



FINANCIAL MANAGEMENT

SBC Executive Committee

The SBC Operating Budget includes funds for the following areas of Convention work: Southern Baptist Convention operating expenses, Executive Committee operating expenses, the SBC President's budget and Convention support for strategic initiatives.

The SBC Operating Budget is composed of funds from the SBC Cooperative Program Allocation Budget, allocations from LifeWay Christian Resources, designated funds, interest income, and miscellaneous income from direct personal gifts, publications, subscriptions, and the annual meeting.

The SBC Operating Budget request by the Executive Committee for Cooperative Program Allocation includes:

- Maintaining appropriate operating reserve funds at a minimum of a six-month level in keeping with accepted accounting policy and guidelines established by the officers of the Executive Committee
- Continued support and enhancement of the SBC Internet site, www.sbc.net and related sites, as a primary communications and information resource to the SBC community
- Funding of Convention Advancement
- Funding of Cooperative Program initiatives and the stewardship program assignment
- Funding of Convention News activities including Baptist Press and responsibilities for SBC entities.
- Funding for Convention Relations and *SBCLife*
- Funding of the SBC President's budget
- Operation of the SBC Building and support for the annual meeting

The Cooperative Program Allocation Budget historically has been based on the actual CP Allocation Budget receipts for the last completed fiscal year, which in this case would have been 2014-15. For the fiscal year ending September 30, 2015, Cooperative Program receipts were \$189,160,231 (1.39 percent more than the previous year's receipts.) Based on current receipts and detailed predictive analysis of projected state convention projected budgets, the Executive Committee of the Southern Baptist Convention proposed a Cooperative Program Allocation Budget of \$186,500,000 and \$188,000,000 for the 2015-2016 and 2014-2015 fiscal years, respectively. Receipts in excess of the budgeted amount are distributed in accordance with the percentage allocation guidelines as approved by the Convention.

As a part of the Cooperative Program Allocation Budget, the SBC Operating Budget receives a distribution of 2.99%. Therefore, this proposed 2016-17 SBC Operating Budget estimates an overall \$189,000,000 CP Allocation Budget Projection and accordingly includes a CP Allocation Budget distribution of \$5,651,100 to meet the forecast Convention operations and ministry responsibilities assigned to the Executive Committee.

Following is the actual revenue and expense for the 2014-15 SBC Operating Budget, current 2015-16 SBC Operating Budget, and proposed summary of the 2016-17 SBC Operating Budget.

SOUTHERN BAPTIST CONVENTION OPERATING BUDGET SUMMARY

I. STATEMENT OF INCOME	2016-2017***	2015-2016**	2014-2015*
Cooperative Program	\$ 5,561,100	\$ 5,576,350	\$ 5,649,046
Designations	350,000	400,000	372,046
LifeWay Christian Resources	250,000	250,000	250,000
Interest/Dividends	350,000	400,650	76,343
Cost Recovery Inc.(Annual Mtg, <i>SBC Life</i> , etc)	650,000	528,000	727,963
Other Income	75,000	85,000	39,550
Non Cash Year End Adjustments			
TOTAL INCOME	\$ 7,326,100	\$ 7,240,000	\$ 7,114,948
II. ENTITY SUMMARY OPERATING BUDGET	2016-2017***	2015-2016**	2014-2015*
Convention Administration Expenses			
SBC General Operations		\$ 459,000	\$ 447,860
-- Global Evangelical Relations			75,023
SBC Committees		105,000	102,088
Annual Meeting		843,000	852,422
SBC Building Management		507,803	560,250
SUBTOTAL	\$ 2,000,000	\$ 1,914,803	\$ 2,037,643
Executive Committee Operations Expenses			
Administration		1,763,407	1,638,465
Executive Committee Meetings		230,000	188,427
Convention Policy		773,284	718,907
Convention Relations		789,170	734,928
Convention News		677,799	627,036
Convention Advancement		448,111	413,513
Cooperation Program/Stewardship		643,426	524,986
Other Designated Expenditures		0	19,656
SUBTOTAL	\$ 5,326,100	\$ 5,325,197	\$ 4,865,918
Non Cash Year End Adjustments			559,852
TOTAL EXPENSES	\$ 7,326,100	\$ 7,240,000	\$ 7,463,413

* Numbers are taken from the 2014-2015 Year End Financial Statements

** Numbers are taken from the SBC Operating Budget -- approved September 2015

*** Numbers are estimates for the year requested based on anticipated income

III. REPORT ON CAPITAL PROJECTS (construction, land, major equipment, major renovation, etc.)

1. GENERAL IMPROVEMENT PROJECTS

	2016-2017	2015-2016	2014-2015
Executive Committee	\$ 50,000	\$ 35,000	\$ 35,000
SBC Building	100,000	150,000	190,000
TOTAL CAPITAL EXPENSES	\$ 150,000	\$ 185,000	\$ 225,000

IV. OTHER REPORTS AND DECLARATIONS

1. FINANCIAL RESERVES	Anticipated <u>2016-2017</u>	Anticipated <u>2015-2016</u>	Actual <u>2014-2015</u>
Unrestricted Net Assets			
Board Designated	\$ 850,000	\$ 900,000	\$ 1,021,301
Property & Equipment-net	2,500,000	2,700,000	2,864,175
Operating Reserves	3,420,000	3,400,000	3,327,763
Contingency Reserves	<u>1,831,000</u>	<u>1,810,000</u>	<u>1,800,000</u>
 TOTAL Unrestricted Net Assets	 \$ 8,601,000	 \$ 8,810,000	 \$ 9,013,239

In 1982, the Convention approved an established goal of 25 percent of the annual Southern Baptist Convention Operating Budget as the maximum amount for the contingency reserve fund of the Executive Committee. In addition to the contingency reserve fund, the Executive Committee has also established certain Board designated funds and also established an operating reserve to ensure that up to 6 months of operating expenses be held in reserve for ministry needs.

2. TRUST FUNDS - ENDOWMENT FUNDS

Indicate the actual or anticipated financial reserves in trust funds, including endowment funds and other funds, at the close of each of these years. Include both those held by the agency and by other groups, such as foundations.

	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>
TRUST FUNDS			
Temporarily Restricted	\$ 910,000	\$ 900,000	\$ 932,201
Permanently Restricted	1,170,000	1,165,000	1,163,386
TOTAL TRUST FUNDS	<u>\$ 2,080,000</u>	<u>\$ 2,065,000</u>	<u>\$ 2,079,576</u>

The corpus of all trust funds is intact. No trust funds have been used at any time for any purpose other than that for which such funds were created. The Executive Committee has a practice of appropriating for distribution each year a reasonable percentage not to exceed 5% of the income earned on its endowment funds. In establishing this practice, the Executive Committee considered the long-term expected return on its endowment as well as donor-specified instructions. Accordingly, over the long-term, the Executive Committee expects the current spending policy to allow its endowment to grow an average of 1-3% annually.

3. DEBT

	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>
Operating Capital	\$ 0	\$ 0	\$ 0

4. RETURN ON INVESTED FUNDS OR INCOME-PRODUCING PROPERTY

Total amount invested as of September 30, 2015

	<u>Market/Book Value</u>
SBC Foundation: Balanced Fund	\$ 9,508,873
TOTAL	<u>\$ 9,508,873</u>

5. APPROPRIATIONS BY ENTITY

Our entity has not made nor does it contemplate making any appropriation to any cause or for any purpose other than for the promotion of its own work during the following years.

6. ANNUAL AUDITS

There is an Audit Committee functioning in this capacity. The committee meets privately with the representatives of the independent auditing firm which conducts the annual audit and recommends the appointment of an auditor.

7. INSURANCE

A review of our insurance coverage has determined that we have adequate coverage based on replacement values.

8. PERCENT OF BUDGET RELATED TO PERSONNEL EXPENSES

The percentage of the total entity budget that relates to personnel expenses (salaries, benefits) is 54%.

The total number of EXECUTIVE COMMITTEE personnel working in Nashville in 2016 is 30, 2015 was 31, and in 2014 was 31.