

**Report to Presbytery of Transylvania
Administration & Finance Committee
September 9, 2008**

Administration & Finance presents to Presbytery the 2009 Asking Budget as information.

Notes to 2009 Asking Budget

The Year 2009 Asking Budget Summary Sheet summarizes the Presbytery’s main Operating Budget along with the subsidiary budgets for Burnamwood and Gleneagles Property for the years 2007 through 2009. There are two subsidiary budgets, one for Burnamwood (page 4) and one for the Gleneagles Road Property (page 5).

- Operating Budget-With the current requests and estimations of income for 2009, the Operating Budget as is with no changes would result in a deficit of (\$3,128).
- Burnamwood Budget-2008 budget numbers are currently being used for 2009. The 2009 Burnamwood budget detail is currently being worked on by the Burnamwood Committee. The 2008 income numbers reflect \$65,000 of unified dollars received from the operating budget.
- Gleneagles Budget- The 2008 Gleneagles budget is **\$45,653**. This was being funded from the Church Development line item in the operating budget.
Projected to be sold by end of year.

Operating Budget

Projected income in operating budget for 2009 is \$632,037.

- **Unified Mission Giving** projections remain the same as the 2008 budget. Total unified mission giving projected for 2009 is \$324,325. This is based on actual received at 12/31/07 and ytd at 7/31/08.
 - 74% of total unified mission funds which is \$240,000 to be used in the operating budget.
 - 5.4% of total unified mission funds, \$17,514, are distributed to the Synod
 - 20.6% of total unified mission funds, \$66,811, are distributed to the General Assembly.
- **Per Capita**

	2009 rate	# of members 12/31/07	\$ Amount
General Assembly, PCUSA	6.19	10,588	65,540
Synod of Living Waters	3.62	10,588	38,329
Presbytery of Transylvania	23.50	10,588	248,818
Totals	33.31	10,588	352,687

- General Assembly's rate of per capita has increased from 2008 from \$5.79 to \$6.19 per member for 2009.
- \$218,818 Per Capita projected in operating budget. This was based on membership numbers at 12/31/07 less projected deficit from churches not participating in per capita.
- The total amount of GA & Synod per capita is paid each year regardless if Presbytery receives this from the churches.

Requests and projected expenses in operating budget for 2009 is \$635,165. For those committees that did not submit 2009 budget requests, 2008 budget numbers were used in the calculations.

- a. Total Personnel increase of \$15,000.
- b. Office Operations-Communications an increase of \$4,000 from a request received by the Committee on Ministry to purchase video conferencing equipment.
- c. Lexington Office Rent to increase in August 2009. Increase of \$1,520 for 2009 budget.
- d. GP Search & Move ---decrease of \$10,000 from 2008 budget
- e. Christian Formation & Discipleship
 - i. Increase of \$1,200 to expand the Calvin Event beyond clergy and increase in travel expense to reflect increase in volunteer mileage rate.
- f. Church Development & Evangelism
 - i. Decrease of \$14,995. Gleneagles property expense should be sold by end of year.
- g. Committee on Ministry
 - i. Increase of \$2,000 for volunteer mileage rate increase
 - ii. Increase of \$400 in printing costs based on actual expenses

Projected deficit to operating budget for 2009 is **\$3,128**.

Gleneagles Budget

The 2008 Gleneagles budget is **\$45,653**. This was being funded from the Church Development line item in the operating budget. ***Projected to be sold by end of year.***

Burnamwood Budget

2008 budget numbers are currently being used for 2009. The 2009 Burnamwood budget detail is currently being worked on by the Burnamwood Committee.

Presbytery of Transylvania
Year 2009 ASKING Budget
Summary Sheet
August 28, 2008

Presbytery Operating Budget

	Spending Budget 2007	Actual 2007	Spending Budget 2008	Actual 7/31/08	Asking Budget 2009
Income	\$ 630,532	\$ 610,173	\$ 636,541	\$ 319,393	\$ 632,037
Expenses	\$ 630,532	\$ 573,706	\$ 636,540	\$ 332,087	\$ 635,165
Balance (Deficit)	\$ -	\$ 36,467	\$ 1	\$ 36,467	\$ (3,128)

Burnamwood Subsidiary Budget

	Spending Budget 2007	Actual 2007	Spending Budget 2008	Actual 7/31/08	Asking Budget 2009
Income	\$ 243,000	\$ 236,777	\$ 253,783	\$ 129,394	\$ 253,783
Expenses	\$ 243,000	\$ 236,777	\$ 252,542	\$ 160,696	\$ 252,542
Balance (Deficit)	\$ -	\$ (1)	\$ 1,241	\$ (31,303)	\$ 1,241

Gleneagles Subsidiary Budget

	Spending Budget 2007	Actual 2007	Spending Budget 2008	Actual 7/31/08	Asking Budget 2009
Income	\$ 44,598	\$ 48,283	\$ 45,995	\$ 23,049	\$ -
Expenses	\$ 44,598	\$ 48,266	\$ 45,995	\$ 24,096	\$ -
Balance (Deficit)	\$ -	\$ 17	\$ -	\$ (1,047)	\$ -

Presbytery of Transylvania
Year 2009 Asking Budget
August 28, 2008

	SPENDING BUDGET 2007	ACTUAL INCOME 12/31/07	SPENDING BUDGET 2008	ACTUAL INCOME 7/31/08	ESTIMATED INCOME 2009	Notes
UNIFIED GIVING (Presbytery Portion = 74% in 2006 & 2007)	240,000	241,989	240,000	126,271	240,000	Based on actuals as of 7/31/08 and 2007 numbers
SELECTED MISSION GIVING						
CHRISTIAN SERVICE MINISTRY	15,000	13,896	15,000	-	15,000	\$10,635 remaining in CSM designated account; 7/31/08
TOTAL SELECTED MISSION GIVING	15,000	13,896	15,000	-	15,000	
SPECIAL OFFERINGS						
HUNGER	10,000	8,800	10,000	8,800	10,000	\$3,149 remaining in designated 7/31/08
CANDIDATE GRANT	1,000	650	1,000	1,175	1,000	\$19,043 remaining in designated 7/31/08
PEACEMAKING	2,000	-	2,000	-	2,000	\$3,566 remaining in designated 7/31/08
TOTAL SPECIAL OFFERINGS	13,000	9,450	13,000	9,975	13,000	
TOTAL GA MISSION PARTNERSHIP FUNDS	14,815	14,472	13,479	7,479	13,479	
TOTAL PER CAPITA (Presby Portion = \$0.81 per member)	227,647	210,454	227,842	123,416	218,818	23.50 per member current presbytery rate; (10,588 members @ 23.50 Less projected deficit from churches not participating in per capita)--decrease of 384 members
OTHER RECEIPTS						
TRUST FUNDS	19,000	22,756	19,000	4,231	22,000	
MISC. RECEIPTS	7,350	7,138	6,000	2,000	6,000	
INTEREST	10,000	9,599	10,000	4,977	10,000	
TRUSTEES	69,020	58,220	69,020	31,945	70,540	
CAMPUS MINISTRY	14,700	22,200	23,200	9,100	23,200	
TOTAL OTHER RECEIPTS	120,070	119,913	127,220	52,253	131,740	
TOTAL INCOME	630,532	610,173	636,541	319,393	632,037	
TOTAL EXPENSES	630,532	573,706	636,540	332,087	635,165	
Balance (Deficit)	-	36,467	1	(12,693)	(3,128)	

**Presbytery of Transylvania
Year 2008 Spending Budget
August 28, 2008**

EXPENSES SUMMARY

	SPENDING BUDGET 2007	ACTUAL EXPENSES 2007	SPENDING BUDGET 2008	ACTUAL EXPENSES 7/31/08	ASKING BUDGET 2009	NOTES
TOTAL FOR PERSONNEL ON BOARD	257,582	250,809	230,000	135,180	245,000	*Estimate total personnel
OFFICE OPERATIONS	31,190	21,819	31,435	31,190	31,435	
OFFICE OPERATIONS - Communications	5,000	5,891	5,000	5,000	9,000	
AUDIT AND BANK FEES	8,350	7,572	8,350	7,530	8,350	
REIMBURSEABLE EXPENSES	-	349	-	-	-	
SEARCHES AND MOVES	10,000	2,263	10,000	5,685	-	GP Search Completed in 2008
PRESBYTERY OFFICES	48,980	46,671	48,980	27,848	50,500	
TOTAL SUPPORT FUNCTIONS	361,102	335,374	333,765	212,433	344,285	
OTHER						
KY COUNCIL OF CHURCHES	3,500	2,500	3,500	1,250	3,500	
PRESBYTERY MEETINGS and RETREAT	5,940	5,141	5,940	4,421	5,940	
PRESBYTERIAN WOMEN	3,000	3,000	3,000	3,000	3,000	
CAPITAL CAMPAIGN	-	215	-	-	-	
TOTAL OTHER	12,440	10,641	12,440	7,171	12,440	
COMMITTEES						
ADMINISTRATION/FINANCE	700	420	700	105	700	
ADMIN/FINANCE TREASURER	300	-	300	-	300	
BURNAMWOOD CAMP/CONFERENCE	60,463	60,000	65,000	37,917	65,000	
CAMPUS MINISTRY	18,700	25,200	27,200	10,600	27,200	
CHRISTIAN FORMATION AND DISCIPLESHIP	6,100	4,470	9,000	5,518	10,200	
CHURCH DEVELOPMENT AND EVANGELISM	46,500	48,500	60,995	23,989	46,500	Gleneagles property should be sold in 2008
COMMISSIONED LAY PASTOR	3,500	1,515	3,500	420	3,500	
COORDINATING COUNCIL	15,000	8,495	14,150	4,960	14,150	
JUDICIAL BUSINESS	350	224	700	339	700	
COMMITTEE ON MINISTRY	16,800	17,887	16,800	15,425	18,200	
NOMINATING	500	406	500	107	500	
PERMANENT JUDICIAL COMMISSION	-	117	-	-	-	
PREPARATION FOR MINISTRY	9,390	8,074	12,390	7,730	12,390	
REPRESENTATION	50	-	50	50	50	
SOCIAL WITNESS AND MISSION	2,000	264	2,000	576	2,000	
SOCIAL WITNESS AND MISSION - SUPPORTED MINISTRIES	27,000	22,696	27,000	8,800	27,000	
STAFF SERVICES	150	5	150	15	150	
TRUSTEES	1,000	146	1,000	36	1,000	
TRUST FUNDS	35,000	24,200	35,000	12,100	35,000	
YOUTH	14,400	5,071	13,900	3,321	13,900	
TOTAL COMMITTEES	256,990	227,691	290,335	131,959	278,440	
TOTAL EXPENSES	630,532	573,706	636,540	332,087	635,165	

**Presbytery of Transylvania
Year 2009 Asking Budget**

August 28, 2008

Burnamwood Summary

INCOME	SPENDING BUDGET 2007	ACTUAL INCOME 2007	SPENDING BUDGET 2008	ACTUAL INCOME 07/31/2008	ESTIMATED INCOME 2009	NOTES
BURNAMWOOD CAMP/CONFERENCE						
Unified	25,000	25,000	30,000	17,500	30,000	
Unified for Directors Salary from Operating Budget	35,000	35,000	35,000	20,417	35,000	
Burnamwood Gifts	80,000	77,861	85,000	29,417	85,000	
Summer Camp Fees	55,000	43,509	50,500	40,210	50,500	
Youth Retreat Fees	37,000	21,996	33,050	10,901	33,050	
Presbyterian Rentals	6,000	10,239	7,500	6,655	7,500	
Other Rentals	5,000	6,707	6,000	4,295	6,000	
T-shirts	-	-	1,733	-	1,733	
Burnamwood Surplus from Previous Year	-	16,465	5,000	-	5,000	
TOTAL BURNAMWOOD CCCC INCOME	243,000	236,777	253,783	129,394	253,783	
EXPENSES	SPENDING BUDGET 2007	ACTUAL EXPENSES 2007	SPENDING BUDGET 2008	ACTUAL EXPENSES 07/31/08	ASKING BUDGET 2009	
BURNAMWOOD CAMP/CONFERENCE						
ADMINISTRATIVE	13,250	12,225	11,200	5,309	11,200	
PERSONNEL	90,061	98,010	104,588	72,403	104,588	
FOOD SERVICE	45,000	43,353	41,604	32,094	41,604	
FACILITIES	69,489	72,061	76,050	44,042	76,050	
SUMMER PROGRAM	12,900	10,431	10,400	6,398	10,400	
RETREATS	12,300	697	8,700	450	8,700	
TOTAL BURNAMWOOD CCC EXPENSES	243,000	236,777	252,542	160,696	252,542	
TOTAL INCOME	243,000	236,777	253,783	129,394	253,783	
TOTAL EXPENSES	243,000	236,777	252,542	160,696	252,542	
Balance (Deficit)	-	(1)	1,241	(31,303)	1,241	

Presbytery of Transylvania
Year 2008 Spending Budget
 August 28, 2008
Gleneagles Property

		SPENDING	ACTUAL	SPENDING	ACTUAL	ESTIMATED	NOTES
	INCOME	BUDGET	INCOME	BUDGET	INCOME	INCOME	
		2007	2007	2008	07/31/2008	2009	
							<i>Property projected to be sold 2008</i>
466245	Major Missions Campaign	1,000	-	-	-	-	
466255	Gleneagles Interest	50	(217)	-	51	-	
466900	NCD Transfer from Chdev-operatin	43,548	48,500	45,995	22,998	-	Transfer from ch dev operating budget
	TOTAL INCOME	44,598	48,283	45,995	23,049	-	
	EXPENSES	BUDGET	EXPENSES	BUDGET	BUDGET		NOTES
		2007	2007	2008	2008		
528220	NCD Property Management	2,000	2,800	2,800	2,065	-	Mowing must be done because of city regulations
528230	NCD Property Taxes	4,300	4,441	4,300	-	-	
528260	NCD KY Bank Loan Interest	6,400	9,127	6,997	3,423	-	balance owed \$105,000; quarterly variable interest rate
528270	NCD GA Loan Principal/Interest	31,898	31,898	31,898	18,607	-	\$2,658.15 for 180 months beginning 3/29/05
	TOTAL EXPENSES	44,598	48,266	45,995	24,096	-	
	INCOME	44,598	48,283	45,995	23,049	-	
	EXPENSES	44,598	48,266	45,995	24,096	-	
	BALANCE (Deficit)	-	17	-	(1,047)	-	

The 2007 Presbytery Audit is attached:

PRESBYTERY OF TRANSYLVANIA
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

For the Years Ended December 31, 2007 and 2006

PRESBYTERY OF TRANSYLVANIA
TABLE OF CONTENTS
DECEMBER 31, 2007 and 2006

	<u>Page</u>
Independent Auditors' Report	1
Statements of Assets, Liabilities and Net Assets - Cash Basis	2
Statements of Support, Revenue, Expenses and Other Changes in Net Assets - Cash Basis	3
Statements of Cash Flows - Cash Basis	4
Notes to Financial Statements	5-10
Supplemental Information:	
Reconciliation of Net Assets	11-12

SUMMERS, MCCRARY & SPARKS, P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

KENTUCKY SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANT

PRIVATE COMPANIES
PRACTICE SECTION OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

141 PROSPEROUS PLACE
SUITE 21A
LEXINGTON, KY 40509-1854
(859) 264-8785
FAX: (859) 264-1736

201 SOUTH MAIN STREET
WINCHESTER, KY 40391
(859) 745-1174
(859) 231-8988

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Presbytery of Transylvania
Lexington, Kentucky

We have audited the accompanying statements of assets, liabilities and net assets - cash basis, of the Presbytery of Transylvania (a nonprofit corporation) as of December 31, 2007 and 2006, and the related statements of support, revenue, expenses and other changes in net assets - cash basis, and cash flows - cash basis for the years then ended. These financial statements are the responsibility of the Presbytery's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Presbytery of Transylvania as of December 31, 2007 and 2006, and its support, revenue, expenses and other changes in net assets and its cash flows for the years then ended, on the basis of accounting described in Note 1.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The reconciliation of net assets schedule on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Summers, McCrary & Sparks, PSC

Summers, McCrary and Sparks, PSC
Lexington, Kentucky
July 15, 2008

PRESBYTERY OF PENNSYLVANIA
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
DECEMBER 31, 2007 and 2006

ASSETS		<u>2007</u>	<u>2006</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$	290,152	\$ 119,747
Other Assets		<u>230</u>	<u>0</u>
Total Current Assets		<u>290,382</u>	<u>119,747</u>
FIXED ASSETS			
Property and Equipment - Net of Accumulated Depreciation		<u>1,422,894</u>	<u>1,458,760</u>
OTHER ASSETS			
Cash and Cash Equivalents - Temporarily Restricted		14,938	39,856
Other Assets		5,300	5,300
Investments:			
Unrestricted		873,814	869,485
Temporarily Restricted		281,911	275,101
Agency Obligations		220,805	218,272
Permanently Restricted		<u>771,822</u>	<u>765,680</u>
Total Other Assets		<u>2,168,590</u>	<u>2,173,694</u>
 Total Assets	 \$	 <u>3,881,866</u>	 \$ <u>3,752,201</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Payroll Taxes	\$	0	\$ 973
Current Portion of Long Term Debt		<u>15,753</u>	<u>74,787</u>
Total Current Liabilities		<u>15,753</u>	<u>75,760</u>
LONG-TERM LIABILITIES			
Long Term Debt, Less Current Portion		365,476	381,228
Agency Obligations		<u>220,805</u>	<u>218,272</u>
Total Long-term Liabilities		<u>586,281</u>	<u>599,500</u>
 Total Liabilities		 <u>602,034</u>	 <u>675,260</u>
NET ASSETS			
Unrestricted:			
Undesignated		1,958,133	1,861,066
Designated		<u>253,028</u>	<u>135,238</u>
Total Unrestricted		2,211,161	1,996,304
Temporarily Restricted		296,849	314,957
Permanently Restricted		<u>771,822</u>	<u>765,680</u>
 Total Net Assets		 <u>3,279,832</u>	 <u>3,076,941</u>
 Total Liabilities and Net Assets	 \$	 <u>3,881,866</u>	 \$ <u>3,752,201</u>

The Accompanying Notes are an Integral Part of These Financial Statements
See Auditors' Report

PRESBYTERY OF PENNSYLVANIA
STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	2007				2006			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
RECEIPTS								
Church Receipts	\$ 548,125	\$ 0	\$ 0	\$ 548,125	\$ 624,770	\$ 0	\$ 0	\$ 624,770
Synod of Living Waters Receipts	67,979	0	0	67,979	71,763	0	0	71,763
Designated Receipts	175,874	0	0	175,874	55,626	0	0	55,626
Burnamwood Camp Receipts	84,451	0	0	84,451	86,447	0	0	86,447
Dividends and Interest Income	42,609	26,772	0	69,381	42,609	28,138	0	70,747
Unrealized Gains (Losses)	13,167	22,787	6,142	42,096	11,499	38,091	33,338	82,928
Realized Gains (Losses)	975	3,897	0	4,872	(574)	(2,934)	0	(3,508)
Other Receipts	425,316	0	0	425,316	456,816	0	0	456,816
Net Assets Released from Restrictions and Reclassifications	71,564	(71,564)	0	0	47,080	(47,080)	0	0
Total Support, Revenues and Reclassifications	1,430,060	(18,108)	6,142	1,418,094	1,396,036	16,215	33,338	1,445,589
EXPENDITURES								
Program Services:								
Administration and Finance	420	0	0	420	615	0	0	615
Burnamwood	283,200	0	0	283,200	300,385	0	0	300,385
Christian Service Ministry	14,163	0	0	14,163	25,002	0	0	25,002
Church Development	33,428	0	0	33,428	55,916	0	0	55,916
Church Professional Committees	12,395	0	0	12,395	12,035	0	0	12,035
Communication	15,980	0	0	15,980	15,631	0	0	15,631
Coordinating Council	5,891	0	0	5,891	5,297	0	0	5,297
Local Church Aid	5,261	0	0	5,261	4,078	0	0	4,078
Missions	24,200	0	0	24,200	24,200	0	0	24,200
Nurture	9,064	0	0	9,064	24,203	0	0	24,203
Youth	4,470	0	0	4,470	6,895	0	0	6,895
Total Program Services	10,002	0	0	10,002	23,304	0	0	23,304
	418,474	0	0	418,474	497,561	0	0	497,561
Supporting Services:								
Administration	226,203	0	0	226,203	272,189	0	0	272,189
Office Operations	100,331	0	0	100,331	96,261	0	0	96,261
General Assembly	236,569	0	0	236,569	254,315	0	0	254,315
Synod of Living Waters	68,009	0	0	68,009	71,883	0	0	71,883
Other Expenditures	138,263	0	0	138,263	192,812	0	0	192,812
Other Support	27,354	0	0	27,354	30,344	0	0	30,344
Total Supporting Services	796,729	0	0	796,729	917,804	0	0	917,804
Total Expenditures	1,215,203	0	0	1,215,203	1,415,365	0	0	1,415,365
Increase (Decrease) in Net Assets	214,857	(18,108)	6,142	202,891	(19,329)	16,215	33,338	30,224
Net Assets, Beginning of Year	1,996,304	314,957	765,680	3,076,941	2,015,633	298,742	732,342	3,046,717
Net Assets, End of Year	\$ 2,211,161	\$ 296,849	\$ 771,822	\$ 3,279,832	\$ 1,996,304	\$ 314,957	\$ 765,680	\$ 3,076,941

The Accompanying Notes Are An Integral Part Of These Financial Statements
See Auditors' Report

PRESBYTERY OF PENNSYLVANIA
STATEMENTS OF CASH FLOWS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 202,891	\$ 30,224
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	36,611	36,658
Unrealized (Gain) Loss on Investments	(42,096)	(71,429)
Realized (Gain) Loss on Sale of Investments	(4,872)	2,934
Increase (Decrease) in Operating Liabilities:		
Accrued Expenses	(1,202)	634
Agency Obligations	2,533	233
	193,865	(746)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Temporarily Restricted Cash	22,200	0
Purchase of Investments	0	(13,381)
Proceeds from Sale of Investments	70,220	111,229
Dividends restricted for reinvestment	(40,348)	(49,407)
Purchase of Equipment	(745)	(16,840)
	51,327	31,601
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Loan	(74,787)	(13,970)
	(74,787)	(13,970)
 NET INCREASE (DECREASE) IN CASH	170,405	16,885
 CASH AND CASH EQUIVALENTS, BEGINNING	119,747	102,862
 CASH AND CASH EQUIVALENTS, ENDING	\$ 290,152	\$ 119,747
 Supplemental Information:		
Interest Paid	\$ 27,905	\$ 30,215

The Accompanying Notes Are An Integral Part Of These Financial Statements
See Auditors' Report

PRESBYTERY OF TRANSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006

NOTE 1 - NATURE OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Presbytery of Transylvania, a not-for-profit corporation established under the laws of the State of Kentucky, operates as a religious organization. The mission of the Presbytery of Transylvania is to be a family of churches wherein all congregations are helping each congregation to be the best Presbyterian Church it can be by calling people to faith and service in the name of Jesus Christ. The Presbytery's support comes primarily from the Presbyterian churches located within its Presbytery.

Significant Accounting Policies

Method of Accounting: The Presbytery utilizes the cash basis of accounting whereby only cash actually received or disbursed is reflected in these financial statements; however, the financial statements include provisions for the depreciation of buildings and equipment, the computation of unrealized gains and losses on investments. The cash basis of accounting is a comprehensive basis of accounting other than GAAP and the effects of the difference need not be quantified.

Investments: Investments in marketable securities with readily determinable fair values are valued at their fair values based on quoted market value in the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the statement of revenues, expenses and other changes in net assets.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment: Acquisitions of property and equipment in excess of \$500 are capitalized and carried at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method.

Fiduciary Responsibility: The Presbytery serves as trustee for several investments of other churches. As the trustee, they are restricted to disburse these funds in accordance with the trust documents.

Cash and Cash Equivalents: Cash and cash equivalents are considered to be all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents for purposes of the statement of cash flow exclude temporarily restricted cash and cash equivalents.

Income Tax Status: The Presbytery is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Fair Value of Financial Instruments: The following methods of assumptions were used by the Presbytery in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents and notes payable: The carrying amounts reported in the statement of assets, liabilities, and net assets – cash basis approximate fair values because of the short maturities of those instruments.
- Investments: The fair values of investments are based on quoted market prices for those or similar investments.

Contributed Services: The Presbytery receives a significant amount of contributed services from unpaid volunteers who assist in the summer camp ministries at Burnamwood. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its SFAS No. 117, Financial Statements of Non-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition: All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

PRESBYTERY OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007 and 2006

NOTE 2 – INVESTMENTS

Investments are stated at fair value and are summarized as follows as of December 31, 2007 and 2006:

	<u>2007</u>			<u>2006</u>		
Unrestricted	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Harmony Cmt.	\$ 3,755	\$ 4,211	\$ 456	\$ 3,675	\$ 3,989	\$ 314
General	320,115	341,139	21,024	320,115	332,324	12,209
Rose Street	<u>522,668</u>	<u>528,464</u>	<u>5,796</u>	<u>532,365</u>	<u>533,172</u>	<u>807</u>
Total	<u>\$846,538</u>	<u>\$ 873,814</u>	<u>\$ 27,276</u>	<u>\$856,155</u>	<u>\$ 869,485</u>	<u>\$ 13,330</u>
Agency Obligations	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Caldwell Campbell	\$ 21,516	\$ 23,201	\$ 1,685	\$ 21,516	\$ 22,402	\$ 886
Mec Lona Davis	<u>208,925</u>	<u>197,604</u>	<u>(11,321)</u>	<u>208,925</u>	<u>195,870</u>	<u>(13,055)</u>
Total	<u>\$230,441</u>	<u>\$220,805</u>	<u>\$ (9,636)</u>	<u>\$230,441</u>	<u>\$218,272</u>	<u>\$ (12,169)</u>
Temporarily Restricted	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Browinski-Wooten	\$61,638	\$ 68,273	\$ 6,635	\$60,343	\$64,668	\$ 4,325
C.G. Bowman	18,900	18,184	(716)	19,105	17,895	(1,210)
Dickson-David Memorial	7,533	7,242	(291)	7,620	7,127	(493)
F.K. Jones	35,486	34,142	(1,344)	35,870	33,599	(2,271)
Richard Spencer	4,912	4,722	(190)	5,175	4,840	(335)
Home Economics Birthday	<u>155,224</u>	<u>149,348</u>	<u>(5,876)</u>	<u>156,906</u>	<u>146,972</u>	<u>(9,934)</u>
Total	<u>\$283,693</u>	<u>\$281,911</u>	<u>\$ (1,781)</u>	<u>\$285,019</u>	<u>\$275,101</u>	<u>\$ (9,918)</u>
Permanently Restricted	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
White Trust	<u>\$646,837</u>	<u>\$771,822</u>	<u>\$124,985</u>	<u>\$664,110</u>	<u>\$ 765,680</u>	<u>\$101,570</u>

PRESBYTERY OF PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2007 and 2006

NOTE 2 – INVESTMENTS (Continued)

Investments as of December 31, 2007 and 2006 consist of the following:

	<u>2007</u>	<u>2006</u>
Cash and Cash Equivalents	\$ 496	\$ 426
Mutual Funds	<u>2,147,856</u>	<u>2,128,112</u>
Total	<u>\$2,148,352</u>	<u>\$2,128,538</u>

The following schedule summarizes the investment return and its classification in the statement of support, revenue, and expenses – cash basis for the years ended December 31, 2007 and 2006:

2007	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and Dividends	\$42,609	\$26,772	\$ 0	\$ 69,381
Unrealized Gains (Losses)	13,167	22,787	6,142	42,096
Realized Gains (Losses)	<u>975</u>	<u>0</u>	<u>0</u>	<u>4,872</u>
Total Investment Return	<u>\$56,751</u>	<u>\$53,456</u>	<u>\$ 6,142</u>	<u>\$116,349</u>
2006	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and Dividends	\$42,609	\$28,138	\$ 0	\$ 70,747
Unrealized Gains (Losses)	11,499	38,091	33,338	82,928
Realized Gains (Losses)	<u>(574)</u>	<u>(2,934)</u>	<u>0</u>	<u>(3,508)</u>
Total Investment Return	<u>\$53,534</u>	<u>\$63,295</u>	<u>\$33,338</u>	<u>\$150,167</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Depreciable Lives</u>	<u>2007</u>	<u>2006</u>
Land – Non Depreciable Assets		\$ 689,929	\$ 689,929
Depreciable Assets:			
Office Equipment	5-10 Years	81,728	81,728
Equipment - Burnamwood	5-25 Years	67,172	66,427
Leasehold Improvements	15 Years	16,751	16,751
Automobiles	5 Years	23,017	23,017
Buildings and Improvements	5-40 Years	<u>908,313</u>	<u>908,313</u>
Total Property and Equipment		1,786,910	1,786,165
Accumulated Depreciation		<u>(364,016)</u>	<u>(327,405)</u>
Net Book Value		<u>\$ 1,422,894</u>	<u>\$ 1,458,760</u>

The provision for depreciation in 2007 and 2006 was \$36,611 and \$36,658, respectively.

PRESBYTERY OF PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2007 and 2006

NOTE 4 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted for the following purposes:

	<u>2007</u>	<u>2006</u>
White's Memorial Church & Indigent Pastors	\$ 771,822	\$ 765,680

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Campus Ministry Grants - Investments	\$ 213,638	\$ 210,433
Campus Ministry Grants- Cash and Cash Equivalents	14,938	39,856
Wooton, PC Youth Center - Investments	<u>68,273</u>	<u>64,668</u>
Total	<u>\$ 296,849</u>	<u>\$ 314,957</u>

In 2007 and 2006 distributions of income and capital in the amounts of \$71,564 and \$47,080 were released and paid in accordance with donor provisions.

NOTE 6 - CONTINGENT LIABILITIES

The Presbytery has two types of contingent liabilities. The first type the Presbytery has co-signed for loans made to individual churches. In the case of default, the assets of the churches will be used to satisfy the loans, with any remaining balances due to be paid by the Presbytery. The second type are mortgage grants in which the Church is under no obligation to repay unless or until the property is sold or if the Church leaves the denomination and takes the property with them. The following is a summary of these contingent liabilities:

	<u>2007</u>	<u>2006</u>
<u>LOANS</u>	<u>LOAN</u>	<u>LOAN</u>
	<u>BALANCE</u>	<u>BALANCE</u>
Beaumont Presbyterian Church, Lexington, KY	\$ 297,225	\$ 297,225
Chapel Hill Presbyterian Church, Lexington, KY	580,000	580,000
Maxwell Street Presbyterian Church, Lexington, KY	6,867	8,702
First Presbyterian Church, Lexington, KY	372,000	372,000
First Presbyterian Church, Somerset, KY	<u>960,908</u>	<u>1,200,000</u>
Total Loans	<u>\$2,217,000</u>	<u>\$2,457,927</u>
<u>MORTGAGE GRANTS</u>		
Central Presbyterian Church, Hyden, KY	\$ 38,144	\$ 38,144
Child Welfare Agency, Buckhorn, KY	4,000	4,000
First Presbyterian Church, Hazard, KY	0	42,000
Ezell Presbyterian Church	3,264	3,264
First Presbyterian Church, Booneville, KY	<u>8,150</u>	<u>8,150</u>
Total Mortgage Grants	<u>\$ 53,558</u>	<u>\$ 95,558</u>

PRESBYTERY OF TRANSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007 and 2006

NOTE 7 - PENSION PLAN

The Presbytery participates in a defined contribution pension plan through the Board of Pensions PCUSA. All employees who are ordained clergy and all lay employees after three years of service must be enrolled in the pension plan per denominational requirements. The Presbytery pays 100% of pension contributions which are 11% of each employee's effective salary. The Presbytery transferred \$18,145 and \$17,420 to the board in 2007 and 2006 for pension expenses.

The Presbytery also participates in a Section 403(b) retirement savings plan with Fidelity Investments. Employees may participate voluntarily in this program through tax - sheltered payroll withholding. In addition, the Presbytery contributes to a 403(b) plan for lay employees employed less than three years and therefore not eligible for the pension plan offered by the Board of Pensions. The total amount contributed by employees for 2007 and 2006 was \$5,040 and \$3,840, respectively. The total amount contributed by the Presbytery (3.8%) for 2007 and 2006 was \$2,929 and \$3,245, respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Presbytery maintains its cash balances at Chase One, Kentucky Bank and Central Bank. Accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007 and 2006, the Presbytery's uninsured cash balances total \$50,025 and \$7,702, respectively. The Presbytery has a concentration risk with investments. Investments equaling 90% of the total are in two mutual funds at December 31, 2007 and 2006.

NOTE 9 - LONG TERM DEBT

On June 19, 2001, the Presbytery entered into a mortgage for the construction a pool, bath house, pavilion, Director's house at Burnamwood in the amount of \$250,000. The loan terms are quarterly interest payments beginning September 19, 2001 at 6.4%, but subject to change daily with the Kentucky Bank Index. The rate at December 31, 2004 was 4.90%. This note was renewed and the new maturity date is July 1, 2007. The new loan terms are quarterly interest payments beginning August 1, 2004. \$130,434 was paid on the principal of this loan in 2005. The loan is secured by 450 acres, 900 Burnamwood Rd., Irvine, KY. The balance of this loan at December 31, 2007 and 2006 was \$0 and \$59,949, respectively. Interest expense paid on this loan as of December 31, 2007 and 2006 was \$1,717 and \$3,341, respectively.

On February 29th, 2000, the Presbytery entered into a loan to buy land with the Presbyterian Church USA in the amount of \$315,000. The loan terms are monthly principal and interest payments of \$2,658 for 180 months at an interest rate of 6% maturing on March 29, 2020. The balance of this loan at December 31, 2007 and 2006 was \$276,229 and \$291,066 respectively. Interest expense paid on this loan as of December 31, 2007 and 2006 was \$17,060 and \$17,928, respectively. The loan is secured by the property.

The Presbytery also borrowed \$105,000 from Kentucky Bank for the purchase of land. The terms of this loan are quarterly interest payments through maturity date of March 18, 2010. The interest rate is 8.75% which is a variable rate based upon Kentucky Bank Index plus .5 percentage points. The balance of this loan at December 31, 2007 and 2006 was \$105,000 and \$105,000, respectively. Interest expense paid on this loan as of December 31, 2007 and 2006 was \$9,127 and \$8,946, respectively. The loan is secured by the property.

Maturities are as follows:

<u>Year Ended</u>	<u>Amount</u>
2008	\$ 15,753
2009	16,725
2010	122,756
2011	18,852
2012	20,014
Thereafter	<u>187,129</u>
	381,229
Current portion	<u>(15,753)</u>
Long-term portion	<u>\$ 365,476</u>

PRESBYTERY OF TRANSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007 and 2006

NOTE 10 - LEASES

The Presbytery moved their offices from 412 Rose Street to 2480 Fortune Drive in September of 1999. The new office space of 2840 square feet is being leased for an initial five year period of \$2,500 per month. The lease agreement contains two renewal options of five years each. The monthly rent under the two renewal options will increase to \$2,835 and \$3,215 respectively. As of August, 2004, the first renewal option was exercised. The total amount of rent paid under the lease as of 2007 and 2006 was \$34,020 and \$34,020, respectively. The future minimum rental payments due for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 34,020
2009	35,540
2010	38,580
2011	38,580
2012	<u>38,580</u>
Total	<u>\$185,300</u>

NOTE 11 - COMMITMENTS

The Presbytery made a commitment to Linda Crawford, Associate General Presbyter, for a severance package in the amount of \$38,639. These amounts were paid bi-monthly from January through June 2007.

NOTE 12 - AGENCY FUNDS - MEC LONA DAVIS ESTATE

The Presbytery received on July 13th, 2000 proceeds from the Mec Lona Davis Estate which were originally intended for the use of Lees College in Jackson, Kentucky. After Lees College became a part of the University of Kentucky Community College system, the Estate named the Guerrant Memorial Presbyterian Church as one of the beneficiaries of the funds. The Presbytery has been named as the trustee over the funds with the Guerrant Memorial Presbyterian Church to receive the accrued interest in April and October of each year. The Presbytery originally deposited these funds in a money market account with Bank One in Lexington, Kentucky. These funds were moved to the Foundation in order to provide better earnings during 2002. The balance of the account at December 31, 2007 and 2006 was \$197,604 and \$195,870. The account earned dividends of \$9,045 and \$8,574 in 2007 and 2006, respectively.

NOTE 13 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support, revenues and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 14 – SUBSEQUENT EVENT

On May 16, 2008, the Greenway Fund was transferred from the Synod of Living Waters in the amount of \$556,766. The estate requested that the Presbytery manage the funds by investing the funds and using the interest each year in employing evangelists for the purpose of bringing precious souls unto God's kingdom, helping struggling churches and for any other purpose seen fit for use in the Mountain districts of Kentucky. Should the Presbytery cease to exist the funds would be transferred back to the Synod of Living Waters. The funds were invested with the New Covenant Funds.

First Presbyterian Church of Sharpsburg, KY was sold to the Kentucky Mountain Holiness Association on April 17, 2008 for the amount of \$10,000.

SUPPLEMENTAL INFORMATION

**PRESBYTERY OF PENNSYLVANIA
RECONCILIATION OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>BEGINNING NET ASSETS</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING NET ASSETS</u>
UNCOMMITTED RESERVE				
Undesignated	\$ 1,327,894	\$ 101,775	\$ 0	\$ 1,429,669
Rose Street	533,172	29,117	33,825	528,464
TOTAL	<u>1,861,066</u>			<u>1,958,133</u>
TEMPORARILY RESTRICTED				
Campus Ministry Grant	39,856	0	24,918	14,938
Campus Ministry-Principal	210,433	13,651	10,446	213,638
Brownski - Wooton	64,668	3,605	0	68,273
TOTAL	<u>314,957</u>			<u>296,849</u>
ADMINISTRATION AND FINANCE				
Morris Fork	7,851	0	0	7,851
Administrative Personnel	2,500	0	0	2,500
S.O.S. (Anonymous)	6,000	0	0	6,000
Special Ministerial Relief	6,976	2,908	0	9,884
Church Property Funds	0	28,800	0	28,800
Capital Campaign	49,749	152,289	52,013	150,025
Total	<u>73,076</u>			<u>205,060</u>
FERGUSON FUND				
Ferguson Fund	(171)	171	0	0
Training for Advocates	1,139	0	1,139	0
Total	<u>968</u>			<u>0</u>
MISSION				
Two-Cent Hunger Program	6,907	7,010	6,507	7,411
Peacemaking	2,393	818	0	3,211
Total	<u>9,300</u>			<u>10,622</u>
BALANCE FORWARD	<u>\$ 2,259,367</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,470,664</u>

See Auditor's Report

**PRESBYTERY OF PENNSYLVANIA
RECONCILIATION OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	BEGINNING NET ASSETS	INCREASES	DECREASES	ENDING NET ASSETS
BALANCE FORWARD	\$ 2,259,367	\$	\$	\$ 2,470,664
CHRISTIAN SERVICE MINISTRY				
CSM	2,973	11,868	11,356	3,485
Total	<u>2,973</u>			<u>3,485</u>
MINISTRY				
Candidates Grant	2,947	0	0	2,947
Caldwell Campbell	1,780	0	0	1,780
Total	<u>4,727</u>			<u>4,727</u>
COMMITTEES				
Harmony Cemetery	3,161	0	0	3,161
TOTAL	<u>3,161</u>			<u>3,161</u>
BURNAMWOOD				
Designated	15,640	0	15,640	0
General Capital	0	642	0	642
Shockey Camp/Conf. Scholarship	5,893	1,635	1,698	5,831
Total	<u>21,533</u>			<u>6,473</u>
EMERGENCY LOAN FUND	<u>19,500</u>	<u>0</u>	<u>0</u>	<u>19,500</u>
TRUST - Permanently Restricted				
White Fund	<u>765,680</u>	<u>42,342</u>	<u>36,200</u>	<u>771,822</u>
TOTAL	<u>\$ 3,076,941</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,279,832</u>

See Auditor's Report