

**REPORT OF THE BOARD OF GENERAL MINISTRIES FINANCE COMMITTEE
TO THE BOARD OF GENERAL MINISTRIES
JUNE 2015**

The following is an overview of the work of the Board of General Ministries Finance Committee:

I. 2014 AUDITED FINANCIAL STATEMENTS

Conducted a conference call with auditors from Tait Weller on June 8, 2015. Reviewed and voted to recommend acceptance of the 2014 audited financial statements to the Board of General Ministries.

II. Legacies and Gifts - The following legacies and gifts have been received for ABCUSA.

January 2014 to June 2015:

American Baptist Foundation	\$102,481.70
The Minneapolis Foundation	\$17,672.47

III. ABCUSA Treasurer's Report

The Committee reviewed the Report of the ABCUSA Treasurer, including:

Building Update:

- 588 Associates update, tax appeal update, RFEI issuance

Budget Timeline

Report on Internal Audits

Transformed By The Spirit – Reviewed financial status of TBYTS

Financial Report as of 4/2015

ABMS Report as of 4/2015

IV. Investment Policy

Paul and Robin will continue working on a revised investment policy.

V. Draw Rates on Endowments

Because there are negative unrestricted endowment balances, indicating that the value of some endowment funds is less than the original corpus of those endowments, the committee discussed reducing the draw rate on the Roblee and Roberts endowment funds. However, so as not to disrupt the 2016 budget processes of IM and ABHMS (recipients of these draws), the committee chose to keep the draw rates unchanged for one more year, with the understanding that, a year from now, the draw rate will likely drop for 2017 and possibly the following year. In addition, we will explore the restrictions on these funds to determine if they could be used in other ways.

For 2016, the draw from the Roblee fund will be \$209,217 (5% of the 12-quarter rolling average of the market value of the fund) and will be distributed to International Ministries.

For 2016, the draw from the Roberts fund will be \$5,185 (5% of the 12-quarter rolling average of the market value of the fund) to be distributed evenly to International Ministries and the American Baptist Home Mission Societies.

VI. Multi-Life Benefit Plans

At the request of Ken Marsenburg*, the committee heard a presentation (by teleconference) regarding the potential benefit of multi-life benefit plans for two different purposes: employee benefits and potential donations. These plans are complex and it appears there are no religious organizations offering

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them, though they are used by other non-profits. The process of implementing such plans would be slow and require significant due diligence. While the committee was not prepared to endorse the concept, staff was told they could continue to explore this possibility.

VII. Investment Reports

The committee met with our investment managers. Perkin Simpson represented the American Baptist Foundation. David Moore represented The Common Investment Fund of the American Baptist Home Mission Societies.

VIII. Review of Regional Audits

Paul presented a report showing the audits, compilations, reviews, and internal financial statements received from each region that provided such reports for 2010-2013. (Nine regions have not yet submitted reports for 2013. Four regions provided no reports for any of the four years.) Paul reviewed the assets and expenses for each region and introduced a new measure: the Liquid Funds Indicator. The LFI shows how many months a region would survive on its cash and liquid assets if its sources of revenue disappeared. Surprisingly, some regions have a negative LFI, indicating the potential for extreme financial distress.

IX. Review of Caucus Reports and Funding Requests

Under the revised caucus funding guidelines, all caucuses recognized by the Credentials and Caucus Committee are to annually prepare both a report on the use of funds received from ABCUSA and a request for funds for the following calendar year. The BGM Finance Committee is to receive a copy of those reports and requests as they are submitted to the Credentials and Caucus Committee. The BGM Finance Committee reviewed the reports and requests and noted that the new funding request form, while focused on goals and objectives, failed to include a space to specify a dollar amount. That will be corrected. Funding requests are considered by the Credentials and Caucus Committee so the Finance Committee took no other action on these reports and requests.

Submitted by: Paul Higgins, Budget Review Officer; Robin Crouch, Beryl Hornberger, Danny Jack, Charity Matic and James Wolfe; Alan Musoke, ABCUSA Treasurer

*Note: Ken Marsenburg, Director of Development, ABCUSA, attended the BGM Finance Committee meetings at the request of Roy Medley, General Secretary.

June 24, 2015

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TO THE BOARD OF GENERAL MINISTRIES**

June 2015

Review of Mission Initiative Fund grants

There were no new requests for funding from the Mission Initiative Fund.

The committee reviewed the reports from Central Baptist Theological Seminary (project completed), The New England Collaborative and Rhythms of the Spirit.

The committee considered a question from ABC of the Dakotas and First Baptist Church of Huron, SD regarding a grant previously awarded for which the funds were not completely spent. The committee chose to ask FBC Huron to submit a new proposal for the use of the remaining funds, considering the original intent and any updated objectives and measures. This is an exception to the Mission Initiative Fund guidelines (which require all unused funds to be returned unless approved by the committee and which discourage multiple requests from the same entity) and was reported to the Board of General Ministries on June 24, 2015.

Allocation of United Mission

The committee continued its ongoing discussion regarding the distribution of the “national portion” of United Mission giving. Paul and Alan updated the committee on their research into the history of the current distribution amounts and percentages. Paul and Alan also shared the results of discussions with counsel regarding the wording of the Common Budget Covenant and the Standing Rules concerning United Mission. Considerable discussion ensued.

The committee will meet again by conference call on August 4. Prior to that date, Paul and Alan will provide the committee with more detailed information about each of the entities currently receiving funds through the national portion of United Mission. (Not all members are familiar with the acronyms used in the current United Mission distribution documents.)

Submitted by: Paul Higgins, Budget Review Officer; Robin Crouch, Beryl Hornberger, Danny Jack, Charity Matic, Brazilian Thurman, Paul Vick and James Wolfe; Alan Musoke, ABCUSA Treasurer

June 22, 2015