

The PSEC Finance Organization operates through two committees. The following is a summary of the achievements and activities of these two groups for the past year.

Budget and Finance Committee

The budget and Finance Committee meets every two months. At these meeting financial reports are reviewed and approved in advance of Consistory review.

At the September meeting we accepted the proposed 2016 budget as presented.

At our November meeting, on behalf of the PSEC, we accepted a gift of 60 shares of Sherwin Williams stock worth approximately \$15,000. The stock was liquidated and the proceeds were deposited into the United Church Funds Unrestricted Endowment.

At our January meeting we reviewed the OCWM giving reports for the previous year (2015). It was noted that while giving is down (as it had been the year before) expenses were down proportionately so that the net impact to the finances (and the budget) was negligible.

At our May meeting we reviewed and accepted the auditor's (Herbein and Company) report for 2015. It was noted by our auditor, that in the future there will be only two classifications for assets, restricted and unrestricted. Currently we also include a class entitled "Temporarily Restricted".

Endowment Committee

Last year the Pennsylvania Southeast Conference (PSEC) Endowment Committee was asked to review the current endowment investments and policy to determine if changes are necessary to better manage the funds. The Committee consulted with PSEC auditors and legal counsel and produced a number of recommendations which were subsequently approved for action by Consistory.

The following is an update on the status of the Committee's work:

Determine which of the funds are subject to the Act 141 all-inclusive procedure. Each fund was reviewed and a determination made as to the applicability of Act 141 (allowing the use of a fixed percentage drawdown)

Establish a category of temporary restricted and consistory designated funds and transfer all unrestricted funds to this new designation. Categories of funds were reviewed to assure that existing funds were being handled consistently with donor wishes.

Establish new criteria for use of and method of using these new fund designations. Six categories of funds were established to coordinate major purposes of these funds.

Determine if the remaining sub-funds can be combined in the various general categories to ease the administration requirements. Sub funds were organized into the six categories.

Review donor restrictions and if possible, ask donors to remove these restrictions. If the funds are small enough, make the consolidations even without donor approval, so long as the general categories are respected. There are some older funds that are donor restricted. The Committee has not yet completed work on determining whether or not these restrictions can be changed. In one case, it is likely that court approval may be necessary.

For the two funds that are older and have use restrictions that are currently impossible to implement, prepare petitions in Orphans Court to remove these restrictions or to replace them with purposes that are close enough to the original (cy pres). See status of recommendation 5.

Begin using a three year average of values to determine the appropriate amount to take each year under act 141. A three year average was instituted this year.

Develop a gift acceptance policy. The gift acceptance policy is complete. It was approved by Consistory.

If possible, consolidate Fund Managers to ease administration. This is an ongoing process that will be completed in 2016.

Consider ways to increase interest and dividends for those funds that are not subject to act 141. The investment manager of this fund was contacted and efforts are underway to increase the yield.

The Endowment Committee continues its work by meeting quarterly and expects to have completed the recommendations within 12 months.