

Central Presbyterian Church

Fort Smith, Arkansas

October 19, 2022

Assessment of Financial Condition

American Protestantism - Context

- In the last decade, median worship attendance in U.S. congregations declined from 129 to 80.ⁱ
- 7% of US congregations have 400 or more members; yet half of U.S. churchgoers attend such a congregation. ⁱⁱ
- Research indicates a decline in attendance at the great majority of the nation's churches, while those attracting 400 persons or more are dramatically increasing their market share.ⁱⁱⁱ
- Rapid growth remains a hallmark of very large congregations with a median growth rate of 26% over five years.^{iv}
- Of congregations demonstrating "excellent" or "good" fiscal health, 61% report having a second congregation worshiping in their facilities.^v
- Very large US congregations tend to grow, perhaps in part due to members' perceptions of their identity and practices. For example, "megachurches" rate very high in clarity of mission and purpose ...^{vi}
 - 79% of megachurch attendees surveyed report their church "has a clear mission and purpose" as opposed to 41% for all congregations;
 - 51% of megachurch attendees surveyed report their church "is spiritually vital and alive" as opposed to 29% for all congregations;
 - 37% of megachurch attendees surveyed report their church "is willing to change to meet new challenges" as opposed to 17% for all congregations.
- Presbyterian Church (U.S.A.) data as compared to 2003 shows: ^{vii}
 - membership has fallen 45%;
 - number of congregations has fallen 16%;
 - average congregation size has fallen from 222 to 145 members
 - median congregation size in 2019 was 70 members;
 - yet congregational mergers remain quite rare

Observations & Recommendations

- Church members may be surprised to learn that Central Church is probably bigger in comparison to other PC(USA) congregations than they realize:
 - 79th percentile in PC(USA) membership
 - 65th percentile in PC(USA) attendance
 - 73rd percentile in PC(USA) congregational revenues
 - *statistics are from 2021 year-end reporting from those PC(USA) congregations providing such data*

- We acknowledge the decline in Central's membership, attendance, and giving. This is, regrettably, a common dynamic among PCUSA congregations.
 - We calculate membership losses of 48% since 2013 and attendance shrinkage of 75% during the same period.
 - It is rare that a congregation can rebound from such rapid participation decline.

- Central's 2021 worship ratio of 0.22 compares unfavorably to the PC(USA) average of 0.43. The worship ratio is an important measure of engagement.
 - This is likely an area that demands attention. The church's suspension of gathered worship for ~61 consecutive Sundays due to COVID-19 will surely have prolonged effects, and member engagement has long been a critical predictor of giving.
 - We note an average reported worship attendance during 2021 of 35 persons as compared to a sanctuary capacity of 300: some church experts have suggested that a first-time visitor is unlikely to return to a church if the worship space is less than 40% occupied. In Central's situation, this would translate to attendance of 120.
 - We acknowledge that COVID-19 has rendered many churches' 2020 and 2021 attendance data somewhat unreliable.
 - We are happy to discuss this aspect of church health in greater detail if desired.

- The church has attractive levels of investments and reserves. We acknowledge that some funds may not be available for immediate or discretionary use.

- A church's ability to post an operating surplus each year is essential and positions the church to confidently face unexpected opportunities or challenges.
 - We acknowledge the church's prior difficulties in gathering and reporting financial data but would encourage careful monitoring of financial performance to ensure that the church lives within its means.
 - We also note the Treasurer's description of \$120,000 from investments which was used to fund 2022 operations.
 - We would encourage the development of a spending-formula style annual distribution from investments to ensure that reserves and investments are not gradually depleted.
 - Given the magnitude of these deficits, we wonder whether the congregation is sustainable beyond the intermediate term.

- The church may wish to pursue campus monetization opportunities if appropriate and available. Many churches now share their space with other congregations or related ministries and while we applaud Central's commitment to its mission partners in the deployment of its facilities, we would encourage discussion about what revenue opportunities might also exist.

- Spending categories compared to other congregations may be helpful.
 - Occupancy-related spending is higher than benchmark congregations.
 - Program-related spending appears low compared to others. Many churches find that this category is a critical indicator of their ability to attract and retain visitors and new members. Growing churches tend to see this percentage at a higher level than those churches whose membership and attendance are not growing.
 - Personnel-related spending is unremarkable.

- We have provided herein a list of comparable congregations indexed by various metrics.

- Please refer to the Giving Analysis which accompanies this report for important information about the makeup and reliability of the church's giving revenues.

Citations follow.

ⁱ "American Congregations 2015: Thriving & Surviving," David A. Roozen, Faith Communities Today, Hartford Institute for Religion Research.

ⁱⁱ National Congregations Study, Duke University Department of Sociology, Dec. 2015.

ⁱⁱⁱ "The Amazon Effect: Worshippers Flocking to Larger Churches," David Briggs, Ahead of the Trend: Association of Religious Data Archives, January 21, 2016.

^{iv} "Recent Shifts in America's Largest Protestant Churches: Megachurches 2015 Report," Scott Thumma, Ph.D. and Warren Bird, Ph.D.; Hartford Institute for Religion Research and Leadership Network.

^v Roozen, "American Congregations 2015: Thriving & Surviving."

^{vi} Thumma & Bird, "Recent Shifts in America's Largest Protestant Churches: Megachurches 2015 Report."

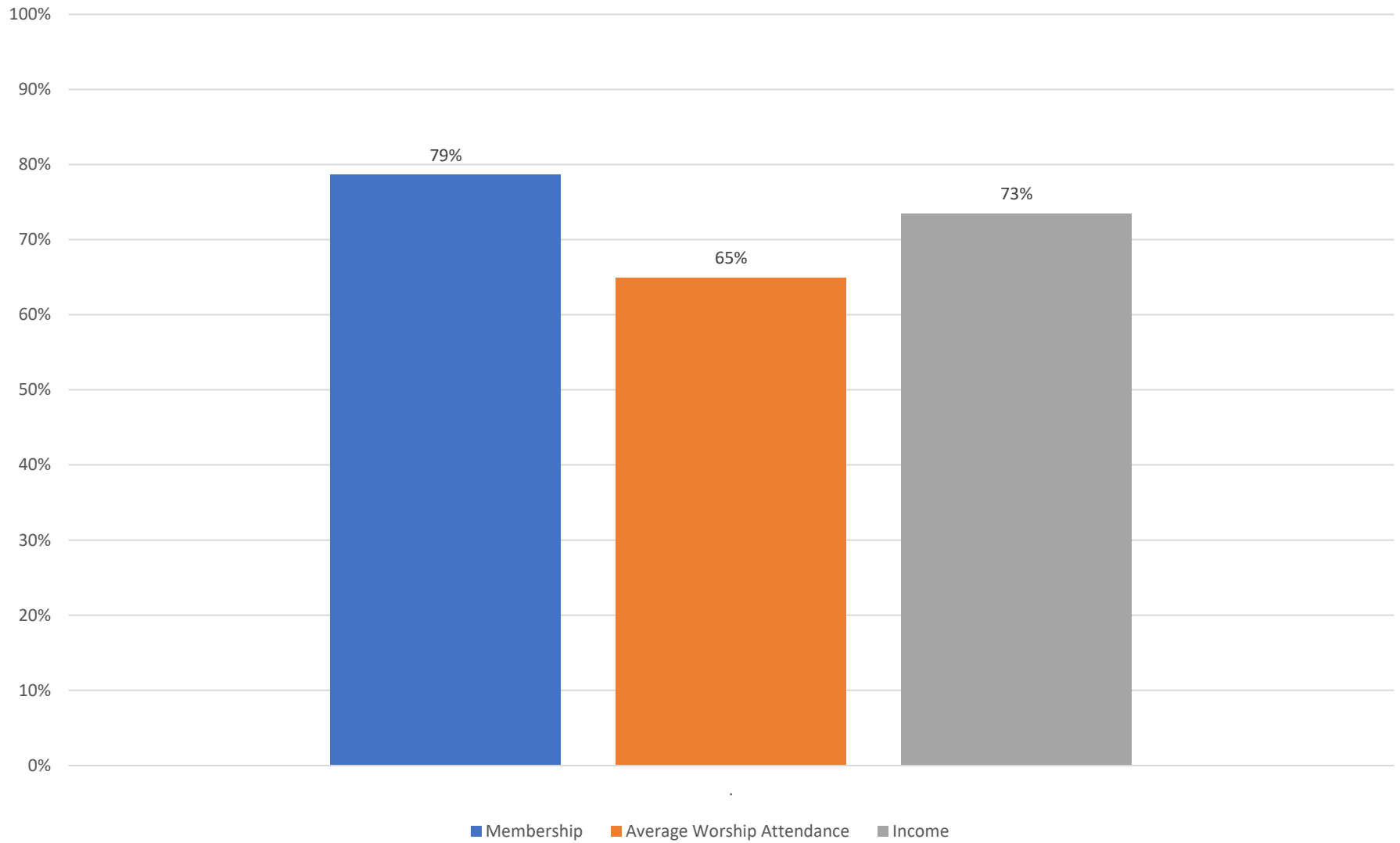
^{vii} Foundation staff analysis of Annual Statistical Report data; Office of the General Assembly: Presbyterian Church (U.S.A.), Louisville, KY

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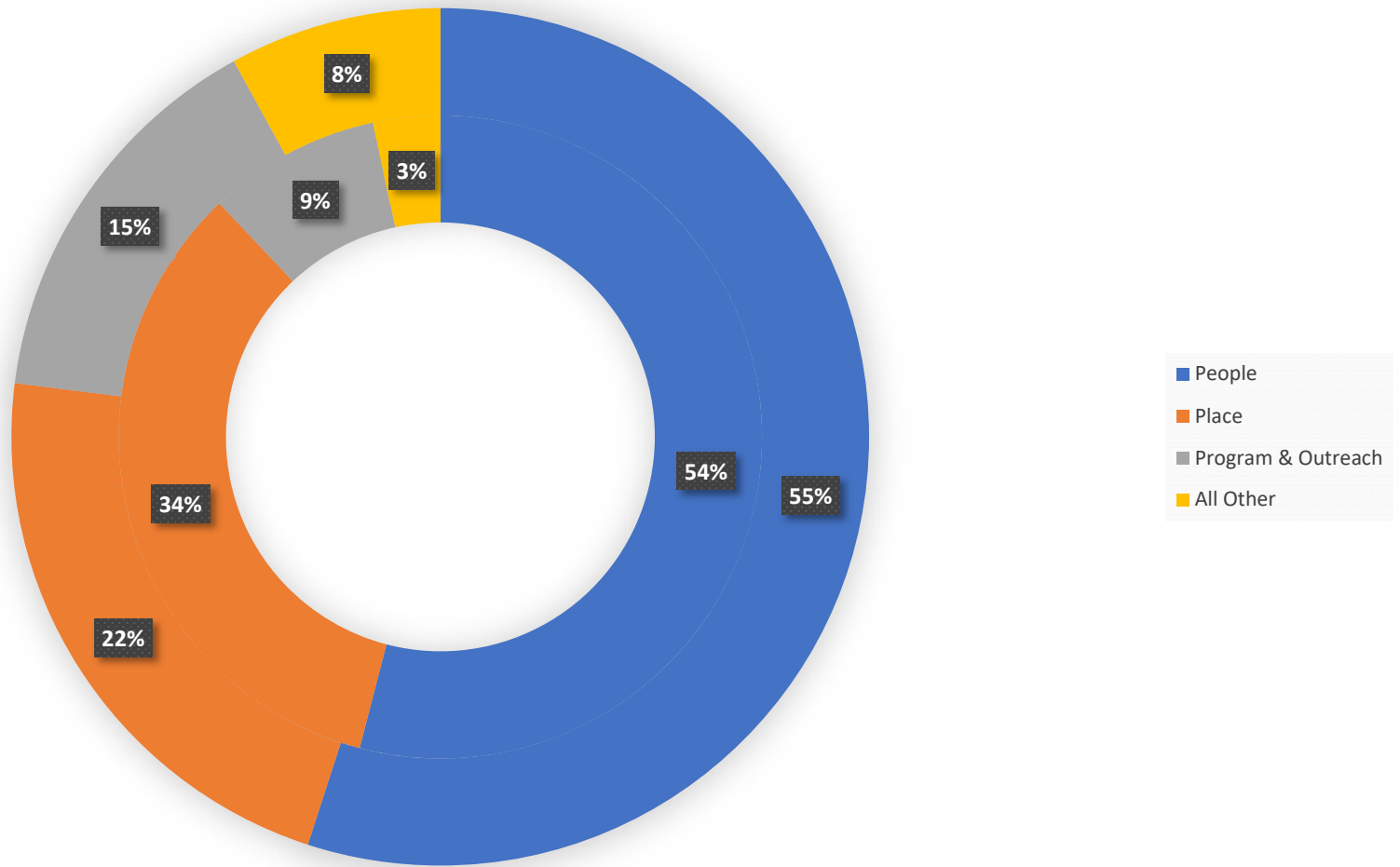
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Percentile Rank Membership, Worship Attendance, & Revenues



Spending by Category
Outer ring is Benchmark
Inner ring is Central Church



Presbyterian Foundation
Financial Modeling Initiative

Benchmark Comparisons & "Runway" Calculation

Central Presbyterian Church: Fort Smith, AR					
Period	CY 2022 & 2021				
			Estimated Nat'l Median	Rank (2)	Percentile (2)
	Data (1)	Nat'l Avg (1)			
Members	157	145	81	1962	79%
Worship Attendance	35	62	43	3220	65%
Worship Ratio	0.22	0.43			
Annual Revenues	\$232,266	\$168,942	\$89,357	2434	73%
Expense Categories	2021 Data	Benchmark			
People	54%	55%			
Place	34%	22%			
Program & Outreach	9%	15%			
All Other	3%	8%			
SUM	100%	100%			
Operating Expenses per Day	\$778				
Cash + Reserves	\$1,089,527				
Days' Cash	1,400				
Loans Payable/Other Indebtedness	\$0				

- 1) membership and attendance data based on 2021 year-end Office of the General Assembly data
- 2) Rank & Percentile data is based on 2021 year-end Office of the General Assembly data
- 3) revenues and expenses based on 2022 & 2021 church financial reports provided
- 4) benchmark data for staffing is based on PC(USA) averages

Presbyterian Foundation
Financial Modeling Initiative

"Quick-and-Dirty" Financial Summary

Central Presbyterian Church: Fort Smith, AR		YTD Actual	% Actual	PY Actual	% Actual
Income:		Current Year	Current Year	Prior Year	Prior Year
	Giving	\$100,291	100%	\$227,362	98%
	Rental Income	\$0	0%	\$0	0%
	Investment Income	\$41	0%	\$22	0%
	All Other	\$230	0%	\$4,882	2%
	Total Income	\$100,562	100%	\$232,266	100%
Expenses:					
	People/Staffing	\$104,663	52%	\$153,438	54%
	Place/Campus	\$73,226	37%	\$96,248	34%
	Programs/Outreach	\$14,464	7%	\$24,708	9%
	All Others	\$7,568	4%	\$9,561	3%
	Total Expenses	\$199,921	100%	\$283,955	100%
	Surplus/<Loss>	(\$99,359)		(\$51,689)	

Data sources:

current year and prior year: church-provided financial statements

Church financial data provided is as of

9/30/2022

Central Presbyterian Church: Fort Smith, AR
P&L Category Construction as of 09/30/2022 and 12/31/2021

<i>FDN Category</i>	<i>Church Category</i>	<i>2022 YTD Actual</i>	<i>2021 Year-End</i>
People/Staffing	Total Personnel Committee	\$104,663	\$153,438
People/Staffing		\$0	\$0
People/Staffing	SUM	\$104,663	\$153,438
Place/Campus	Total Building & Grounds	\$74,138	\$97,598
Place/Campus	Copy Charges moved to All Other from B&G	-\$912	-\$1,350
Place/Campus		\$0	\$0
Place/Campus	SUM	\$73,226	\$96,248
Programs/Outreach	Total Worship Committee	\$4,054	\$3,028
Programs/Outreach	Total Outreach Committee	\$10,410	\$20,820
Programs/Outreach	Total Education Committee	\$0	\$860
Programs/Outreach		\$0	\$0
Programs/Outreach	SUM	\$14,464	\$24,708
All Others	Total Stewardship Committee	\$6,037	\$7,903
All Others	Wifi	\$619	\$308
All Others	Copy Charges moved to All Other from B&G	\$912	\$1,350
All Others		\$0	\$0
All Others	SUM	\$7,568	\$9,561
Totals Expenses per Source Document		\$199,920	\$283,954
Totals Expenses Calculated		\$199,921	\$283,955
		-\$1	-\$1

Central Presbyterian Church
Fort Smith, AR

Congregation	City	State	Members	Attendees	Revenues
Membership:					
Southminster	Seattle	WA	158	0	\$404,123
Cordata	Bellingham	WA	157	120	\$630,673
First & Central	Wilmington	DE	157	69	\$565,307
Christ	Tallahassee	FL	157	65	\$307,658
First	Bryan	OH	157	55	\$254,991
Central	Fort Smith	AR	157	35	\$230,244
Salem United	Salem	SD	157	0	\$0
Associated	Owatonna	MN	157	0	\$0
Niagara	Niagara Falls	NY	157	0	\$0
PC of the Covenant	Englewood	CO	157	0	\$0
Great Island	Lock Haven	PA	157	0	\$176,077
Average Worship Attendance:					
Covenant	Albany	GA	204	35	\$356,048
Melina	Gable	SC	190	35	\$142,641
Richlands	Richlands	VA	171	35	\$128,669
First	Jefferson City	TN	168	35	\$217,275
Pilgrim	Phillipsburg	NJ	160	35	\$242,117
Central	Fort Smith	AR	157	35	\$230,244
First	Mandan	ND	156	35	\$169,606
First	Woodbury Heights	NJ	153	35	\$295,901
Westminster	Evans City	PA	148	35	\$87,058
First	Monroe	MI	146	35	\$251,856
First	Conrad	MT	143	35	\$195,947
Annual Revenues:					
Northminster	Springfield	OH	120	50	\$230,687
New Hope	Chapel Hill	NC	181	0	\$230,619
First	Ft Bragg	CA	90	42	\$230,420
Christ	San Leandro	CA	8	10	\$230,420
New Castle	New Castle	DE	139	65	\$230,359
Central	Fort Smith	AR	157	35	\$230,244
Westminster	Westminster	CO	105	0	\$230,186
United	Garden City	KS	84	32	\$230,098
Westminster	Wooster	OH	109	37	\$230,000
Washington Dong Sa	Gaithersburg	MD	25	19	\$230,000
Union	Newburgh	NY	142	40	\$229,962

Comparisons based on 2021 year-end Annual Statistical Reporting to the PC(USA) Office of the General Assembly.

Total number of congregations in this dataset equal

8815