

VIII. ACCOUNTANTS' REPORTS AND FINANCIAL STATEMENTS

JANUARY 1, 2014, through DECEMBER 31, 2014

COUNCIL ON FINANCE & ADMINISTRATION

SECTION I - Summary of Conference Budget for 2016						
	Sch.	2015	2016	% of Budget	Inc.\(Dec.)	% Chg.
Conference Apportionments						
401 - Conference Mission & Ministries	A	3,280,000	3,323,000	10.30%	43,000	1.31%
402 - Conference Services	B	1,890,000	1,992,000	6.17%	102,000	5.40%
403 - District Superintendents Fund	C	2,055,000	2,055,000	6.36%	-	0.00%
404 - Equitable Compensation		500,000	500,000	1.55%	-	0.00%
405 - Church Extension & Development		675,000	675,000	2.09%	-	0.00%
406 - Virginia Education Fund		1,000,000	1,000,000	3.09%	-	0.00%
Total Conference Apportionments		9,400,000	9,545,000	29.56%	145,000	1.54%
Clergy Benefits Apportionments						
407 - Active Clergy Health		9,710,000	9,710,000	30.04%	-	0.00%
408 - Retired Clergy Health		6,060,000	6,060,000	18.75%	-	0.00%
409 - Pension Liability Assessment - Pre 82		1,550,000	1,000,000	3.09%	(550,000)	-35.48%
Total Clergy Benefit Apportionments		17,320,000	16,770,000	51.88%	(550,000)	-3.18%
General & Jurisdictional Apportionments						
410 - Episcopal Fund		900,000	955,000	2.96%	55,000	6.11%
411 - World Service		3,000,000	2,955,000	9.14%	(45,000)	-1.50%
412 - General & Jurisdictional Connectional Fund		487,000	499,000	1.54%	12,000	2.46%
413 - Ministerial Education		1,030,000	1,015,000	3.14%	(15,000)	-1.46%
414 - Black College Fund		410,000	405,000	1.25%	(5,000)	-1.22%
415 - Africa University Fund		92,000	91,000	0.28%	(1,000)	-1.09%
416 - Interdenominational Cooperation Fund		81,000	80,000	0.25%	(1,000)	-1.23%
Total General & Jurisdictional Apportionments		6,000,000	6,000,000	18.56%	-	0.00%
Total Apportionments		32,720,000	32,315,000	100.00%	(405,000)	-1.24%

Schedule A - Apportionment 401 - Conference Mission & Ministries

	2015	2016	Budget	Inc.\(Dec.)	% Chg.
Conference Benevolence Grants					
1. GraceInside (Chaplain Service of Va.)	121,000	125,000	0.39%	4,000	3.31%
2. Virginia Council of Churches	58,000	66,500	0.21%	8,500	14.66%
3. Industrial & Commercial Ministries	1,000	2,500	0.01%	1,500	150.00%
4. Disciple Bible Outreach Ministries	4,000	1,000	0.00%	(3,000)	-75.00%
5. Virginia Interfaith Center	5,000	-	0.00%	(5,000)	-100.00%
6. Society of St. Andrew	2,500	-	0.00%	(2,500)	-100.00%
7. Just Neighbors	3,500	-	0.00%	(3,500)	-100.00%
	195,000	195,000	0.61%	-	0.00%
Special & Sustaining Grants	66,000	66,000	0.20%	-	0.00%
Conference Programs	90,000	90,000	0.28%	-	0.00%
Campus Ministries	813,000	826,100	2.56%	13,100	1.61%
Program & Board Administrative Expenses					
1. Common Table	5,000	5,000	0.02%	-	0.00%
2. Departmental Administration (See below)	64,700	64,700	0.21%	-	0.00%
3. Agency Administration (See below)	106,900	106,900	0.32%	-	0.00%
4. Personnel Costs	1,317,000	1,313,900	4.07%	(3,100)	-0.24%
5. Information Technologies	29,500	29,500	0.09%	-	0.00%
6. Outsourced Graphic Design Services		33,000	0.10%	33,000	NA
7. Video Production & Documentation	5,000	5,000	0.02%	-	0.00%
8. Building Operations & Services	165,000	165,000	0.51%	-	0.00%
9. Postage, Printing & Telephone	10,000	10,000	0.03%	-	0.00%
10. Contingency	10,000	10,000	0.03%	-	0.00%
	1,713,100	1,743,000	5.40%	29,900	1.75%
Contingency Funds - Budget Shortfall	402,900	402,900	1.25%	-	0.00%
	3,280,000	3,323,000	10.30%	43,000	1.31%
Supporting Schedule, Line 2 - Departmental Administration					
1. Connectional Ministries	9,600	9,600	0.03%	-	0.00%
2. Communications	8,400	8,400	0.03%	-	0.00%
3. Congregational Excellence	11,400	11,400	0.04%	-	0.00%
4. Ministries with Young People	11,800	11,800	0.04%	-	0.00%
5. Inclusivity and Lay Leadership Excellence	10,500	10,500	0.03%	-	0.00%
6. Justice and Missional Excellence	13,000	13,000	0.04%	-	0.00%
	64,700	64,700	0.21%	-	0.00%
Supporting Schedule, Line 3 - Agency Administration					
1. Church & Society	8,900	8,900	0.03%	-	0.00%
2. Discipleship	15,100	15,100	0.05%	-	0.00%
3. Global Ministries	15,900	15,900	0.05%	-	0.00%
4. Committee on Mission Personnel	35,000	35,000	0.11%	-	0.00%
5. Communications	5,200	5,200	0.02%	-	0.00%
6. Higher Education	5,500	5,500	0.02%	-	0.00%
7. Laity	10,200	10,200	0.03%	-	0.00%
8. CEMCA	3,700	3,700	0.01%	-	0.00%
9. COSROW	2,100	2,100	0.01%	-	0.00%
10. Commission on Disabilities	2,500	2,500	0.01%	-	0.00%
11. Church Development Team	2,800	2,800	0.01%	-	0.00%
	106,900	106,900	0.32%	-	0.00%

Schedule B - Apportionment 402 - Conference Services

	2015	2016	Budget	Inc.\(Dec.)	% Chg.
1. Board of Ordained Ministry (see below)	341,800	381,800	1.18%	40,000	11.70%
2. Bishop's Assistant	77,000	77,000	0.24%	-	0.00%
3. Annual Conference Session	240,000	225,000	0.70%	(15,000)	-6.25%
4. Mortgage Payments	305,000	305,000	0.94%	-	0.00%
5. Treasurer's Office	383,000	365,000	1.13%	(18,000)	-4.70%
6. Computer Services	80,000	80,000	0.25%	-	0.00%
7. Wesley Foundation Property Maint	50,000	100,000	0.31%	50,000	100.00%
8. Richmond Area Episcopal Expense	26,500	26,500	0.08%	-	0.00%
9. Pastor Relocation & Transition	17,000	17,000	0.05%	-	0.00%
10. Archives	9,500	9,500	0.03%	-	0.00%
11. Council on Finance and Administration	3,500	3,500	0.01%	-	0.00%
12. Historical Society	8,000	8,000	0.02%	-	0.00%
13. Board of Trustees	2,000	2,000	0.01%	-	0.00%
14. Telephone Service	15,000	15,000	0.05%	-	0.00%
15. Insurance	25,000	25,000	0.08%	-	0.00%
16. Postage & Printing	25,000	25,000	0.08%	-	0.00%
17. Building Operations & Services	23,000	23,000	0.07%	-	0.00%
18. Conference Publications	7,500	7,500	0.02%	-	0.00%
19. Bishop's auto allowance	9,000	9,000	0.03%	-	0.00%
20. Contingency Funds for Unforeseen Expenses	10,000	25,000	0.08%	15,000	150.00%
21. Legal	20,000	40,000	0.12%	20,000	100.00%
22. Episcopal committee	2,000	2,000	0.01%	-	0.00%
23. General Conference		10,000	0.03%	10,000	NA
24. Contingency Funds - Budget Shortfall	210,200	210,200	0.65%	-	0.00%
	1,890,000	1,992,000	6.17%	102,000	5.30%

Board of Ordained Ministry

1. Minister's Family Counseling	15,000	15,000	0.05%	-	0.00%
2. Candidates' Evaluation	20,000	20,000	0.06%	-	0.00%
3. Sexual Ethics Response Team	1,800	1,800	0.01%	-	0.00%
4. Conference Clergy Leadership Program	50,000	50,000	0.15%	-	0.00%
5. Center for Clergy Excellence	15,000	15,000	0.05%	-	0.00%
6. Personnel Costs	165,000	205,000	0.63%	40,000	24.24%
7. Board of Ordained Ministry Administration	75,000	75,000	0.23%	-	0.00%
	341,800	381,800	1.18%	40,000	11.70%

Schedule C - Apportionment 403 - District Superintendents Fund

	2015	2016	Budget	Inc.\(Dec.)	% Chg.
1. Salaries & Pension	1,670,000	1,670,000	5.17%	-	0.00%
2. Travel & Meetings	140,000	140,000	0.43%	-	0.00%
3. Other	25,000	25,000	0.08%	-	0.00%
4. Contingency Funds - Conference Budget Shortfall	220,000	220,000	0.68%	-	0.00%
	2,055,000	2,055,000	6.36%	-	0.00%

SECTION II - Recommended Apportionments to Districts and Local Churches**A. Total Recommended Apportionment Levels:**

The Council of Finance and Administration (CFA) recommends that the amounts apportioned from the General, Jurisdictional, and Annual Conference be apportioned to the districts as follows:

2016 Virginia Annual Conference Apportionments

401-Conference Mission & Ministries	3,323,000
402-Conference Services	1,992,000
403-District Superintendents Fund	2,055,000
404-Equitable Compensation	500,000
405-Church Extension & Development	675,000
406-Virginia Education Fund	1,000,000
407-Active Clergy Health	9,710,000
408-Retired Clergy Health	6,060,000
409-Pension Liability Assessment - Pre 82	1,000,000
410-Episcopal Fund	955,000
411-World Service	2,955,000
412-General & Jurisdictional Connectional Fund	499,000
413-Ministerial Education Fund	1,015,000
414-Black College Fund	405,000
415-Africa University Fund	91,000
416-Interdenominational Cooperation Fund	80,000
	<hr/>
	\$ 32,315,000

B. CONFERENCE APPORTIONMENT RECOMMENDATION SPECIFICS:

The Conference Apportionments are intended to carry out the mission and ministry of the Virginia Annual Conference. All balances at the end of the year are to be closed to Conference Reserves unless an exception is granted by the Conference Council on Finance and Administration.

401-Conference Mission & Ministries

- This apportionment provides funding for the Conference Common Table benevolences and ministries, including New Church Start Salary Support, Campus Ministries, other Common Table Program Boards and Agencies support.

402-Conference Services

- This apportionment primarily covers the administrative requirements of the Book of Discipline and Conference owned properties.

403-District Superintendents Fund

- This apportionment covers the personnel and travel costs of the District Superintendents.

404-Equitable Compensation

- This apportionment is required by the Book of Discipline and is administered by the Equitable Compensation Commission to provide clergy salary supplementation based upon their policies and procedures.

405-Church Extension and Development Fund (CEF)

- This apportionment is based on recommendations of the Common Table and is directed to the Church Development Team for use in providing conference-wide grants to new and existing churches in accordance of the policies of the Common Table.

406-Virginia Education Fund

- This apportionment is apportioned to the districts at **\$1,000,000 for 2016**. Based on recommendations of the Common Table, the following percentage distribution of the Fund is proposed for 2016:

➤ Ferrum College	19.5% (\$195,000)
➤ Randolph-Macon College	18.5% (\$185,000)
➤ Randolph College	16.0% (\$160,000)
➤ Randolph-Macon Academy	10.0% (\$100,000)
➤ Shenandoah University	18.0% (\$180,000)
➤ Virginia Wesleyan College	18.0% (\$180,000)

Report on 2014

- As set out in the Annual Conference procedures, the Annual Conference is informed, through this report, of shortfalls in the Apportionments that impact Conference Reserves. These shortfalls were managed through budget cuts, contingency funds and Conference reserves in accordance with Annual Conference-approved policy. Below are the stated Apportionments for 2014.

	Shortfall
401 Conference Mission & Ministries	495,049
402 Conference Services	239,991
403 District Superintendents	189,705
404 Equitable Compensation	56,252
	980,997

SECTION III — Apportionment Procedures**A. APPORTIONMENT FORMULA:**

- **All Apportionments except for the Active Clergy Health Benefits**
Apportionments are calculated using the last year of available statistics of each local church (i.e. 2016 apportionments are calculated using 2014 statistics). The formula is based on total net paid expenses which are the total expenditures of the church minus expenditures for benevolent causes, apportionments, capital improvements, and payments on loans and mortgages. The apportionments for each church are sent to each district based on decimal calculations from the formula below:

$$\text{Individual Church Net Paid} / \text{Total of all Conference Churches Net Paid} = \text{Church Decimal}$$

- **Active Clergy Health Benefits Apportionment Formula**

The costs of the active clergy health benefits will be apportioned using a two-tier calculation. The first tier will consist of a fixed dollar amount (\$5,000) per health plan eligible clergy based upon the July 1, 2015 appointment list. The remaining costs after the tier one calculation will be apportioned to the churches based upon total clergy (regardless of classification) compensation (salary plus accountable reimbursement) paid by a church divided by the total clergy compensation paid in the last year of available statistics (2014 for 2016 apportionments).

- The district then passes the apportionments on to the local church according to recommendations developed by the district superintendents and the district stewards.
- The Council on Finance and Administration, in consultation with the Church Development Team and Cabinet, has the authority to set a policy for apportioning newly chartered churches, Legacy churches, and 2nd sites of chartered churches.
 - Effective January 1, 2016, the policy will be to phase in the apportionments for new chartered churches over a five year period with the first year beginning at 20% and increasing 20% for each subsequent year until the church is at 100%.
 - Effective January 1, 2016, for a Legacy church (as determined by the Church Development Team and the Cabinet), the district superintendent may present a projected budget of expenses to be used in the Legacy church's apportionment calculation for the first 18 months of its classification as a Legacy church.
 - Effective January 1, 2016 for a 2nd site (satellite & multi-site) locations that are recognized as new faith communities by the Church Development Team and the Cabinet, the existing chartered church may exclude direct expenses of the second site from the apportionment calculation based upon the following schedule:

0-42 months	100%
43-54 months	80%
55-66 months	60%
67-78 months	40%
79-90 months	20%

B. REPORTING GUIDELINES:

- District superintendents will report the apportioned amounts for each church to the Conference treasurer and the apportioned amounts will be shown on the monthly Treasurer's report sent to each church.
- Apportionments are to be calculated and distributed annually rather than on a quadrennial basis.
- The Annual Conference will raise World Service funds only through contributions from the local churches. CFA urges that district superintendents, pastors, and local church leaders seek to fully implement Section 812 of the 2012 Discipline.

C. IMPORTANCE OF WORLD SERVICE:

- The importance of World Service to the life of the Church is lifted up to the Annual Conference. "The World Service Fund is basic in the financial program of The United Methodist Church. The World Service apportionment represents the minimum needs of the general agencies of the Church. Payment in full of these apportionments by local churches and annual conferences is the first benevolent responsibility of the Church." (Section 812 of the 2012 Discipline).

SECTION IV - Annual Conference Special Offerings

Annual Conference offerings provide important and life-giving support for key Conference programs. The following are recommended for approval for 2016:

- United Methodist Family Services. It is recommended that December be designated as United Methodist Family Services Month and that each church promote an offering during this time for this purpose.
- Industrial and Commercial Ministries. It is recommended that Labor Day Sunday be designated for Industrial and Commercial Ministries and that churches receive an offering at that time in support of this Virginia Conference program.
- Virginia United Methodist Homes Samaritan Fund. It is recommended that the period between Mother's Day and Father's Day be designated in support of the Virginia United Methodist Homes Samaritan Fund, and that local church offerings collected during that period be dedicated to this ministry.
- Heart Havens. It is recommended that February be designated as Heart Havens Month and that each church promote an offering during this time for this purpose.
- Annual Conference Offering. CFA recommends continued support for this important offering.

SECTION V - Policies

A. DISTRICT SUPERINTENDENT'S FUND

Overall Policies for the Fund:

- In compliance with the Book of Discipline, the current salaries and expenses for district superintendents (DS), and those under special appointment, will be published in the Conference Journal with each DS's salary individually calculated and assigned each year as part of the appointive process, using the following criteria:
 - Each District Superintendent's salary shall be \$88,000, except those who were appointed at a higher salary prior to 7/1/2012. Those "grandfathered" will continue at their existing salaries while completing their appointment.
 - Each year, the annual salaries of the District Superintendents are to be recommended by CFA to the Annual Conference.
 - CFA also administers salary-related expenses, to include such items as pensions, supplemental benefits, travel by voucher, continuing education, and other Cabinet-related expenses.
 - The total cost of salaries and related expenses apportioned to Districts are to be based on the current approved decimal system (upon recommendation of CFA).
 - All other District Superintendent's costs, such as housing, district office expenses and staff, are to be paid at the district level.

Recommendations for 2016:

- The District Superintendents' salaries will stay the same for 2016.

B. TRAVEL & MEETING EXPENSES

Board and Agency members and staff engaged in Conference business are provided and are to be managed as follows:

- The mileage reimbursement rate is set at 35 cents for Conference staff and the IRS reimbursement rate for volunteers (currently 14 cents) serving boards and agencies of the Conference.
- Meals are to be reimbursed at actual costs, but not to exceed \$20 per 24-hour period. (Breakfast on the date of departure from home/office is not accepted; dinner on the date of return is not accepted, except when the arrival to home/office is after 7 p.m.).

- Reimbursement for daily room charges is set at \$100, if the travel incurred extends to a period over three hours prior to the starting time of 10 a.m. on the day of the meeting.
- Spouse expenses are not part of allowable expenses.
- To encourage stewardship in this area, CFA suggests: (1) that advance reading materials be provided for study prior to meetings; and (2) that there be use of teleconferencing, where feasible.

C. INDIVIDUAL EXPENSES FOR ANNUAL CONFERENCE

Provided for and managed as follows:

- Each charge is responsible for the expenses of both the clergy and lay members (including diaconal ministers) from that charge to the annual conference, working out its own plan of compensating for actual expenses.
- Persons not covered through local church appointment shall receive annual conference reimbursement not to exceed \$100 a night for mileage, meals and lodging; the Conference treasurer shall reimburse the claimant through voucher of approved expenses. Coverage under this section extends to:
 - (a) retired clergy who retired with pension under one of the Disciplinary options and who are not serving full-time;
 - (b) clergy on medical leave;
 - (c) clergy on sabbatical leave who are members of the Virginia Annual Conference;
 - (d) retired diaconal ministers who served at least eight years in the Virginia Conference and who are granted a retired relationship by the Conference;
 - (e) persons expecting their first appointment;
 - (f) members of the conference who have been appointed to attend a theological school;
 - (g) those serving as chaplains in Armed Forces;
 - (h) deaconesses under appointment;
 - (i) furloughed missionary members of the Virginia Annual Conference;
 - (j) those on loan to other annual conferences, whose expenses are not otherwise provided for; and
 - (k) clergy returning from an approved leave of absence receiving local church pastoral appointments.
- Each district is responsible for the expenses of its district superintendent, youth members and members-at-large.
- Each board, agency or committee is responsible for the expenses of its chairpersons, if that person is not a clergy or lay member whose costs are covered by their charge or district.

D. CONFERENCE RESERVE FUNDS

Policies on the Maintenance of Reserve Fund Levels:

- The Council monitors the Conference Reserves to ensure the ability to cover future contingencies including,
 - a) Reserve funds for emergencies and catastrophic needs related to the maintenance of Conference property held by the Conference trustees, and include: (1) Virginia United Methodist Center; (2) Wesley Foundation buildings; and (3) the Episcopal residence. [The total value of these properties is estimated at more than \$15 million.]
 - b) Reserve funds for cash flow purposes.
 - c) Reserve funds for economic and financial downturns.
- The Council has set the following target for Conference Reserve Funds:

Core Reserves:

A. 20% of the Conference Budget that closes to reserves	\$ 1,578,000
a. 401 – Conference Mission and Ministries	
b. 402 – Conference Services	
c. 403 – District Superintendents' Fund	
d. 404 – Equitable Compensation Fund	

B. 15% of Invested Assets	622,000
	<u>\$ 2,200,000</u>
Additional Reserves:	
A. Non-budgeted negative balance in Debt Service (mortgage)	<u>945,000</u>
	<u>\$ 3,145,000</u>

At December 31, 2014 the Annual Conference had reserves less than the target amount.

- Consistent with approved Annual Conference policies (effective January 1992), the use of investment income is authorized to maintain reserve levels. (At the discretion of CFA, excesses may be used to: (1) meet shortfalls in Conference benevolences; (2) meet shortfalls in Conference Services; and/or (3) reduce apportionments from the Annual Conference to local churches.
- Reserve funds in the amount of \$300,000 are available to cover actions emerging from Annual Conference vote, emergencies, support of advances for campaigns, and potential liabilities of the Conference
- Of the amounts reserved: (1) up to \$50,000 is available for emergency needs of the Common Table, with the approval of CFA; and (2) up to \$100,000 may be allocated by CFA between sessions of Annual Conference, as deemed necessary
- The status of Conference reserves at the end of the prior actual year is to be reviewed each year by CFA and included in the Treasurer's Report to the Annual Conference Session.

E. PASTOR RELOCATION TRANSITION FUND

1. By action of the June 2003 Annual Conference, CFA has established Pastor Relocation Transition Fund and has provided funding through the Conference Services apportionment.
2. Churches/charges which are served by fulltime clergy appointed to their charge as pastor may request reimbursement on the following schedule for an incoming pastor, if the previous pastor served two years or less in the appointment to their charge:
 - One-year appointment – Seventy-five percent of the verified moving expenses up to a maximum of \$3,000 reimbursement.
 - Two-year appointment – Fifty percent of the verified moving expenses up to a maximum of \$2,000 reimbursement.
3. No moving expenses will be reimbursed that are not in compliance with the Virginia Annual Conference Guidelines for Moving Expenses as printed in the Journal of the Virginia Annual Conference.
4. Payment will be made at the end of the year based on a pro-rata share of the apportionment receipts from the churches.

F. CONFERENCE JOURNAL

The 2015 *Journal* is to be made available by posting on the Virginia Conference website (www.vaumc.org) as a PDF file. It will be available as a CD or printed copy upon request at a cost of \$10 for the CD and \$25 for the print version. Requests for printed copies must be made by August 1 of the calendar year, and payment must be made at the time the order is placed. Only a small quantity of Journals will be printed and distributed in compliance with the Book of Discipline (606.2), to district offices, Conference staff, and those purchasing copies before the August 1 deadline.

G. CONFERENCE PUBLICATIONS

It is recommended that the Conference-Provided Publications Committee be continued, composed of the following: (1) the Director of Connectional Ministries; (2) Conference Business Manager; (3) the *Journal* Editor; and (4) the Conference Director of Communications, who will serve as the convener of the committee. The Committee may convene at any time at the request of any committee member as long as a majority of the committee members are present. [The committee oversees the production and publication of the conference *Journal* and other such publications and mailings that are appropriate to keeping the conference members linked to the business of the Annual Conference.]

H. CLERGY DIRECTORY

One copy of the *Directory of the Ministry* is to be mailed to all Virginia Conference clergy (active and retired, including lay pastors and diaconal ministers). Widows/widowers of clergy are also entitled to a free copy upon request. Additional copies may be purchased at a cost of \$4 each (includes shipping and handling). An updated version of the directory is available on the Conference website as a pdf file.

I. AUDIT REPORTS

The Council on Finance and Administration reminds all district offices, agencies, institutions, and organizations receiving any financial support from conference funds or from any authorized conference-wide appeal to be in compliance with the *2012 Book of Discipline* 617.2 and 617.3 to submit audited financial statements to the Conference Treasurer by later than six months after the end of the organization's fiscal year.

J. IRS REGULATIONS

CFA recommends that all church and/or charge treasurers comply with the IRS regulations.

K. REQUESTS FOR BUDGET FUNDING

CFA recommends that all groups requesting funding from CFA submit requests for budget funding to CFA by January 15 of the year the request is being made. This will allow the requests to be reviewed by CFA in sufficient time for consideration at the Annual Conference Session the following June.

SECTION VI – A Church in Mission

We are a Church in Mission and a three-pronged focus of teaching, communication, and recognition enriches us as a Conference and as Christians. With it, we are able to share and learn further what it means to enter into the vision and share concerns with many people. But more importantly, it sets out a focus throughout our Conference on the value and importance of the unique connectional relationship we have as United Methodists.

Our charter has already been defined for us and it is set out in Scripture: “Just as in the human body, though it is made up of many parts, is a single unit, because of these parts, though many, make one body, so it is with Christ.” (1 Corinthians 12:12). And that body is composed of all of God's children, including the rich and poor, found and lost, and secure and dispossessed. For as Jesus said, “Truly, I tell you, just as you did it to one of the least of these who are members of my family, you did it to me.” (Matthew 25:40).

As part of that body, we are called to serve our brothers and sisters in mission throughout the connection. Because of our covenant with God and with each other, it is our goal to fund the basic missional witness of the United Methodist Church.

We have much to be proud of as a Conference, as we live out the full meaning of the Stewardship of the Gospel. Our connectional giving — the important life blood of the work we all do together — is a reflection of the great commitment that Virginia United Methodists have to the mission and ministry work of our Lord. The budgets we draw up, while important, are more than a series of numbers. They reveal the very character of the people who build them, support them, and act through them. They are Christ's work in the world, put into a plan for receiving and spending — collective understandings of commitments to fulfilling ministries and mission priorities. It's no small thing we do individually, when collectively we are making such big impacts beyond our church doors.

The Stewardship of our Conference is part of our response to the needs we know about, as well as those not yet seen. Seeing the need, then doing what Jesus would do. That's true Stewardship! It's our faith in action!

Rev. Dr. Steve Summers, President

REPORT OF THE CONFERENCE TREASURER**Section I**

Cash Receipts for the Year Ending December 31, 2014

Apportioned Funds	Receipts 12/31/2014	Receipts 12/31/13	Increase (Decrease)	Pct. Inc.\Dec.
<i>Conference Apportionments</i>				
401 Conference Mission & Ministries	3,084,951	3,159,516	(74,565)	-2.36%
402 Conference Services	1,685,009	1,702,302	(17,293)	-1.02%
403 District Superintendents	1,910,295	1,949,616	(39,321)	-2.02%
404 Equitable Compensation	443,748	491,202	(47,454)	-9.66%
405 Church Extension & Development	415,752	441,067	(25,315)	-5.74%
406 Virginia Education Fund	828,014	873,537	(45,523)	-5.21%
Subtotal	8,367,769	8,617,240	(249,471)	-2.90%
<i>Clergy Benefit Apportionments</i>				
407 Active Clergy Health Benefits	8,430,599	8,102,812	327,787	4.05%
408 Retired Clergy Health & Pensions	5,260,625	5,104,444	156,181	3.06%
409 Pension Liability Assessment-Pre 82	1,842,901	1,246,106	596,795	47.89%
Subtotal	15,534,125	14,453,362	1,080,763	7.48%
<i>General & Jurisdictional Apportionments</i>				
410 Episcopal	776,339	791,996	(15,657)	-1.98%
411 World Service	2,606,642	2,653,242	(46,600)	-1.76%
412 General Connectional	397,988	440,391	(42,403)	-9.63%
413 Ministerial Education	833,950	870,688	(36,738)	-4.22%
414 Black College	336,779	355,024	(18,245)	-5.14%
415 Africa University	77,396	81,909	(4,513)	-5.51%
416 Interdenominational Coop.	66,189	70,429	(4,240)	-6.02%
Subtotal	5,095,283	5,263,679	(168,396)	-3.20%
Total Apportioned Funds	28,997,177	28,334,281	662,896	2.34%
Non-Apportionment Receipts				
Advance Specials				
GBGM	813,944	1,183,527	(369,583)	-31.23%
Va. Conference Advance Specials	99,953	108,477	(8,524)	-7.86%
Special Days				
Human Relations	11,363	11,931	(568)	-4.76%
One Great Hour of Sharing	125,751	103,448	22,303	21.56%
Native American Ministries	17,224	20,284	(3,060)	-15.09%
Peace with Justice	10,052	7,650	2,402	31.40%
World Communion	26,890	29,250	(2,360)	-8.07%
UM Student	8,748	11,882	(3,134)	-26.38%
Other Funds				
Christian Education Fund	1,599	2,831	(1,232)	-43.52%
Youth Service	5,328	11,262	(5,934)	-52.69%
Samaritan Fund - VA Homes	32,235	37,021	(4,786)	-12.93%
UMFS	62,922	66,597	(3,675)	-5.52%
Comm. on Disab.\Camp Rainbow	47,350	4,354	42,996	987.51%
Annual Conference Offering	182,727	197,442	(14,715)	-7.45%
Imagine No Malaria	215,064	-	215,064	
Other	93,087	135,389	(42,302)	-31.24%
Total Non-Apportioned Funds	1,754,237	1,931,345	(177,108)	-9.17%
Total Church Receipts	30,751,414	30,265,626	485,788	1.61%

Virginia Annual Conference of the United Methodist Church

Statement of Changes in Unrestricted Conference Reserves

For the Year Ending December 31, 2014

Income directly attributed to Conference Reserves:

Net gain on investments held at the Foundation	114,764
Net gain on investments held at Wespath	14,004
Dividends and interest	46,807
Miscellaneous income	498
Total Income	176,073

Expenses directly attributed to Conference Reserves:

Net funding for non-budgeted items	74,207
Bank service charges	1,787
Total Expenses	75,994

Income Over/(Under) Expenses	100,079
-------------------------------------	----------------

Apportionment Closeouts:

401 - Conference Mission and Ministries	140,261
402 - Conference Services	87,677
403 - District Superintendents' Fund	55,299
404 - Equitable Compensation Fund	116,960

Total Apportionment Closeouts	400,197
--------------------------------------	----------------

Net increase/(decrease) in Conference Reserves	500,276
---	----------------

Beginning balance	1,524,769
--------------------------	------------------

Ending Balance	2,025,045
-----------------------	------------------



401 - Conference Mission & Ministry Financial Summary

12/31/2014

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
3500	Conference Benevolence Grants	189,416	-	-	189,416	189,416	-	-	-	-
5000	Emerging Funds	103,037	(26,948)	153,474	229,563	221,392	8,171	-	40,586	48,757
3700	New Church Start Salary Supp.	388,395	-	-	388,395	296,995	91,400	(91,400)	-	-
3600	Campus Ministry	789,439	-	-	789,439	796,702	(7,263)	7,263	-	-
Sch 1	Program & Board Administrative	1,614,661	(152,150)	6,103	1,468,614	1,412,490	56,124	(56,124)	-	-
		3,084,948	(179,098)	159,577	3,065,427	2,916,995	148,432	(140,261)	40,586	48,757

Schedule 1 - Program & Board Administrative

3100	Common Table	4,936	-	-	4,936	3,797	1,139	(1,139)	-	-
Sch 2	Departmental Administration	62,932	18,000	-	80,932	69,318	11,614	(11,614)	-	-
Sch 3	Board & Agency Administration	103,345	-	-	103,345	61,962	41,383	(41,383)	-	-
3000	Personnel Costs - Common Table	1,230,587	28,212	250	1,259,049	1,269,304	(10,255)	10,255	-	-
3210	CT Information Technologies	28,690	(28,690)	-	-	-	-	-	-	-
3200	Video Production	4,936	-	5,853	10,789	7,259	3,530	(3,530)	-	-
3220	Common Table Rent	160,109	(160,109)	-	-	-	-	-	-	-
3230	CT Postage, Printing & Phone	9,563	(9,563)	-	-	-	-	-	-	-
3090	CT Contingencies	9,563	-	-	9,563	850	8,713	(8,713)	-	-
		1,614,661	(152,150)	6,103	1,468,614	1,412,490	56,124	(56,124)	-	-

Supporting Schedule 2 - Departmental Administration

3010	Connectional Ministries Office	9,255	-	-	9,255	7,350	1,905	(1,905)	-	-
3020	Communications Office	8,329	18,000	-	26,329	24,193	2,136	(2,136)	-	-
3030	Congregational Excel	11,106	-	-	11,106	11,324	(218)	218	-	-
3040	Higher Ed & YYA Office	11,414	-	-	11,414	11,941	(527)	527	-	-
3050	Inclusivity and Lay Ldrshp Exc	10,180	-	-	10,180	4,549	5,631	(5,631)	-	-
3060	Justice and Missional Excel	12,648	-	-	12,648	9,961	2,687	(2,687)	-	-
		62,932	18,000	-	80,932	69,318	11,614	(11,614)	-	-

Supporting Schedule 3 - Board & Agency Administration

3105	Board of Church & Society	4,319	-	-	4,319	4,333	(14)	14	-	-
3110	Board of Global Ministries	16,350	-	-	16,350	6,152	10,198	(10,198)	-	-
3115	Board of Communications	4,936	-	-	4,936	6,489	(1,553)	1,553	-	-
3120	Board of Higher Education	6,170	-	-	6,170	2,436	3,734	(3,734)	-	-
3125	Board of Discipleship	15,733	-	-	15,733	9,844	5,889	(5,889)	-	-
3130	Church Development Team	2,776	-	-	2,776	1,746	1,030	(1,030)	-	-
3135	Board of Laity	9,872	-	-	9,872	7,308	2,564	(2,564)	-	-
3140	CEMCA	4,319	-	-	4,319	1,234	3,085	(3,085)	-	-
3145	COSROW	2,468	-	-	2,468	527	1,941	(1,941)	-	-
3150	Commission on Disabilities	2,468	-	-	2,468	1,394	1,074	(1,074)	-	-
3160	Committee on Mission Personnel	33,934	-	-	33,934	20,499	13,435	(13,435)	-	-
		103,345	-	-	103,345	61,962	41,383	(41,383)	-	-



402 - Conference Services Financial Summary

December 31, 2014

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) to Conference	Closeout Conference Reserves	Beginning Balance	Ending Balance
Funds that Close to Reserves:										
2100	Treasurer's Office	367,500	25,000	47,204	439,704	449,663	(9,959)	9,959	-	-
2110	Computer Services	79,364	28,690	41	108,095	97,357	10,738	(10,738)	-	-
2120	Annual Conference Session	198,494	-	3,565	202,059	236,175	(34,116)	34,116	-	-
2130	Conference Publications Cmte	7,414	-	1,234	8,648	15,025	(6,377)	6,377	-	-
2140	Council on Finance & Admin	6,403	-	-	6,403	3,687	2,716	(2,716)	-	-
2150	Board of Trustees	2,022	-	-	2,022	886	1,136	(1,136)	-	-
2160	Committee on Episcopacy	2,022	-	-	2,022	2,443	(421)	421	-	-
2170	Historical Society	7,920	(2,200)	-	5,720	3,461	2,259	(2,259)	-	-
2180	Assistant to Bishop	76,499	-	-	76,499	82,860	(6,361)	6,361	-	-
2190	Cabinet Discretionary Fund	19,883	-	-	19,883	4,481	15,402	(15,402)	-	-
2200	Pastor Relocation Transition	16,850	-	-	16,850	4,953	11,897	(11,897)	-	-
2210	Episcopal Residence	-	-	10,000	10,000	16,325	(6,325)	6,325	-	-
2220	Episcopal Budget Support	26,286	-	-	26,286	26,500	(214)	214	-	-
2230	Conference Liability Insurance	24,770	-	-	24,770	13,495	11,275	(11,275)	-	-
2290	Contingencies	9,942	-	28,286	38,228	7,100	31,128	(31,128)	-	-
2300	BOM Personnel Costs	163,783	-	-	163,783	145,179	18,604	(18,604)	-	-
2310	Clergy Excellence Admin.	14,828	-	-	14,828	9,077	5,751	(5,751)	-	-
2320	Board of Ordained Ministry	74,477	-	-	74,477	55,500	18,977	(18,977)	-	-
2330	BOM - Ministerial Support	36,565	-	4,260	40,825	29,281	11,544	(11,544)	-	-
2400	Postage, Printing & Phone	39,598	9,563	12,800	61,961	71,039	(9,078)	9,078	-	-
2450	Mortgage Debt Service	302,628	(302,628)	-	-	-	-	-	-	-
4501	Episcopal Residence Construct.	99,247	-	-	99,247	-	99,247	(19,101)	(80,146)	-
		1,576,495	(241,575)	107,390	1,442,310	1,274,487	167,823	(87,677)	(80,146)	-
CFA Designated Funds with Carryover Balances:										
4000	United Methodist Center	22,748	160,109	115,682	298,539	272,669	25,870	-	91,586	117,456
4010	Building Maintenance Fund	-	-	-	-	-	-	-	150,000	150,000
4020	Wesley Foundation Inc.	49,539	24,000	-	73,539	57,161	16,378	-	22,414	38,792
4030	Legal Expenses	19,883	-	-	19,883	30,943	(11,060)	-	152,881	141,821
4040	Conference Auto Allowance	8,931	-	-	8,931	1,090	7,841	-	10,503	18,344
4060	Employee Moving Fund	-	-	-	-	2,006	(2,006)	-	8,563	6,557
4070	Archives	7,414	1,200	50	8,664	13,857	(5,193)	-	1,287	(3,906)
4080	Sustentation Fund	-	-	-	-	-	-	-	19,000	19,000
		108,515	185,309	115,732	409,556	377,726	31,830	-	456,234	488,064



CFA Designated Funds with Carryover Balances

Financial Summary

December 31, 2014

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
CFA										
4000	United Methodist Center	22,748	160,109	115,685	298,542	272,669	25,873	-	91,585	117,458
4010	Building Maintenance Fund	-	-	-	-	-	-	-	150,000	150,000
4020	Wesley Foundation Inc.	49,539	24,000	-	73,539	57,161	16,378	-	22,414	38,792
4030	Legal Expenses	19,883	-	-	19,883	30,943	(11,060)	-	152,881	141,821
4040	Conference Auto Allowance	8,931	-	-	8,931	1,090	7,841	-	10,503	18,344
4060	Employee Moving Fund	-	-	-	-	2,006	(2,006)	-	8,563	6,557
4070	Archives	7,414	1,200	50	8,664	13,857	(5,193)	-	1,287	(3,906)
4080	Sustentation Fund	-	-	-	-	-	-	-	19,000	19,000
4090	Va Clergy Leadership Program	-	-	-	-	-	-	-	-	-
		108,515	185,309	115,735	409,559	377,726	31,833	-	456,233	488,066
Common Table										
6050	Common Table Grants	-	-	95,291	95,291	115,550	(20,259)	-	75,866	55,607
6100	Advocate Publication	-	-	79,803	79,803	105,400	(25,597)	-	277,780	252,183
6200	Lay Servant Ministries	-	-	21,494	21,494	20,975	519	-	7,096	7,615
6210	Board of Laity Special Project	-	-	7,612	7,612	8,804	(1,192)	-	7,458	6,266
6220	CommonTable Youth Contingency	-	-	6,521	6,521	2,353	4,168	-	-	4,168
6230	Camp Rainbow	-	2,225	95,882	98,107	106,235	(8,128)	-	36,368	28,240
6240	Commission on Disabilities	-	(2,225)	6,764	4,539	5,000	(461)	-	14,974	14,513
6310	UMVIM	-	-	15,602	15,602	5,969	9,633	-	3,834	13,467
6311	UMVIM - Haiti	-	-	18,313	18,313	6,500	11,813	-	-	11,813
6340	Mental Health Conference	-	-	-	-	-	-	-	1,233	1,233
6400	All God's Children Camp	-	-	102,946	102,946	103,564	(618)	-	101,660	101,042
6420	Safe Sanctuaries Training	-	-	-	-	-	-	-	2,333	2,333
6440	Church Staff Retreat	-	-	-	-	-	-	-	6,613	6,613
6505	Five Talent Academy - Events	-	2,000	22,918	24,918	29,525	(4,607)	-	19,190	14,583
6560	CDT Training Events	-	27,365	27,731	55,096	58,527	(3,431)	-	3,432	1
6565	Small Church Pastors	-	798	-	798	773	25	-	-	25
6570	Mid-Size Church Lead Pastors	-	2,432	865	3,297	3,210	87	-	-	87
6580	Large Church Lead Pastors	-	(290)	1,627	1,337	2,538	(1,201)	-	-	(1,201)
		-	32,305	503,369	535,674	574,923	(39,249)	-	557,837	518,588
Board of Ordained Ministry										
4610	Welcome Dinner at A.C.	-	2,000	503	2,503	3,031	(528)	-	6,387	5,859
4620	Order of Deacons	-	-	3,042	3,042	2,165	877	-	770	1,647
4630	Local Pastor's Retreat/Lunch	-	-	3,000	3,000	2,375	625	-	131	756
4640	Order of Elders	-	-	-	-	-	-	-	9,277	9,277
4650	Spouse Retreat	-	-	3,295	3,295	3,051	244	-	1,046	1,290
4660	Seminary Scholarships	-	-	28,165	28,165	28,365	(200)	-	-	(200)
4670	Large Church Lead Pastors	-	290	5,163	5,453	5,944	(491)	-	491	-
4680	Mid-Size Church Lead Pastors	-	(2,432)	1,651	(781)	2,064	(2,845)	-	2,845	-
4690	BOM Lunches	-	-	3,758	3,758	4,995	(1,237)	-	1,799	562
4700	Pell Fund - Josephus Daniels	-	-	60,000	60,000	60,000	-	-	-	-
4710	Calling 21	-	5,000	38,871	43,871	26,669	17,202	-	15,164	32,366
4720	Small Church Leadership Init.	-	(798)	-	(798)	-	(798)	-	798	-
4730	AC Clergy Spouses Luncheon	-	-	1,232	1,232	1,423	(191)	-	3,080	2,889
4740	Ministers' Convocation	-	-	38,097	38,097	34,578	3,519	-	67,435	70,954
4750	Vocation Care Event	-	-	-	-	149	(149)	-	567	418
4760	Exploration	-	-	-	-	-	-	-	608	608
4770	Peer Learning Groups	-	-	-	-	2,392	(2,392)	-	2,392	-
4780	Cross Culture/Cross Racial	-	-	-	-	70	(70)	-	2,893	2,823
4790	VA Clergy Leadership Program	-	122,000	10,000	132,000	47,086	84,914	-	13,853	98,767
4800	Candidacy Summitt	-	5,627	2,745	8,372	9,144	(772)	-	1,554	782
4810	Extension Ministry	-	-	712	712	948	(236)	-	236	-
4820	Licensing School	-	17,202	8,876	26,078	26,078	-	-	-	-
		-	148,889	209,110	357,999	260,527	97,472	-	131,326	228,798
Total										
		108,515	366,503	828,214	1,303,232	1,213,176	90,056	-	1,145,396	1,235,452



Donor Designated and Miscellaneous Funds Financial Summary

December 31, 2014

Project #	Project Name	Apportion- ment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
Property & Equipment										
2160	Committee on Episcopacy	-	-	-	-	-	-	-	-	-
4500	Property & Equipment Fund	-	207	-	207	142,518	(142,311)	-	4,607,438	4,465,127
4501	Episcopal Residence Construct.	99,247	-	-	99,247	-	99,247	(19,101)	(80,146)	-
4503	Intra-Conference Debt	-	302,628	-	302,628	-	302,628	-	(1,550,777)	(1,248,149)
		99,247	302,835	-	402,082	142,518	259,564	(19,101)	2,976,515	3,216,978
Church Extension Fund										
6500	Church Extension Fund	270,223	(140,577)	45,187	174,833	323,501	(148,668)	-	2,825,519	2,676,851
		270,223	(140,577)	45,187	174,833	323,501	(148,668)	-	2,825,519	2,676,851
Donor restricted										
4600	Ministerial Education Funds	208,488	-	700	209,188	159,172	50,016	-	450,079	500,095
8000	All Things New	-	(43,000)	225,671	182,671	89,303	93,368	-	930,699	1,024,067
8010	Discipleship Circles	-	18,000	-	18,000	6,467	11,533	-	-	11,533
8050	Francis Asbury Education Funds	-	-	49,380	49,380	3,637	45,743	-	748,943	794,686
8100	Initiatives of Hope	-	-	4,163	4,163	2,518	1,645	-	19,187	20,832
8110	IOH - Mozambique	-	-	22,891	22,891	33,198	(10,307)	-	59,029	48,722
8111	IOH - Brazil	-	-	13,735	13,735	-	13,735	-	9,960	23,695
8114	IOH - Cambodia	-	-	47,199	47,199	44,000	3,199	-	4,406	7,605
8120	Russian Initiative	-	-	125	125	-	125	-	9,152	9,277
8150	Imagine No Malaria	-	-	333,666	333,666	297,603	36,063	-	-	36,063
8200	Bishops' Fund	-	(7,000)	5,000	(2,000)	1,021	(3,021)	-	8,517	5,496
8305	Disaster Relief Fund	-	(852)	6,513	5,661	22,969	(17,308)	-	24,141	6,833
8310	Youth Service Fund	-	-	12,378	12,378	6,374	6,004	-	5,644	11,648
8315	Peace with Justice	-	-	5,041	5,041	8,600	(3,559)	-	18,057	14,498
8320	Native American Awareness Sun.	-	-	8,642	8,642	-	8,642	-	4,915	13,557
8325	Christian Education Special Fd	-	-	799	799	2,240	(1,441)	-	21,471	20,030
8330	Merit Awards	-	-	-	-	-	-	-	325	325
8400	Treasurer's Discretion	-	-	-	-	-	-	-	2,500	2,500
		208,488	(32,852)	735,903	911,539	677,102	234,437	-	2,317,025	2,551,462
Miscellaneous Connectional Funds										
8510	Heritage	-	1,000	424	1,424	1,045	379	-	5,975	6,354
8520	Scouting Camporee	-	-	-	-	-	-	-	8,939	8,939
8530	Voices of Youth	-	-	21,650	21,650	27,340	(5,690)	-	13,279	7,589
8540	ARMS	-	-	9,620	9,620	5,502	4,118	-	15,769	19,887
8550	AEI	-	-	43,413	43,413	43,413	-	-	-	-
8555	Acad. for Spiritual Formation	-	-	6,876	6,876	5,000	1,876	-	-	1,876
8560	Caretakers of God's Creation	-	-	1,420	1,420	-	1,420	-	2,393	3,813
8565	Bishop's Convocation - Prayer	-	-	7,703	7,703	4,023	3,680	-	-	3,680
8575	Social Committee	-	-	362	362	180	182	-	427	609
8580	Cabinet Dues	-	-	1,085	1,085	2,277	(1,192)	-	1,652	460
		-	1,000	92,553	93,553	88,780	4,773	-	48,434	53,207
Total Donor Restricted and Miscellaneous		208,488	(31,852)	828,456	1,005,092	765,882	239,210	-	2,365,459	2,604,669

L.P. MARTIN & COMPANY

1

MEMBERS
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
4132 INNSLAKE DRIVE
GLEN ALLEN, VIRGINIA 23060

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

LEE P. MARTIN, JR., C.P.A.
WILLIAM L. GRAHAM, C.P.A.
BERNARD G. KINZIE, C.P.A.
W. BARCLAY BRADSHAW, C.P.A.

PHONE: (804) 346-2626
FAX: (804) 346-9311

ROBERT C. JOHNSON, C.P.A.
LEE P. MARTIN, C.P.A. (1948-76)

Independent Auditor's Report

To the Council on Finance and Administration
The Central Treasury of The Virginia Annual
Conference of The United Methodist Church

Report on the Financial Statements

We have audited the accompanying financial statements of The Central Treasury of The Virginia Annual Conference of The United Methodist Church, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Central Treasury of The Virginia Annual Conference of The United Methodist Church as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

L. P. Martin & Company, P.C.

Glen Allen, Virginia
June 12, 2015

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 777,103	\$ 3,443,438	\$ 4,220,541
Investments	-	3,090,511	3,090,511
<u>ACCOUNTS RECEIVABLE:</u>			
Churches of the Conference	-	2,704,121	2,704,121
Other	-	47,141	47,141
TOTAL ACCOUNTS RECEIVABLE	-	2,751,262	2,751,262
Notes and Loans Receivable	-	966,356	966,356
Prepaid Expenses	-	26,657	26,657
<u>PROPERTY AND EQUIPMENT:</u>			
<u>United Methodist Office Building:</u>			
Land and Improvements	683,019	-	683,019
Building	4,399,475	-	4,399,475
Furniture, Fixtures and Equipment	734,484	-	734,484
Episcopal Residence	551,499	-	551,499
	6,368,477	-	6,368,477
Less Accumulated Depreciation	(1,903,557)	-	(1,903,557)
NET PROPERTY AND EQUIPMENT	4,464,920	-	4,464,920
TOTAL ASSETS	\$ 5,242,023	\$ 10,278,224	\$ 15,520,247

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>LIABILITIES:</u>			
Fund Receipts Payable to Beneficiary Organizations and Other	\$ -	\$ 3,623,459	\$ 3,623,459
Prepaid Subscriptions and Registration	-	89,036	89,036
 TOTAL LIABILITIES	 -	 3,712,495	 3,712,495
<u>NET ASSETS:</u>			
<u>Unrestricted:</u>			
General Operating Fund	777,103	-	777,103
Property and Equipment Fund	4,464,920	-	4,464,920
<u>Temporarily Restricted:</u>			
Funds of Boards and Agencies	-	6,565,729	6,565,729
 TOTAL NET ASSETS	 5,242,023	 6,565,729	 11,807,752
 TOTAL LIABILITIES AND NET ASSETS	 \$ 5,242,023	 \$ 10,278,224	 \$ 15,520,247

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ (106,453)	\$ 2,508,348	\$ 2,401,895
Investments	-	3,576,435	3,576,435
<u>ACCOUNTS RECEIVABLE:</u>			
Churches of the Conference	-	2,703,194	2,703,194
Other	-	27,849	27,849
TOTAL ACCOUNTS RECEIVABLE	-	2,731,043	2,731,043
Notes and Loans Receivable	-	1,027,874	1,027,874
Prepaid Expenses	-	24,758	24,758
<u>PROPERTY AND EQUIPMENT:</u>			
<u>United Methodist Office Building:</u>			
Land and Improvements	683,019	-	683,019
Building	4,399,475	-	4,399,475
Furniture, Fixtures and Equipment	732,081	-	732,081
Episcopal Residence	551,499	-	551,499
	6,366,074	-	6,366,074
Less Accumulated Depreciation	(1,758,636)	-	(1,758,636)
NET PROPERTY AND EQUIPMENT	4,607,438	-	4,607,438
 TOTAL ASSETS	 \$ 4,500,985	 \$ 9,868,458	 \$ 14,369,443

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>LIABILITIES:</u>			
Fund Receipts Payable to Beneficiary Organizations and Other	\$ -	\$ 3,406,219	\$ 3,406,219
Prepaid Subscriptions and Registration	-	85,769	85,769
 TOTAL LIABILITIES	 -	 3,491,988	 3,491,988
<u>NET ASSETS:</u>			
<u>Unrestricted:</u>			
General Operating Fund	(106,453)	-	(106,453)
Property and Equipment Fund	4,607,438	-	4,607,438
<u>Temporarily Restricted:</u>			
Funds of Boards and Agencies	-	6,376,470	6,376,470
 TOTAL NET ASSETS	 4,500,985	 6,376,470	 10,877,455
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,500,985	 \$ 9,868,458	 \$ 14,369,443

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	
	<u>General Operating</u>	<u>Property and Equipment</u>	<u>Boards and Agencies</u>	<u>Total</u>
<u>CHURCH REMITTANCES AND SUPPORT:</u>				
Church Remittances	\$ -	\$ -	\$ 30,536,357	\$ 30,536,357
Contributions	-	-	730,839	730,839
Registration Revenue	-	-	348,279	348,279
Subscription Revenue	-	-	49,791	49,791
TOTAL CHURCH REMITTANCES AND SUPPORT	-	-	31,665,266	31,665,266
<u>OTHER REVENUE:</u>				
Investment Income	175,575	-	50,298	225,873
Rents and Other Income	-	-	381,709	381,709
TOTAL CHURCH REMITTANCES, SUPPORT AND REVENUE	175,575	-	32,097,273	32,272,848
<u>NET ASSETS RELEASED FROM RESTRICTIONS:</u>				
Satisfaction of Program Restrictions	31,138,542	-	(31,138,542)	-
<u>EXPENSES:</u>				
<u>Remittances:</u>				
General Church and Southeastern Jurisdiction	5,893,760	-	-	5,893,760
Conference Board of Pensions and Health Benefits	15,534,104	-	-	15,534,104
District	103,954	-	-	103,954
TOTAL REMITTANCE EXPENSES	21,531,818	-	-	21,531,818
<u>Conference Activities:</u>				
Benevolences	1,110,527	-	-	1,110,527
Program Activities	4,928,657	-	-	4,928,657
Scholarships	220,855	-	-	220,855
TOTAL CONFERENCE ACTIVITIES	6,260,039	-	-	6,260,039
Management and General	3,346,685	204,009	-	3,550,694
TOTAL EXPENSES	31,138,542	204,009	-	31,342,551
<u>NET ASSET TRANSFERS:</u>				
Property and Equipment Acquisitions	-	61,491	(61,491)	-
Interfund Appropriations	707,981	-	(707,981)	-
TOTAL NET ASSET TRANSFERS	707,981	61,491	(769,472)	-
CHANGE IN NET ASSETS	883,556	(142,518)	189,259	930,297
NET ASSETS, BEGINNING OF YEAR	(106,453)	4,607,438	6,376,470	10,877,455
NET ASSETS, END OF YEAR	\$ 777,103	\$ 4,464,920	\$ 6,565,729	\$ 11,807,752

The accompanying notes are an integral part of this statement.

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	
	<u>General Operating</u>	<u>Property and Equipment</u>	<u>Boards and Agencies</u>	<u>Total</u>
<u>CHURCH REMITTANCES AND SUPPORT:</u>				
Church Remittances	\$ -	\$ -	\$ 30,075,997	\$ 30,075,997
Contributions	-	-	688,977	688,977
Registration Revenue	-	-	368,155	368,155
Subscription Revenue	-	-	53,209	53,209
TOTAL CHURCH REMITTANCES AND SUPPORT	-	-	31,186,338	31,186,338
<u>OTHER REVENUE:</u>				
Investment Income	201,298	-	98,914	300,212
Rents and Other Income	-	-	372,011	372,011
TOTAL CHURCH REMITTANCES, SUPPORT AND REVENUE	201,298	-	31,657,263	31,858,561
<u>NET ASSETS RELEASED FROM RESTRICTIONS:</u>				
Satisfaction of Program Restrictions	30,658,921	-	(30,658,921)	-
<u>EXPENSES:</u>				
<u>Remittances:</u>				
General Church and Southeastern Jurisdiction	6,449,827	-	-	6,449,827
Conference Board of Pensions and Health Benefits	14,453,363	-	-	14,453,363
District	110,267	-	-	110,267
TOTAL REMITTANCE EXPENSES	21,013,457	-	-	21,013,457
<u>Conference Activities:</u>				
Benevolences	1,262,447	-	-	1,262,447
Program Activities	4,793,614	-	-	4,793,614
Scholarships	272,448	-	-	272,448
TOTAL CONFERENCE ACTIVITIES	6,328,509	-	-	6,328,509
Loss on Disposal of Property and Equipment	-	2,787	-	2,787
Management and General	3,316,955	199,312	-	3,516,267
TOTAL EXPENSES	30,658,921	202,099	-	30,861,020
<u>NET ASSET TRANSFERS:</u>				
Property and Equipment Acquisitions	-	90,919	(90,919)	-
Interfund Appropriations	(1,020,373)	1,848,000	(827,627)	-
TOTAL NET ASSET TRANSFERS	(1,020,373)	1,938,919	(918,546)	-
<u>CHANGE IN NET ASSETS</u>				
NET ASSETS, BEGINNING OF YEAR	(819,075)	1,736,820	79,796	997,541
	712,622	2,870,618	6,296,674	9,879,914
NET ASSETS, END OF YEAR	\$ (106,453)	\$ 4,607,438	\$ 6,376,470	\$ 10,877,455

The accompanying notes are an integral part of this statement.

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING ACTIVITIES:</u>		
Increase in Net Assets	\$ 930,297	\$ 997,541
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	204,009	199,312
Loss on Disposal of Property and Equipment	-	2,787
Net Realized Gain on Investments	(14,004)	(42,538)
Net Unrealized Gain on Investments	(128,967)	(100,092)
Changes in Assets and Liabilities Which Provided (Used) Cash:		
Accounts Receivable	(20,219)	394,936
Prepaid Expenses	(1,899)	26,069
Accounts Payable	<u>220,507</u>	<u>(248,726)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>1,189,724</u>	 <u>1,229,289</u>
 <u>INVESTING ACTIVITIES:</u>		
Collections (Advances) on Notes Receivable, Net	61,518	(105,240)
Purchase of Property and Equipment	(61,491)	(90,919)
Proceeds From Investments, Net	<u>628,895</u>	<u>641,518</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>628,922</u>	 <u>445,359</u>
 <u>FINANCING ACTIVITIES:</u>		
Payments on Notes Payable	<u>-</u>	<u>(1,848,000)</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 1,818,646	 (173,352)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>2,401,895</u>	 <u>2,575,247</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 4,220,541</u>	 <u>\$ 2,401,895</u>

The accompanying notes are an integral part of these statements.

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Central Treasury receives and disburses, in accordance with the actions of the Annual Conference, remittances from local church treasurers for all duly authorized general, jurisdictional, Annual Conference, and district causes. It also implements administrative and fiscal policies and procedures as directed by the Council on Finance and Administration.

The purpose of the Council on Finance and Administration is to develop, maintain and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures and management services for the Annual Conference.

The purpose of the Annual Conference is to coordinate the relationship between the general program boards and commissions and the conference, districts and Virginia United Methodist local churches.

Basis of Presentation - The Central Treasury is required to report information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets include the General Operating and Property and Equipment Funds. The General Operating Fund reflects all resources of the Central Treasury which are expendable at the discretion of the Council on Finance and Administration for any purpose in carrying out the operations of the Conference. The Property and Equipment Fund is used to account for asset additions, disposals and depreciation charges.

Temporarily restricted net assets include the Boards and Agencies Funds. This category includes net assets which are expendable for operating purposes; however, their use has been restricted by the donor (primarily local United Methodist churches) for specific purposes.

The Central Treasury has no permanently restricted net assets as of December 31, 2014 or 2013. This category includes net assets which would be subject to donor-imposed stipulations that they be maintained permanently by the Central Treasury.

Year-end Closing - The Central Treasury closes its books approximately fifteen days subsequent to December 31 each year in order to record final apportionment payments for the year from local churches and pay all expenditures for the Conference year then ended. Cash received and expended after December 31 is shown on the statements of financial position in these statements as accounts receivable and fund receipts payable.

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
(Continued)

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recognition of Contributions - Contributions are recognized when the donor makes a promise to give to the Central Treasury that is, in substance, unconditional. Contributions recognized are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Valuation of Investments and Income Recognition - Investments are stated at fair value. Listed stocks and securities are valued at closing quotations, while unlisted securities are valued at the most recent bid price. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses are recognized in the period in which they occur. Interest and dividends are recognized in the period earned, and realized gains or losses on securities are recorded in the period of sale.

Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Property and Equipment - Property and equipment is stated at cost, or the estimated fair value at the date of contribution. Expenditures for maintenance, repairs and minor renewals are expensed when incurred. Depreciation is recorded using the straight-line method.

The Central Treasury reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Central Treasury to conclude that impairment indicators exist and that long-lived assets may be impaired. To date, no impairment losses have been recorded.

Income Taxes - The Conference is a not-for-profit organization and is exempt from federal and state income taxes.

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
(Continued)

Contributed Materials and Services - During the two years presented, the value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not contributed was not material to the financial statements and has not been recognized.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Central Treasury considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. As of December 31, 2014, the Central Treasury has \$1,069,249 of money market accounts with the Virginia United Methodist Development Company, LLC, an affiliate of the Central Treasury.

NOTE 2 - INVESTMENTS

Cost and fair value of investments as of December 31, 2014 and 2013 are summarized as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 2,512,186	\$ 3,090,511	\$ 2,967,919	\$ 3,451,394
Money Market Funds	-	-	125,041	125,041
	<u>\$ 2,512,186</u>	<u>\$ 3,090,511</u>	<u>\$ 3,092,960</u>	<u>\$ 3,576,435</u>

Investments in the amounts of \$3,090,511 and \$2,974,781 were managed by the United Methodist Foundation of the Virginia Conference, Inc. (the Foundation), an affiliate of the Central Treasury, as of December 31, 2014 and 2013, respectively. The General Board of Pension and Health Benefits of the United Methodist Church, through its investment arm Wespeth Investment Management, was the custodian of investments in the amount of \$601,654 as of December 31, 2013.

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 2 - INVESTMENTS, (Continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2014 and 2013:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<u>December 31, 2014</u>			
Interest and Dividends	\$ 32,604	\$ 50,298	\$ 82,902
Realized Gain on Investments	14,004	-	14,004
Unrealized Gain on Investments	<u>128,967</u>	<u>-</u>	<u>128,967</u>
 Total Investment Return	 <u>\$ 175,575</u>	 <u>\$ 50,298</u>	 <u>\$ 225,873</u>
 <u>December 31, 2013</u>	 <u>Unrestricted</u>	 Temporarily <u>Restricted</u>	 <u>Total</u>
Interest and Dividends	\$ 58,668	\$ 98,914	\$ 157,582
Realized Gain on Investments	42,538	-	42,538
Unrealized Gain on Investments	<u>100,092</u>	<u>-</u>	<u>100,092</u>
 Total Investment Return	 <u>\$ 201,298</u>	 <u>\$ 98,914</u>	 <u>\$ 300,212</u>

NOTE 3 - CHARITABLE GIFT ANNUITY

During 2002 the United Methodist Foundation of the Virginia Conference, Inc. (the Foundation) entered into a charitable gift annuity agreement on behalf of the Conference. The asset associated with this annuity is included in the investments of the Central Treasury as presented in the financial statements. Quarterly payments of \$2,525 are to be paid to the donor until his death. Upon termination, the remaining value of the gift annuity is to be distributed to the Conference and designated for the cost to construct the Archives Room of the United Methodist Building.

At December 31, 2014 and 2013, the net asset balance included in the Funds of Boards and Agencies temporarily restricted net assets in connection with this gift annuity agreement amounts to \$0.

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 - NOTES AND LOANS RECEIVABLE

Notes and loans receivable as of December 31, 2014 and 2013, are comprised of the following:

	<u>2014</u>	<u>2013</u>
Districts and Churches of the Conference	\$ 174,928	\$ 281,188
Francis Asbury Educational Loans	<u>791,428</u>	<u>746,686</u>
 TOTAL	 <u>\$ 966,356</u>	 <u>\$ 1,027,874</u>

The Church Development Team of the Conference makes loans to districts and churches of the Conference for acquisitions and improvements. A loan in the amount of \$174,928 is due from the Charlottesville District as of December 31, 2014 and 2013, respectively. This loan is non-interest bearing and there is no set maturity date. A loan was due from a local United Methodist Church as of December 31, 2013 in the amount of \$106,260. This loan was sold to the Virginia United Methodist Development Company, LLC during 2014 at face value. This loan bore interest at 4.0% per annum. Loan disbursements have been paid from the Church Development Team Church Extension and Development Fund.

Francis Asbury Educational Loans are made from funds given in memory of Francis Asbury. Use of these loans is restricted to assisting qualified United Methodist students in obtaining a higher education. Loan terms require payment of principal and interest (at 4%) within six years of graduation or withdrawal.

The Central Treasury provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the borrower. No allowance for doubtful collections is deemed necessary as of December 31, 2014 and 2013.

As of December 31, 2014 and 2013, the Central Treasury had received written intentions to give in the approximate amount of \$541,000 and \$782,000, respectively, in connection with the All Things New church development program. The intentions to give are not reflected in the accompanying financial statements.

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5 - CAMPUS MINISTRY BUILDINGS

The Conference is responsible to provide insurance coverage on eight Wesley Foundation campus ministry buildings located throughout the Conference territory. As of December 31, 2014, the insured value for these eight buildings approximates \$8,521,000. These buildings are owned by various Wesley Foundations. Accordingly, the value of these properties is not reflected in the accompanying statements of financial position.

NOTE 6 - CAMP OVERLOOK

As of December 31, 2014 and 2013, the title to the property known as Camp Overlook located in Rockingham County, Virginia is held by the Board of Trustees of the Virginia Annual Conference. The title dated March 12, 1973 is held for the benefit of those districts of the United Methodist Church which include the Virginia counties of Frederick, Warren, Page, Shenandoah, Rockingham and Augusta. Accordingly, the value of this property is not reflected in the accompanying statements of financial position.

NOTE 7 - NOTES PAYABLE

Effective April 1, 2012, the Central Treasury refinanced both of its outstanding loan agreements and consolidated them into one loan in the principal amount of \$2,016,000. The note payable was due in fixed monthly installments of principal of \$21,000 to the year 2020, and bore interest at the rate of 3.25%. The note was secured by a deed of trust on the Virginia United Methodist office building as well as a security interest in all deposits and investments maintained by the Central Treasury with the lender institution. In connection with the April 1, 2012 refinancing, an early termination loan fee was incurred by the Central Treasury in the amount of \$148,905. The outstanding balance of the note payable was paid in full during 2013.

Interest paid and expensed for the year ended December 31, 2013 was \$28,527.

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 8 - RETIREMENT PLANS

Ministerial and lay employees of the Conference are eligible to participate in pension plans offered by the United Methodist Church. U.S. bishops, conference members, and local pastors under Episcopal appointment are eligible for pension coverage under the Clergy Retirement Security Program (CRSP), formerly the Ministerial Pension Plan (MPP).

In addition to the CRSP, certain ministerial employees are provided disability and death benefits as well as certain minimum benefits related to pension coverage through participation in the Comprehensive Protection Plan (CPP).

CRSP and CPP are defined contribution plans which currently encourage a three percent employee contribution and call for a 16.4 percent employer contribution (12 percent for CRSP and 4.4 percent for CPP). The contribution is limited to approximately the first \$65,200 of employee wages. CRSP and CPP pension expense for the Central Treasury amounted to approximately \$372,000 and \$314,000 for the years ended December 31, 2014 and 2013, respectively.

Conference lay employees are eligible for pension coverage under the United Methodist Personal Investment Plan (UMPIP), formerly the Cumulative Pension and Benefit Fund (CPBF). UMPIP is a defined contribution plan which currently calls for a three percent employee contribution and a nine percent employer contribution. UMPIP pension expense for the Central Treasury amounted to approximately \$97,000 and \$106,000 for the years ended December 31, 2014 and 2013, respectively.

The General Board of Pension and Health Benefits of the United Methodist Church, as a matter of its own policy, has changed certain retirement plan provisions from guaranteed to market-based yield agreements, and vice versa. This change in policy may have a direct effect on the Conference's benefit obligation including the obligation in connection with Supplement One to the Clergy Retirement Security Program, commonly referred to as the Pre-82 Pension Plan, and it could eventually result in the Conference's assumption of greater future benefits and related necessary increases in retirement contribution levels, which may result in a material adverse effect on the financial position of the Conference. These factors create some uncertainty about the Conference's ability to continue to fund current operations. The accompanying financial statements do not include any adjustments related to these contingencies.

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 - COMMITMENTS

At December 31, 2014, the Church Development Team of the Conference has committed grants to churches for approximately \$416,000 in connection with the Church Development Team Church Extension and Development Fund.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Central Treasury to concentrations of credit risk consist primarily of investments and cash and cash equivalents. The Central Treasury places its investments and its cash and cash equivalents with creditworthy institutions and diversifies its holdings among entities, thereby limiting the amount of credit exposure to any one entity. As of December 31, 2014, the Central Treasury has \$2,917,944 of cash deposits in excess of federally insured limits being held by a federally insured financial depository institution. As of December 31, 2014, the Central Treasury has \$1,069,249 of money market accounts with the Virginia United Methodist Development Company, LLC, all of which is uninsured.

The investments of the Central Treasury, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. In addition, due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 11 - CONTINGENCIES

The Conference, from time to time, is a defendant in civil actions. The Conference intends to vigorously defend the claims asserted against it by all claimants. Management believes that any ultimate liability arising from these actions should not have a material adverse effect on the financial position of the Conference. Due to uncertainties in the settlement process, it is at least reasonably possible that management's estimate of any ultimate liability will change within the near term.

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Central Treasury's investments are reported at fair value in the accompanying statements of financial position.

	Fair Value Measurements at Reporting Date Using:	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	
	<u>Fair Value</u>	<u>(Level 1)</u>
<u>December 31, 2014</u>		
Equity Funds	\$ 1,883,663	\$ 1,883,663
Bond Funds	<u>1,206,848</u>	<u>1,206,848</u>
Total	<u>\$ 3,090,511</u>	<u>\$ 3,090,511</u>
	<u>Fair Value</u>	<u>(Level 1)</u>
<u>December 31, 2013</u>		
Equity Funds	\$ 1,852,841	\$ 1,852,841
Bond Funds	1,598,553	1,598,553
Money Market Funds	<u>125,041</u>	<u>125,041</u>
Total	<u>\$ 3,576,435</u>	<u>\$ 3,576,435</u>

(Continued)

THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS, (Continued)

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Central Treasury uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, The Central Treasury measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements

The fair values of equity funds, bond funds and money market funds are based on quoted market prices.

NOTE 13 - GENERAL OPERATING FUND

At December 31, 2014 and 2013, the components of the General Operating Fund are as follows:

	<u>2014</u>	<u>2013</u>
Council on Finance and Administration Reserve Fund	\$ 2,025,252	\$ 1,524,469
Intra-Conference Debt Fund Deficit	(1,248,149)	(1,550,776)
Episcopal Residence Construction Fund Deficit	<u>-</u>	<u>(80,146)</u>
TOTAL	<u>\$ 777,103</u>	<u>\$ (106,453)</u>

NOTE 14 - SUBSEQUENT EVENTS

The preparation of the financial statements includes an evaluation of subsequent events through June 12, 2015, which is the date that the financial statements were available to be issued.