



The Synod of the Covenant

Presbyterian Church (U.S.A.)

Gaining Financial Clarity in the Synod of the Covenant

5/7/21 Administrative Commission (AC) Meeting

Prepared by Charles B Hardwick, Interim Executive

DeMarco and Associates (Auditors)

- The agreed-upon procedure concerning 2019 transactions was submitted for 5/7/21 AC meeting. The analysis shows several areas of concern.
- The completion of the 2020 books is ongoing, with additional training on QuickBooks and bookkeeping to be done before DeMarco can finalize no later than the 8/27/21 AC meeting.
- The Analysis of Internal Controls work will begin in May 2021, with the same 8/27/21 goal.

2021 Income Statements/Current Results

- Monthly and year-to-date reports are being developed monthly and are posted monthly on the website ([Assembly Information - Synod of the Covenant](#)), along with 2019 results and 2019-2021 budgets.

Checking/Savings Accounts

Huntington National Bank (Former Primary Account)

- Closed April, 2021, and ~\$400,000 balance transferred to Chase.

Chase Bank (Primary Bank Accounts)

- Continues to serve as primary checking and savings account; ~\$400,000 transferred from Huntington Account deposited into savings.

Fifth Third Bank

- Closed; no further updates to be given.



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PC(USA) Investments and Endowments

- Investments held with New Covenant Permanent Funds, New Covenant Mutual Funds, New Covenant Trust Company, Presbyterian Investment and Loan Program (PILP).
- Analysis confirmed patterns of draws—automatic withdrawals (Permanent Funds), withdrawals at SOC request (New Covenant mutual funds and New Covenant Trust, PILP)
- Investment policy from Manual of Operations, p. 39, states, *“For the present the Board of Trustees will use the value of five percent of the prior-year ending General Fund Balance as the amount of money to be made available for the operating in the next year.”*
 - 2021 budgets were set and approved more conservatively, in general, as follows:
 - New Covenant Funds: 4.25% of 20 quarter average balance
 - New Covenant Trust Funds: 5% of 2020 ending balance
 - New Covenant Permanent Funds: 4.25% of 20 quarter average balance, delayed 18 months (as determined by the Presbyterian Foundation)
 - PILP: ~5% of 2020 ending balance