60 percent of the 2018 pledge total. Thus, the church does better than the typical 80/20 pattern, according to which many churches and non-profits receive 80 percent of their financial support from 20 percent of their members.

In order to increase the church's pledge revenue, the Stewardship Committee is working to focus its stewardship message around proportional giving—the Biblical idea that we are called to give a portion of our income each year to the ministry of the church, in gratitude to God, leading up to a tithe (meaning, the giving of 10 percent of income). The stewardship committee hopes this message will inspire the congregation to give to the best of their potential. In 2018, WPC members will see new stewardship events, an improved stewardship mailing, increased use of technology to make pledging and giving online easier, and more targeted outreach to different groups at the church. The hope is that a focus on proportional giving will prove to be more effective than a more typical stewardship request of a small overall increase in pledges.

5. Main sources of financial resources other than pledges

a. Foundation

Brief history of the Foundation; description of its current method of organization; description of how the financial resources of the Foundation have been harnessed for use by the church up until now ; how the Gloria Horning money will be deployed; and how the overall resources of the Foundation will be harnessed going forward; the approach adopted to govern the transfer of resources from the Foundation to the operating side of the budget.

The church authorized the establishment of the original Westminster Endowment Fund in 1976, and a charter was issued in 1981, upon receipt of \$53,937. In 1999, the charter was revised, and the Endowment Fund was rechristened as the Westminster Foundation. In 2008, the State of Virginia adopted the Uniform Prudent Management of Institutional Funds Act (the Uniform Act), and the Foundation Charter was amended in 2008 to incorporate the provisions of the Uniform Act. It is important to note that the Foundation is not a separate entity, but operates under the authority of the Session.

Over time, the assets of the Foundation have increased, and as of August 2018 they stood at about \$3.9 million. About \$1 million of the assets of the Foundation represent the proceeds from an exceedingly generous bequest from Gloria Horning; the church received this bequest in 2017 and 2018. The assets of the Foundation are categorized as either “endowed” or “non-endowed.” Of the \$3.9 million total assets of the Foundation, and once the transfer of the Horning bequest into endowed accounts has been effectuated, about \$2.8 million will be in endowed accounts and \$1.0 million in non-endowed accounts.

The Foundation’s endowed accounts are being invested primarily in moderate allocation mutual funds, which have 60-75 percent invested in equities, and 25-40 percent invested in bonds.

At the request of the Task Force, the Foundation Board formulated a change in the methodology used for determining what portion of the Foundation’s endowed accounts would be transferred to the church’s annual operating budget. (The past practice had been to transfer only the accumulated dividends and interest.) The Foundation Board considered the following criteria:

- Allow for a significantly greater portion of the investments’ total returns to be transferred to the operating budget.
- The amount transferred should allow for sustaining long-term growth of the endowed investment funds.
- The amount transferred would be allocated in accordance with donors’ intentions and the priorities determined by the Session.
- The amount transferred would be in accordance with the Uniform Act as it pertains to the harvesting and expenditure of investment returns.

The Foundation Board has recommended to the Administration and Finance Committee that transferring 3-4 percent of the endowed account value annually would be consistent with the above criteria. The value of endowed accounts will be based on a three-year moving average, except in the case of the Horning bequest, which will be treated as if the full amount had been on the church’s books over the relevant three-year period. If the value of the endowed

accounts declines, the percent to be transferred will be computed against the lower of the three-year moving average and the current value of endowed accounts.

This general approach is in line with the practice of many other institutions that rely on an endowment for part of their financial support. The Administration and Finance Committee is recommending to the Session a transfer of 3.5 percent of the value of the endowed accounts to the 2019 operating budget, which will provide about \$95,000 of support for the mission and programs of the church. This amount would represent an increase of \$59,000 from the amount transferred to the operating budget in 2018. This increase is partly due to the change in methodology used to determine the amount to be transferred, and partly due to the significant increase in the value of the endowed accounts as a result of the Horning bequest.

Separately, the Foundation Board intends to recommend to the Session a significant simplification in the approach taken to investing the assets of the Foundation. In brief, the Foundation Board will recommend that investment of all endowed accounts be undertaken on a pooled basis, so that all accounts will share on a *pro rata* basis in the returns earned by the investments. Until now, specific accounts have been invested differently; this approach has meant that returns had to be tracked in a detailed and complicated manner.

The Task Force believes that the above changes will allow a prudent and sensible commitment of the resources of the Foundation to the current mission and program of the church; will ensure the availability of Foundation resources to future generations; will maintain prudent diversification in the investment strategy; and will maintain fidelity with the expressed wishes of donors as well as the spending priorities established by the Session.

c. Bequests

Brief history of what the volume of bequests has been, how prospective donors are advised when they approach the church, how the Bequest Committee operates, all with an eye to informing what might be reasonable to expect in the future.

When a member approaches the church with a gift or bequest, it is brought to the attention of the appropriate persons on the Gifts and Bequests Committee. The membership of that Committee includes the Chair of the Foundation, the Chair of the Administration and Finance Committee, the Pastor, and the Director of Finance and Administration. A member of the committee will meet with the potential donor to discuss their gift. Some donors come to the church with an area of interest that captures their hearts and so designate the bequest for a specific program or purpose, while others decide to provide for the general needs of the church with an undesignated bequest. Westminster is grateful for the generosity of our members, both past and present. The table below provides data on the history of gifts to the church.

Year	Number of Gifts	Total Value	Number Designated	Number Undesignated
2005	5	\$522,910	2	3
2006	8	\$211,862	3	5
2007	1	\$11,328	1	0
2008	1	\$6,975	0	1
2009	5	\$208,338	0	5
2010	6	\$64,823	0	6
2011	4	\$80,818	1	3
2012	3	\$35,927	0	3
2013	1	\$16,893	0	1
2014	0	\$0	0	0
2015	5	\$89,618	1	4
2016	5	\$357,640	2	3
2017	3	\$935,000	1	2
2018*	2	\$404,338	1	1

* As of 9/2018

Gifts and bequests have been a critically important source of support for the church in the past, and are anticipated to remain so in the future. However, they are unpredictable in both timing and amount. As a result, the Task Force reiterates its conviction that the great majority of the ongoing resources for the program and mission of the church will need to come from the pledge support of the congregation.

d. Cell phone revenues

Brief history of the cell phone franchise; how many dollars have been generated annually, how the revenues have been deployed heretofore, outlook for future being highly uncertain, how revenues will be deployed going forward for as long as they persist.

Since 2003, the church has leased space in the steeple to cell phone companies. The companies currently leasing space are AT&T, Sprint, and T-Mobile. In aggregate, these contracts will generate \$90,269 in revenue during the year ending October 2018. Given constantly changing technology, coupled with the uncertainty of corporate mergers and acquisitions, in 2011, the Session determined that cell phone revenue should not be relied on for the annual operating expenses of the church. Seven reserve funds were established at that time, each with a designated purpose and specified draw criteria. In 2016, the Session—upon recommendation from the Administration and Finance Committee—amended the draw criteria that would be applied to these reserve funds to provide greater guidance and flexibility, while also redirecting the allocation of cell phone revenue to four reserve funds plus an amount to the Member Response Team, which has received funding since 2011.

The single largest recipient of cell phone revenue is the Capital Maintenance Reserve Fund, which currently receives \$67,869 annually. The Task Force continues to believe this allocation is prudent given the repair and maintenance needs, some potentially quite expensive, of a facility the size and age of Westminster's. Other reserve fund recipients are the Organ Maintenance Reserve Fund (\$5,000), the Technology Reserve Fund (\$6,000), the Special Music Performance Reserve Fund (\$3,000) and the Retreat Reserve Fund (\$2,400). The Member Response Team has been allocated \$6,000 in cell phone revenue annually.

Because of rapid changes in technology, the need for leased space in our steeple (and therefore the continued flow of these cell phone revenues) remains uncertain. Being cognizant of the imperative not to become over-reliant on this revenue stream, the Administration and Finance Committee continuously reviews the cell phone program. In conducting its work, the Task Force has assumed that the revenue from this source will phase down to zero over approximately the next five years. The Task Force hopes that assumption proves to be conservative, but thinks it a prudent basis for planning.

6. Personnel budget

Personnel is the largest single cost area in the budget; this section summarizes key assumptions going into the projection, and the main drivers of cost growth going forward.

One of the factors that led to the creation of the Task Force was the recognition that the budget for personnel, which normally constitutes about two-thirds of the total operating budget, would be under pressure due to a variety of factors, including rising health care costs, cost-of-living increases, and regular step increases. Because of the size of the personnel budget within the overall budget, even a small percentage increase in the personnel budget has large implications for the financial position of the church. The Task Force spent most of one meeting reviewing the organizational structure and duties of church personnel, and returned to related issues occasionally thereafter.

Westminster is blessed with a dedicated, energetic, and capable staff, which leads and supports work across worship, fellowship, mission, and education, as well as administrators, finance, and facilities. All full-time staff are provided health, retirement, and disability benefits through the Board of Pensions of the PC(USA). The decision a few years ago to call a fourth pastor, and to provide ordained leadership for mission, expanded the work of the church. But, of course, it has a budget impact, which was fully anticipated and accurately estimated.

Task Force discussions reflected a belief that maintaining the breadth of leadership that the four-pastor structure provides is critical to the scope and depth of the church's activities, and there was a consensus that we needed to fill the vacant Associate Pastor position. However, there was also a concern that the church should be very cautious about creating any other new staff positions at this time.

In the financial projections that accompany this report, care has been taken to make—to the best of our ability—realistic assumptions regarding, for example, the likely escalation in health insurance benefit costs and other elements of the personnel budget. In addition, realistic assumptions have been made regarding the start date of the fourth pastor—and hence the phase-in of costs associated with that position. Fully phased-in costs do not hit the budget until 2020.

7. Mission giving

History of mission giving as a percent of overall church spending; repurposing of the Emergency Benevolence account for use by the National Missions committee.

According to a 2016 analysis, Westminster's mission giving constituted 17 percent of church operating expenses and 21 percent of total church expenses when mission spending is defined to include non-budgeted mission outlays—including but not limited to resources drawn from off-budget accounts, special offerings, mission trip fundraisers and spending, and donations funded from our

Alternative Giving Bazaar. These percentages have remained relatively stable since 2012, and they meet the targets specified by a 2010 Mission Council report, which recommended that mission expenditures be 12 to 18 percent of the operating budget.

We believe that these levels of mission spending can be sustained as we implement the changes articulated elsewhere in this report, including the infusion of a percentage of the value of our endowment accounts to support the ongoing mission and programs of the church. Another action of the Task Force has been to recommend the creation of a new National Missions endowed account, using funds from a pre-existing emergency benevolence endowed account. This new account will mirror similar endowed accounts already established for local and international missions.

8. Capital Maintenance Reserve Fund

The basic approach that B&G has taken in projecting outlays, the current and projected status of the Fund, including the projected exhaustion date.

The Buildings & Grounds Committee is responsible for, among other things, maintaining and replacing the capital assets that make up Westminster's buildings and grounds. For many years, this maintenance and replacement was conducted as funds became available, either through the church's normal operating budget or as the result of a capital campaign.

The Capital Maintenance Reserve Fund was established by the Session in 2011 using undesignated bequests and accumulated funds from the three mobile telecommunications providers (described in section 5c above), so that money could be set aside for these needs, and the timing of repair and replacement would be tied less tightly to when monies became available. The CMRF continues to receive monthly revenue from the mobile telecommunications provider contracts. Additionally, the balance of the funds from the Westminster Landscape Project (which were used to design and build the Blomberg Courtyard) was transferred to the CMRF in 2016. The CMRF balance as of August 2018 is \$437,873.

In 2016, the Buildings and Grounds Committee commissioned a report by a consultant called Reserve Advisors. Reserve Advisors conducted a thorough review of the church's physical assets and projected the funds required over the coming decades to replace those assets as their useful lives ended. The conclusion of the review was that the church would be required to set aside a great deal of money over the next twenty years simply to maintain its physical assets, not including any capital improvements. Currently, \$67,869 is being added annually to the CMRF. On one hand, Westminster is unusual in having the wherewithal to make advance provision for the ongoing maintenance and repair needs of its physical plant. On the other hand, the reserve study estimated that an even larger annual commitment would be required to provide for the maintenance of the church on a level basis over the very long term.

Although the church does not have the resources to commit the full amount of the funds outlined in the report, the Session is exploring ways to dedicate additional funds to maintenance and replacement where possible. In the meantime, the Buildings and Grounds Committee maintains a detailed schedule of its projected maintenance and repair projects over the next several years and regularly explores whether it can extend the useful life of the church's capital assets to minimize near-term expenses that draw down the CMRF. Under current projections, which necessarily entail a great deal of uncertainty, the CMRF is projected to be sufficient to meet currently foreseeable needs through about the middle of the next decade (the 2020s). Key sources of uncertainty include when the cell phone revenue will phase down; when major building systems will fail or need substantial repair; and what other unforeseen

resources might become available. An example of the latter source of uncertainty is the exceedingly generous gift recently made to the church that will underwrite the reconstruction of the entrance to Fellowship Hall and additionally provide a portion of the resources required to rebuild the Cameron Mills entrance to the sanctuary and make it handicap-accessible.

To facilitate the planning efforts and summarize the anticipated financial position of the church relative to future maintenance and repair needs, the Buildings and Grounds Committee and the Administration and Finance Committee jointly maintain a planning tool, in the form of a spreadsheet, that tracks the current balance in the CMRF, anticipated outlays, and anticipated sources of revenues. A copy of the spreadsheet as it stood on April 1, 2018, is included as an appendix to this report.

9. The integrated financial plan for 2018 through 2020

The budgeting process undertaken with each Committee chair. Key adjustments and/or decisions that were made as a consequence of the work undertaken by the Task Force. Brief summary of the conceptual framework used in measuring spending: The tables show a comprehensive measure of spending; then show how much of that spending in 2019 will be supported by Foundation resources; and then back out how much will need to be supported by pledges/stewardship. All figures for 2020 obviously highly preliminary, merely working hypotheses.

The Task Force made an early decision to secure the financial stability of the church by focusing on three-year financial planning starting with the current fiscal year through 2020. All future budgets will be constructed using a three-year perspective. For current-year and future projections to be meaningful, it was necessary to undertake a comprehensive review of all available resources, expenditures, and the budget development process. While third-year projections—in this case 2020—will always be highly preliminary, they will provide a working hypothesis for planning purposes.

One of the more significant changes to the budgeting process is reflected in the attached, newly developed spreadsheets. (A copy of the budget spreadsheet for the current planning cycle appears as an appendix to this report.) Each committee chair, working with the Administration and Finance Committee, was charged with clearly delineating a comprehensive presentation of planned expenditures for the current year and the two so-called “out years,” in this case 2019 and 2020. Balancing these planned expenditures is a comprehensive presentation of revenue sources, whether from the Foundation, bequests, reserve funds, stewardship, or other sources. While this approach is still undergoing some refinement, individual meetings of committee chairs and church staff representatives with the Administration and Finance committee will become standard operating procedure during the annual budget development process.

Managing church budgets using a three-year perspective is intended to allow the Session to make better-informed decisions about all financial matters, whether related to staffing, church programs, missions, or other focus areas. The scrutiny applied to individual revenue sources, of all types, should ensure that the church is receiving maximum benefit from the resources with which we have been blessed. That, coupled with the continuous review of expenditures by church committees, should serve to sustain our financial health.

10. Conclusion

The Task Force judges that the church will be in a sustainable financial position over the three-year period of its focus, and in particular that it is reasonable and prudent to call a fourth pastor to the staff. Ensuring that the assets of the Foundation are serving the program and mission of the church, consistent with the wishes of benefactors and with due regard for the long-term health of the church, will be one important ingredient in securing the sustainability of current plans. As noted above, however, it is clear that the great majority of resources for the program and mission of the church will need to come from the ongoing pledge support of the congregation. Given the new stewardship campaign's theme—the emphasis on proportional giving—we believe that reasonable year-over-year growth in pledges will be able to cover the remainder of the needed increases in the church's revenues for the three-year period considered by the Task Force. As always, the financial position of the church will warrant continuous review, but proceeding with the staffing plans as currently envisioned appears to be reasonably prudent.

Addendum: Bookkeeping simplification

Important steps have been taken—and will be taken—to make the financial reports of the church easier for staff to maintain and easier for Session members and others to understand. Main work thus far has been on the Foundation side; the importance in this regard of investing all endowed accounts on a pooled basis, and similarly all Reserve accounts, and similarly all non-endowed non-Reserve accounts.

The Task Force review drew attention to the challenges of presenting the data that describe the church's financial picture in an accessible manner, especially given that many of the individuals participating in the governance of the church (as members of the Session) do so on a volunteer basis and may not have expertise in accounting. This section provides a brief overview of the existing financial reports and reporting process and indicates the Task Force's support for further steps to streamline those reports.

Existing reports and reporting process

The Financial Assistant (a member of the church staff) extracts the following monthly financial reports from the Automated Church System (ACS), the software used by the church for its financial accounting:

1. Balance Sheet (a summary of all WPC assets and liabilities, fund principal, and restricted funds)
2. Balance Sheet for the Operating Budget
3. Analysis of Revenues & Expenditures (for the Operating Budget)
4. Summary of Restricted Accounts in the Operating Budget
5. Balance Sheet for the Foundation
6. Summary of Restricted Accounts in the Foundation

The Financial Assistant also prepares a monthly one-page summary Treasurer's Report to the Session. After reviewing these documents, the Treasurer prepares the monthly, high-level Treasurer's Summary Report and Westminster Foundation Treasurer's Summary. The Financial Assistant and the Director of Finance and Administration review the Treasurer's draft reports. All three documents are provided to the Session on a monthly basis; the complete set of reports (including the six items listed above) is provided on a quarterly basis. The Financial Assistant requires one to two days to prepare the monthly reports, and the Treasurer requires 2-3 hours. Preparing the annual reports at the end of the fiscal year requires at least a week of the Financial Assistant's time and about 12 hours of the Treasurer's time.

Other reports prepared by the Financial Assistant include the weekly Annual Income Comparison, the WPC Distribution of Cell Phone Income (provided only when amounts change), and the annual Comparative Mission Analysis.

The Task Force recognizes that much of this material is difficult to absorb and comprehend. In part, that difficulty reflects the complex structure of accounts that has grown up over the years. The Task Force believes that significant steps can be taken both to simplify the actual structure of accounts maintained by the church and to simply the presentation of those accounts. Indeed, the Foundation has already taken important actions to facilitate simplification along these lines. A priority in coming months will be to examine the scope for additional steps of this sort. The exact nature of these steps will depend in part on what can be accomplished, at reasonable cost, within the existing bookkeeping software utilized by the church.

CMR long-range planning tool
David Wilcox
March 10, 2018

ROR on invested balance, baseline	0.06	Invested fraction of CMR, baseline (ROR = 0% on the rest)	0.5	ROR on invested balance, pessimistic	0.06	Invested fraction of CMR, pessimistic (ROR = 0% on the rest)	0.5	Threshold amount for Category iv expenditures, above which CMRF reimburses	\$25,000
-----------------------------------	------	---	-----	--------------------------------------	------	--	-----	--	----------

Expenditures	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Average 2022-26
B&G Categories i-iii	10,176	45,582	112,831	94,720	178,123	139,483	133,507	2,347	142,103	87,917	
Category iv	-	20,000	97,103	56,759	51,492	142,237	37,935	15,688	44,484	-	
Total requested for reimbursement from CMRF*	10,176	45,582	184,934	126,479	204,615	256,720	146,441	2,347	161,587	87,917	131,002

* = Categories i-iii plus amounts in Category iv above threshold amount shown in cell H2

	2017										
BASELINE PROJECTION	Actuals	2018	2019	2020	2021	2022	2023	2024	2025	2026	
CMR, balance as of January 1 of year in question	\$ 292,478	\$ 408,401	\$ 444,227	\$ 339,710	\$ 294,447	\$ 169,590	\$ 97,543	\$ 4,068	\$ (111,477)	\$ (249,754)	
+ transfer of balance of Capital Campaign account	\$ 42,946										
- expenditures reimbursed from CMRF	\$ (10,176)	\$ (45,582)	\$ (184,934)	\$ (126,479)	\$ (204,615)	\$ (131,002)	\$ (131,002)	\$ (131,002)	\$ (131,002)	\$ (131,002)	
+ cell phone revenue transfer**	\$ 66,475	\$ 68,469	\$ 70,524	\$ 72,639	\$ 74,818	\$ 56,114	\$ 37,409	\$ 18,705	\$ -	\$ -	
+ bequest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
= subtotal	\$ 391,724	\$ 431,288	\$ 329,816	\$ 285,871	\$ 164,651	\$ 94,702	\$ 3,949	\$ (108,230)	\$ (242,479)	\$ (380,756)	
+ investment earnings	\$ 16,677	\$ 12,939	\$ 9,894	\$ 8,576	\$ 4,940	\$ 2,841	\$ 118	\$ (3,247)	\$ (7,274)	\$ (11,423)	
CMR, end of year balance	\$ 408,401	\$ 444,227	\$ 339,710	\$ 294,447	\$ 169,590	\$ 97,543	\$ 4,068	\$ (111,477)	\$ (249,754)	\$ (392,179)	

**cell phone transfer starts at amount shown in 2017, increases by 3 percent through 2021; beginning 2022, phases out linearly over four years

Memo: cumulative draw on CMRF \$ 10,176 \$ 55,758 \$ 240,692 \$ 367,171 \$ 571,786 \$ 702,788 \$ 833,791 \$ 964,793 \$1,095,796 \$1,226,798

Comparison with earlier projection:

Annual draws on CMRF projected as of July 23, 201	\$ 18,000	\$ 15,097	\$ 181,043	\$ 99,652	\$ 290,273	\$ 188,288	\$ 99,674	\$ 76,051	\$ 90,535	\$ 76,051
Cumulative draw on CMRF projected as of July 23,	\$ 18,000	\$ 33,097	\$ 214,140	\$ 313,792	\$ 604,065	\$ 792,353	\$ 892,027	\$ 968,078	\$1,058,613	\$1,134,664
End of year balance projected as of July 23, 2017	\$ 393,897	\$ 459,123	\$ 357,449	\$ 318,802	\$ 64,898	\$ (109,335)	\$ (215,279)	\$ (300,070)	\$ (402,323)	\$ (492,725)

Line Item	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1180	Doors, Entrances, Wood (Incl. Transoms)							18,075													
1280	Roofs, Asphalt Shingles, Phased, 1990s			58,017	59,583																
1300	Roof, Built-up, Education Wing, 2000 (Incl. Skylights)				38,324																
1380	Roof, EPDM, Main Entrance and Elevator Addition, 1994				18,022																
1460	Roofs, Metal, Steeple, Inspections, Paint Finishes and Capital Repairs (Incl. Aluminum Siding)			12,998								16,086								19,908	
1540	Sealants, Windows, Doors and Control Joints, Phased			9,184								11,366								14,066	
1820	Walls, Masonry, Inspections and Repairs (Incl. Flashing Installation)			21,525								26,639								32,967	
1851	Walls, Wood, Paint Finishes and Partial Replacements (2016 is partial)			30,330				33,740				37,535				41,756				46,451	
1980	Windows and Doors, Aluminum Frames, Education Wing and Main Entrance, 1990s																				
2051	Bride's Room, Interior Renovations					17,137											248,936				
2055	Cabinetry, Classrooms and Activity Rooms (Incl. Sinks and Appliances)															107,372					
2056	Cabinetry, Offices, Choir, Print Shop and Library (Incl. Sinks and Appliances)															187,900					
2060	Ceilings, Acoustical Tiles and Grid															116,319					
2100	Elevator Cab Finishes				11,125																
2200	Floor Coverings, Carpet, Classrooms and Activity Rooms			82,519												113,605					
2201	Floor Coverings, Carpet, Hallways, Offices, Stairs and Library and Westminster			43,372												59,711					
2300	Floor Coverings, Vinyl Tile						64,798														
2301	Floor Coverings, Tile, Sexton and Storage Room	5,607																			
2450	Furnishings, Administration and Staff Offices, Youth and Scout Rooms, and Common Areas, Phased		23,731					27,113					30,976				8,362		35,390		
2451	Furnishings, Classrooms and Activities Rooms, Phased (Student Tables and Chairs)				12,237										15,973						
2452	Furnishings, Stackable and Folding Tables and Chairs							26,510													
2551	Haverkamp Room and Kitchen, Interior Renovations								44,484												
2552	Johnson Parlor, Interior Renovations													45,244							
2560	Light Fixtures, Ceilings and Walls															82,020					
2760	Office Equipment (Incl. Server), Phased	13,043	13,757		14,510		15,304		16,141			17,025		17,956		18,939		19,976		21,069	
2899	Rest Rooms, Renovations, Multi-stall																				
2900	Rest Rooms, Renovations, Single-stall																				
2901	Rest Rooms, Renovations, Education Wing, Children's																				
2931	Telephone System (Incl. Handsets and Server)					19,994														29,032	
2950	Floor Coverings, Carpet, Chapel and Columbarium			16,454												22,652					
2951	Floor Coverings, Carpet, Sanctuary and Narthex			16,118												22,190					
2954	Floor Coverings, Vinyl, Sanctuary and Narthex							15,253													
2960	Furnishings, Wood Choir Chairs											17,427									
2963	Light Dimming System						29,333														
2966	Light Fixtures, Ceiling, Recessed Cans and Track Lighting																				
2969	Light Fixtures, Round Ceiling and Wall Sconces																68,919				
2970	Organ, Interim Repairs							29,333									11,487				
2972	Speaker System (Incl. Sound Cabinet)							84,480													
2975	Pew Restoration							32,853													
3070	Air Handling and Condensing Units, Split Systems, 1.5- to 9.5-Tons, Phased (Incl. Make-Up Air Unit)										53,256	45,578									
3100	Boiler, Building Heat, 1,170-MBH, Sanctuary, Weil-McLain															40,658					
3105	Boilers, Building Heat, 594-MBH, Education Wing and Chapel, Burnham (Incl. Controls)				64,522																
3300	Electrical System, Main and Sub Panels, Remaining, Federal Pacific				63,410																
3320	Elevator, Hydraulic, Pump and Controls															121,974					
3555	Life Safety System, Control Panel															11,617					
3560	Life Safety System, Emergency Devices, Fixtures and Communicators																161,577				
3600	Pipes, Building Heating and Cooling, Partial															17,425				19,908	
3605	Pipes, Domestic Water, Waste and Vent, Partial															29,041				33,179	
3700	Pumps, Building Heating and Cooling Circulation, Main, 3-HP							16,427													
3701	Pump, Building Heating and Cooling Circulation, Sanctuary, 3-HP							8,213													
3941	Vehicle, Passenger Bus		40,080													55,178					
3951	Kitchen Renovation (Incl. Ceiling Tile Assembly, Cabinetry, Walls and Vinyl Tile Floor Coverings)					19,194															28,623
3954	Coffee Maker					4,341															6,474
3957	Dishwasher, Jackson					17,137										5,667					25,556
3960	Exhaust Hood, Captivaire					6,855			4,960												
3963	Freezer, Two Doors, True					6,855															
3966	Ice Machine, Manitowac					10,282															
3969	Oven, Double Stacked, Vulcan					7,997															
3972	Range, Ten Burners, with Two Ovens, American Range					18,280															
3975	Refrigerator, Two Doors, True					6,855															
3978	Steam Tables					6,284															9,371
4020	Asphalt Pavement, Crack Repair, Patch and Seal Coat			9,982				11,104								13,381				14,885	
4040	Asphalt Pavement, Mill and Overlay, Parking Areas									95,545											
4140	Concrete Flatwork, Partial		5,696					6,507					7,434						8,494		
4200	Fence, Aluminum														15,836						
4500	Landscape, Trees, Partial Replacements	2,054					2,347										3,063				
4560	Light Poles and Fixtures									13,726											
4651	Playground Equipment (Incl. Mulch)									10,168											
4660	Sheds													69,988							
9999	Reserve Study Update		6,100																		
	Reserve Advisors total excluding "projects that add perceived value"	15,097	51,876	155,793	243,861	138,584	140,800	84,730	-	135,580	58,216										
	"Category IV" outlays	5,607	23,731	158,463	23,362	17,137	142,237	53,623	-	44,484	-										

Health/safety/code-related issues
Adverse consequences if deferred
Reductions in future capital and operating costs
Projects that add perceived value

New Member Data

February 2018

Updated from Chris Bagley's presentation in April 2016

Additional updates to Table D added in July 2018

Question #1: How has overall PCUSA membership changed?

Page 2

Graph A

Question #2: How has Westminster membership changed?

Pages 3-8

Tables A, B, C

Graphs B, C, D, E

Question #3: How do Westminster's membership changes compare to other churches in our presbytery?

Page 9

Table D

Question #4: How many prospects do we have each year and how long does it take for them to join?

Page 10

Tables E, F

Question #5: Who is joining Westminster?

Page 12

Table G

Question #6: How did new members hear about Westminster?

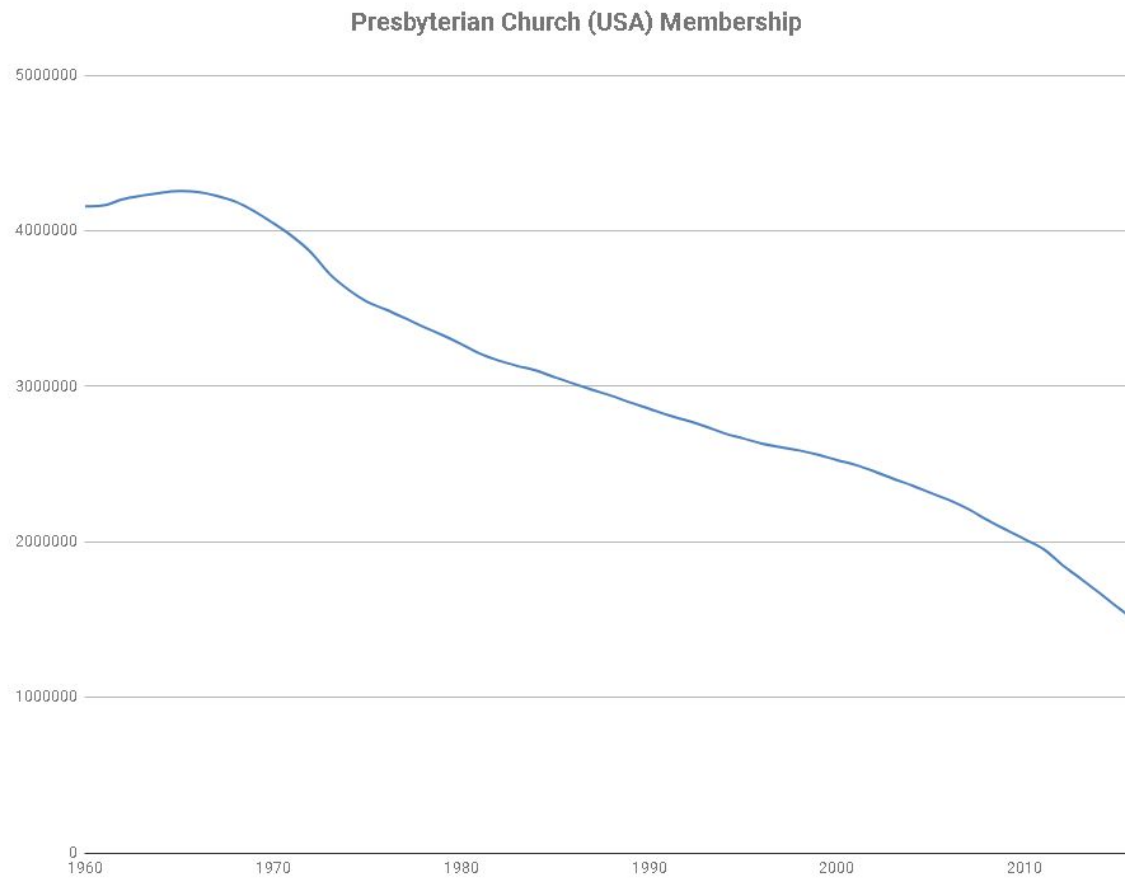
Page 12

Table H

Q1: How has overall PCUSA membership changed?

2010	2,016,091
2014	1,667,767
2015	1,572,660
2016	1,482,767

Graph A:



Q2: How has Westminster membership changed?

Table A: Gains and Losses

Year	Gains	Losses	Change / Yr
2003	48	76	-28
2004	45	66	-21
2005	58	67	-9
2006	56	53	3
2007	68	65	3
2008	64	56	8
2009	88	78	10
2010	76	63	13
2011	77	28	49
2012	91	53	38
2013	70	52	18
2014	64	47	17
2015	50	49	1
2016	57	58	-1
2017	53	45	8

Table B: Gains in detail

Year	New Members	Confirmands	Reactivated	Non-Confirmand	Total Gain
2003	No Data				
2004	29	0	15	29	44
2005	56	10	4	46	60
2006	52	11	4	41	56
2007	54	?	4	54	58
2008	63	12	1	51	64
2009	80	13	3	67	83

2010	74	14	2	60	76
Year	New Members	Confirmands	Reactivated	Non-Confirmand	Total Gain
2011	75	9	2	66	77
2012	90	19	1	71	91
2013	68	11	2	57	70
2014	62	16	2	46	64
2015	50	6	0	44	50
2016	57	7	0	50	57
2017	51	8	2	43	53

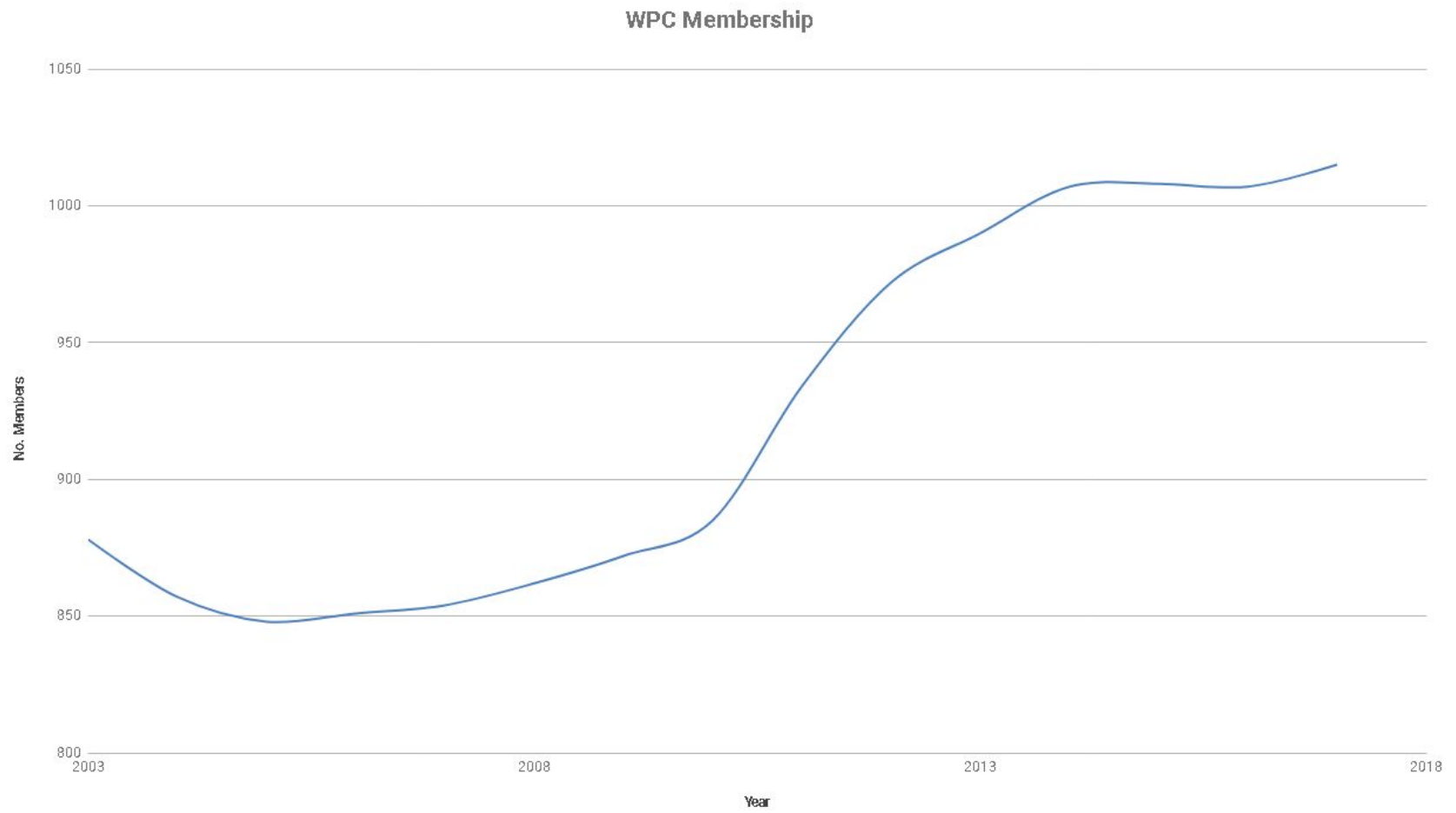
Note that some of the gains categories don't add up, mostly in the 2003-2009, because of inconsistent data tracking.

Table C: Losses in detail

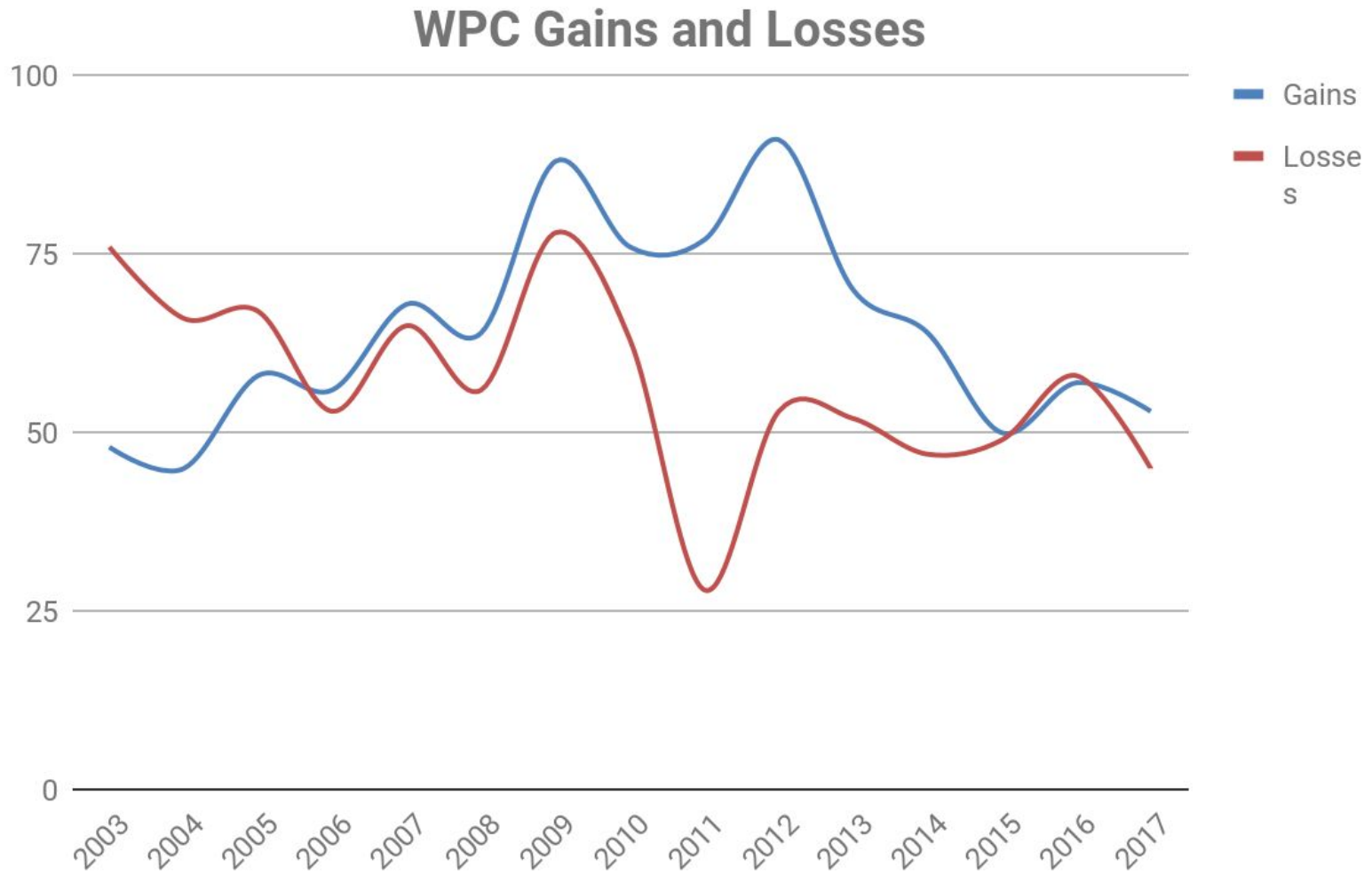
Year	Deaths	Transferred	Inactive	Dropped*	Total Loss
2003	No Data				
2004	14	23	41		78
2005	14	13	45	1	73
2006	12	16	22	3	53
2007	11	24	28	4	67
2008	16	11	24	5	56
2009	13	8	53	4	78
2010	14	8	32	9	63
2011	9	6	2	11	28
2012	13	8	1	31	53
2013	13	13	5	21	52
2014	15	8	24	0	47
2015	9	12	8	20	49
2016	13	5	4	36	58
2017	16	4	4	21	45

*This is basically all of the "other" losses noted on the church report each year minus the people we've moved to the inactive roll.

Graph B:

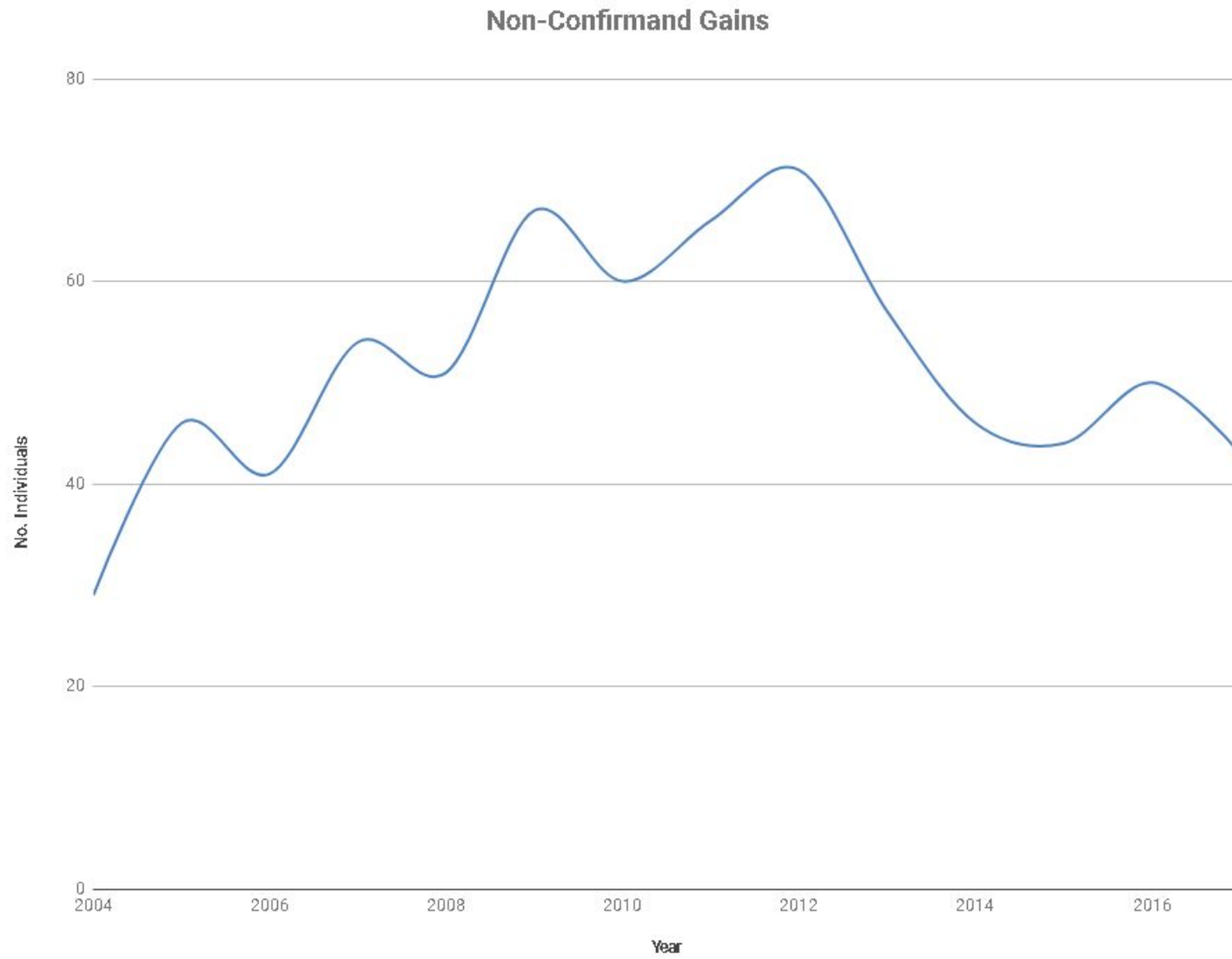


Graph C:



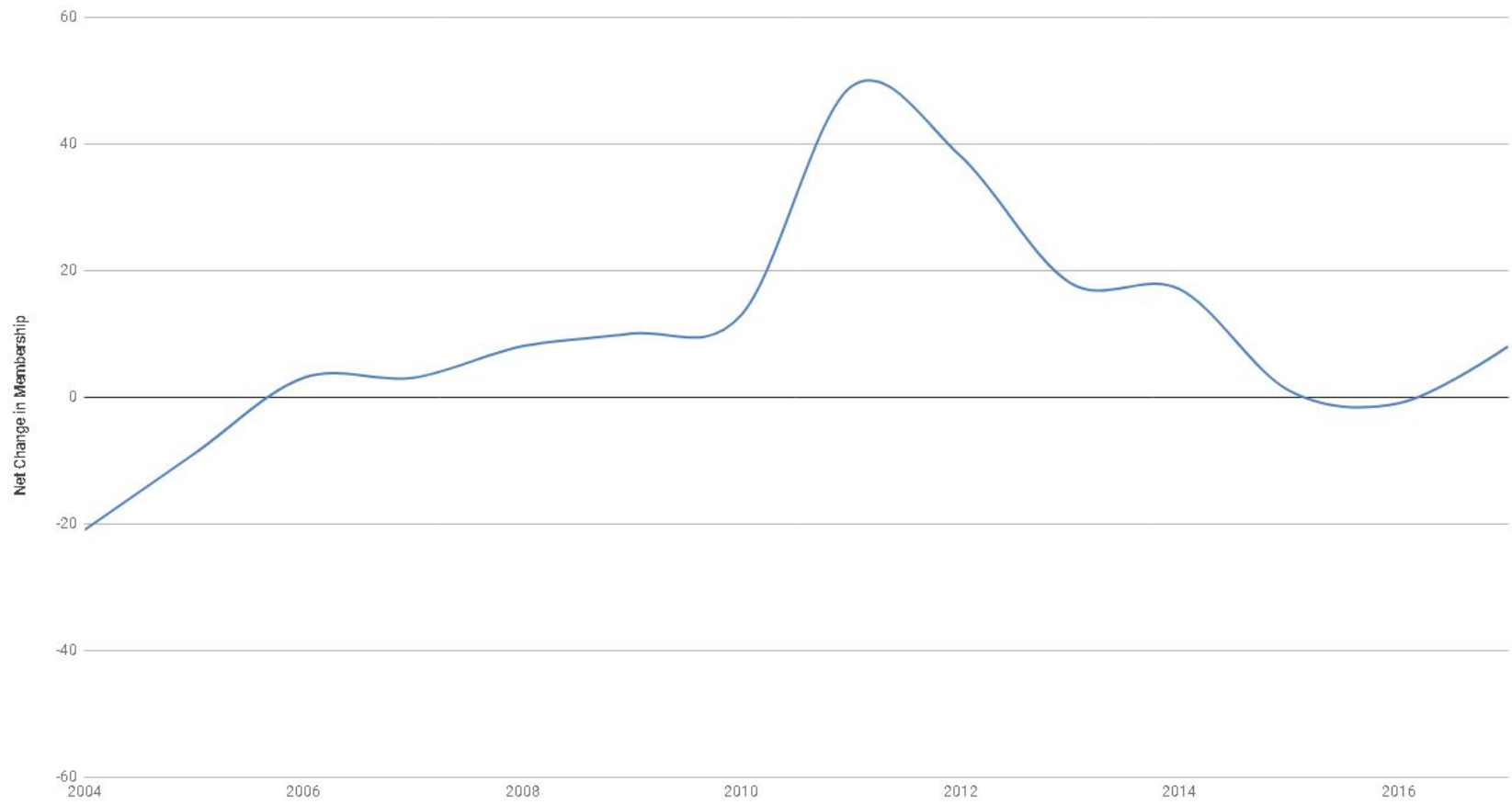
In this graph, gains include confirmands.

Graph D:



Graph E:

Net Changes in Westminster Membership



In this graph, gains factored in include confirmands.

Q3: How do Westminster's membership changes compare to other churches in our presbytery?

Table D:

Church	Membership						
	2003	2013	2016	2017	% Change 2003 - 2013	% Change 2013 - 2016	% Change 2013 - 2017
Vienna	2,679	2,471	2,570	2,275	-8%	4%	-8%
National	2,557	1,506	1,557	1,574	-41%	3%	5%
Gaithersburg	1,117	822	738	715	-26%	-10%	-13%
Old Pres. Meeting House	1,022	1,073	1,000	1,002	5%	-7%	-7%
Chevy Chase	979	685	646	556	-30%	-6%	-19%
Westminster	878	990	1,007	1,015	13%	2%	3%
Lewinsville (McLean)	798	675	589	573	-15%	-13%	-15%
Immanuel (McLean)	695	625	589	573	-10%	-6%	-8%
Bradley Hills (Bethesda)	684	645	660	656	-6%	2%	2%
Georgetown	n/a*	390	438	451	n/a*	12%	16%
Subset Total	11,409	9,882	9,794	9,390	-17%*	-1%	-5%
Overall PCUSA	2,405,311	1,760,200	1,482,767	1,415,053	-27%	-16%	-20%

*We can't find Georgetown membership numbers from 2003 so the overall subset change 2003-2013 is calculated without that church.

Q4: How many prospects do we have each year and how long does it take for them to join?

Table E:

Year Listed	Total Prospects	<2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total Joined
2006	200	30	11	3	3	5	3	0	1	3	0	2	1	62
2007	233		37	15	10	4	2	3	0	1	0	0	1	73
2008	202			33	25	3	3	1	1	0	2	0	1	69
2009	222				28	22	12	9	1	0	4	0	1	77
2010	201					18	14	7	3	0	1	0	1	44
2011	215						30	22	1	0	0	0	1	54
2012	188							30	26	7	1	0	1	65
2013	178								24	18	6	3	1	52
2014	101									18	18	10	2	48
2015	141										16	20	1	37
2016	118											23	14	37
2017	123												17	17
	2122	30	48	51	66	52	64	72	57	47	48	58	42	635

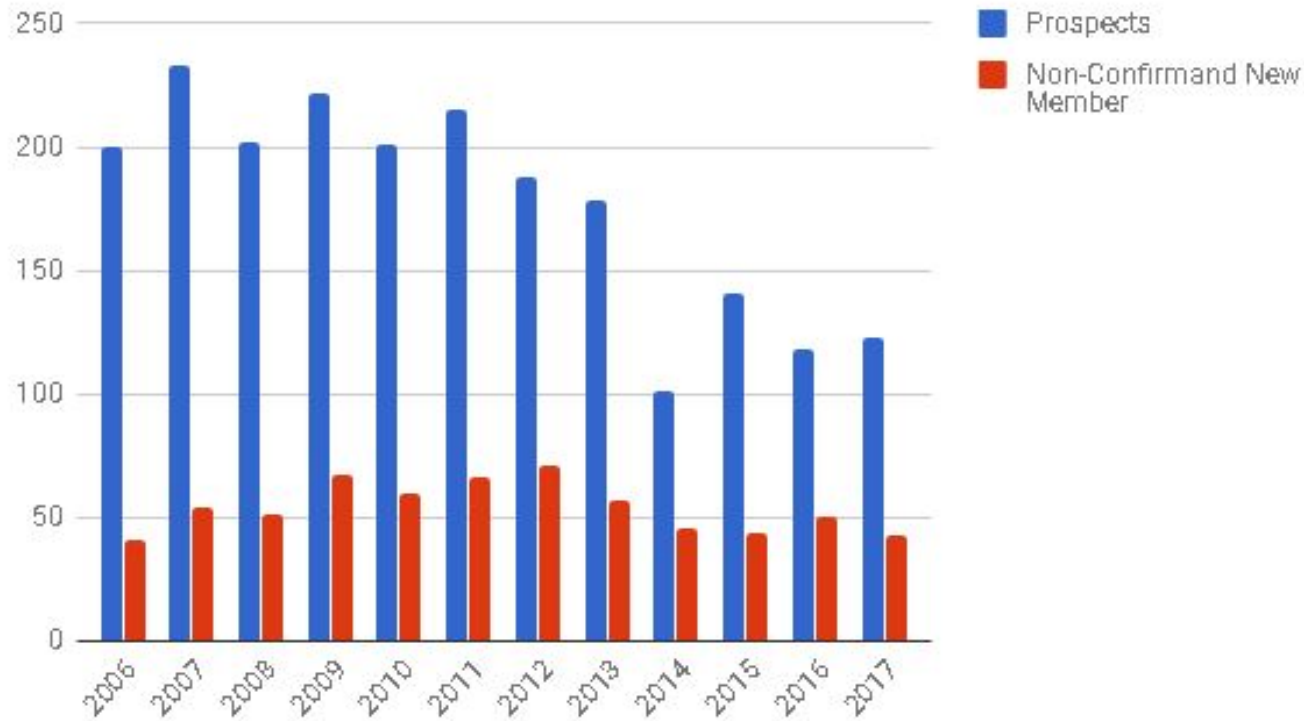
This is a chart that Art puts together each year. Basically, it shows us that we gained 42 new members in 2017 excluding confirmands. Of those, 17 started attending in 2017, 14 started attending in 2016, etc. That lag is our “conversion rate” in a sense - the time between when someone starts attending and when that person ultimately joins Westminster.

You’ll notice that the total prospects number (the second column) decreases over time. It’s hard to draw any conclusions about that because over time we have gotten better at figuring out who is a true prospect and who is a family member, out-of-town visitor, or someone else who isn’t a possibility to join. But you can see in the last three years we’ve been relatively consistent with 141, 118, and 123 prospects. It is clear that over time, there has been a decrease in the number of people we identify as prospects, a decrease that has leveled off in recent years.

If you compare the total prospects number across to the total joined number, you get a sense for our “conversion rate” each year. Of the 141 prospects who started attending in 2016, 37 have now joined. It makes sense that fewer of the 123 prospects who started attending in 2017 have joined because of the lag we see over time. We expect to see more than 17 of those people join, but they will be spread out over the next several (or more!) years. In 2017, 17% of our new members started visiting more than 5 years ago. Since 2006, 30% of the people who visit Westminster as prospects have eventually joined.

Table F:

Comparison of Prospects vs. Joiners



As I mentioned in the explanation for Table E, we have to take the prospect numbers with a grain of salt because over the years we have gotten better at identifying who are true prospects. I wouldn't be as concerned that we had a huge drop in membership interest in 2014 - that's the year that we started being more discerning about who we considered a prospect.

Q5: Who is joining Westminster?

Table G: Demographics of new members (excluding confirmands) who joined January 2016-January 2018:

Age Group	Total	Marital Status		Have Children?	
		Single	Married	Yes	No
<25	7	7	0	0	7
26-45	43	7	36	33	10
46-65	30	7	23	15	15
>65	14	4	10	0	14
Total	94	25	69	48	46

Q6: How did new members hear about Westminster?

Table H: New members (excluding confirmands) who joined January 2016-January 2018:

	Family or Friend	Internet	Visit	Other	Not Listed	Total
#	43	17	13	6	11	90
%	48%	19%	14%	7%	12%	100%