

## VIII. ACCOUNTANTS' REPORTS AND FINANCIAL STATEMENTS

JANUARY 1, 2015, through DECEMBER 31, 2015

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**Council on Finance and Administration**


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**SECTION I - Summary of Approved Conference Budget for 2017**


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	Sch.	2016	2017	% of Budget	Inc.\(Dec.)	% Chg.
<b>Conference Apportionments</b>						
401 - Conference Mission & Ministries	A	3,323,000	3,250,000	10.15%	(73,000)	-2.23%
402 - Conference Services	B	1,992,000	1,993,000	6.23%	1,000	0.05%
403 - District Superintendents Fund	C	2,055,000	2,055,000	6.41%	-	0.00%
404 - Equitable Compensation		500,000	350,000	1.09%	(150,000)	-30.00%
405 - Church Extension & Development		675,000	675,000	2.11%	-	0.00%
406 - Virginia Education Fund		1,000,000	900,000	2.81%	(100,000)	-10.00%
<b>Total Conference Apportionments</b>		<b>9,545,000</b>	<b>9,223,000</b>	<b>28.80%</b>	<b>(322,000)</b>	<b>-3.43%</b>
<b>Clergy Benefits Apportionments</b>						
407 - Active Clergy Health		9,710,000	9,710,000	30.33%	-	0.00%
408 - Retired Clergy Health		6,060,000	6,060,000	18.93%	-	0.00%
409 - Pension Liability Assessment - Pre 82		1,000,000	1,000,000	3.12%	-	0.00%
<b>Total Clergy Benefit Apportionments</b>		<b>16,770,000</b>	<b>16,770,000</b>	<b>52.38%</b>	<b>-</b>	<b>0.00%</b>
<b>General &amp; Jurisdictional Apportionments</b>						
410 - Episcopal Fund		955,000	900,000	2.81%	(55,000)	-6.11%
411 - World Service		2,955,000	3,035,000	9.48%	80,000	2.67%
412 - General & Jurisdictional Connectional Fund		499,000	482,000	1.51%	(17,000)	-3.49%
413 - Ministerial Education		1,015,000	1,025,000	3.20%	10,000	0.97%
414 - Black College Fund		405,000	410,000	1.28%	5,000	1.22%
415 - Africa University Fund		91,000	92,000	0.29%	1,000	1.09%
416 - Interdenominational Cooperation Fund		80,000	81,000	0.25%	1,000	1.23%
<b>Total General &amp; Jurisdictional Apportionments</b>		<b>6,000,000</b>	<b>6,025,000</b>	<b>18.82%</b>	<b>25,000</b>	<b>0.42%</b>
<b>Total Apportionments</b>		<b>32,315,000</b>	<b>32,018,000</b>	<b>100.00%</b>	<b>(297,000)</b>	<b>-0.91%</b>

**Schedule A - Apportionment 401 - Conference Mission & Ministries**

	2016	2017	Budget	Inc.\(Dec.)	% Chg.
<b>Conference Benevolence Grants</b>					
1. GraceInside (Chaplain Service of Va.)	125,000	125,000	0.39%	-	0.00%
2. Virginia Council of Churches	66,500	54,000	0.17%	(12,500)	-18.80%
3. Industrial & Commercial Ministries	2,500	1,000	0.00%	(1,500)	-60.00%
4. Disciple Bible Outreach Ministries	1,000	1,000	0.00%	-	0.00%
5. Virginia Interfaith Center	-	4,000	0.01%	4,000	
6. Society of St. Andrew	-	5,000	0.02%	5,000	
	<b>195,000</b>	<b>190,000</b>	<b>0.59%</b>	<b>(5,000)</b>	<b>-2.56%</b>
<b>Special &amp; Sustaining Grants</b>					
	<b>66,000</b>	<b>66,000</b>	<b>0.21%</b>	<b>-</b>	<b>0.00%</b>
<b>Conference Programs</b>					
	<b>90,000</b>	<b>79,000</b>	<b>0.25%</b>	<b>(11,000)</b>	<b>-12.22%</b>
<b>Campus Ministries</b>					
	<b>826,100</b>	<b>826,100</b>	<b>2.58%</b>	<b>-</b>	<b>0.00%</b>
<b>Program &amp; Board Administrative Expenses</b>					
1. Common Table	5,000	3,500	0.01%	(1,500)	-30.00%
2. Departmental Administration (See below)	64,700	56,600	0.17%	(8,100)	-12.52%
3. Agency Administration (See below)	106,900	73,200	0.23%	(33,700)	-31.52%
4. Personnel Costs	1,313,900	1,313,900	4.10%	-	0.00%
5. Information Technologies	29,500	29,500	0.09%	-	0.00%
6. Outsourced Graphic Design Services	33,000	33,000	0.10%	-	0.00%
7. Video Production & Documentation	5,000	5,000	0.02%	-	0.00%
8. Building Operations & Services	165,000	165,000	0.52%	-	0.00%
9. Postage, Printing & Telephone	10,000	10,000	0.03%	-	0.00%
10. Contingency	10,000	10,000	0.03%	-	0.00%
	<b>1,743,000</b>	<b>1,699,700</b>	<b>5.30%</b>	<b>(43,300)</b>	<b>-2.48%</b>
<b>Contingency Funds - Budget Shortfall</b>					
	<b>402,900</b>	<b>389,200</b>	<b>1.22%</b>	<b>(13,700)</b>	<b>-3.40%</b>
	<b>3,323,000</b>	<b>3,250,000</b>	<b>10.15%</b>	<b>(73,000)</b>	<b>-2.20%</b>
<b>Supporting Schedule, Line 2 - Departmental Administration</b>					
1. Connectional Ministries	9,600	7,800	0.02%	(1,800)	-18.75%
2. Communications	8,400	7,300	0.02%	(1,100)	-13.10%
3. Congregational Excellence	11,400	11,000	0.03%	(400)	-3.51%
4. Ministries with Young People	11,800	12,500	0.04%	700	5.93%
5. Inclusivity and Lay Leadership Excellence	10,500	5,000	0.02%	(5,500)	-52.38%
6. Justice and Missional Excellence	13,000	13,000	0.04%	-	0.00%
	<b>64,700</b>	<b>56,600</b>	<b>0.17%</b>	<b>(8,100)</b>	<b>-12.52%</b>
<b>Supporting Schedule, Line 3 - Agency Administration</b>					
1. Church & Society	8,900	6,000	0.02%	(2,900)	-32.58%
2. Discipleship	15,100	8,600	0.03%	(6,500)	-43.05%
3. Missional Ministries	15,900	9,000	0.03%	(6,900)	-43.40%
4. Committee on Mission Personnel	35,000	26,500	0.08%	(8,500)	-24.29%
5. Communications	5,200	6,100	0.02%	900	17.31%
6. Higher Education	5,500	3,000	0.01%	(2,500)	-45.45%
7. Laity	10,200	8,000	0.02%	(2,200)	-21.57%
8. CEMCA	3,700	1,800	0.01%	(1,900)	-51.35%
9. COSROW	2,100	1,000	0.00%	(1,100)	-52.38%
10. Commission on Disabilities	2,500	1,400	0.00%	(1,100)	-44.00%
11. Church Development Team	2,800	1,800	0.01%	(1,000)	-35.71%
	<b>106,900</b>	<b>73,200</b>	<b>0.23%</b>	<b>(33,700)</b>	<b>-31.52%</b>

**Schedule B - Apportionment 402 - Conference Services**

	2016	2017	Budget	Inc.\(Dec.)	% Chg.
1. Board of Ordained Ministry (see below)	381,800	421,800	1.33%	40,000	10.48%
2. Bishop's Assistant	77,000	77,000	0.24%	-	0.00%
3. Annual Conference Session	225,000	243,000	0.76%	18,000	8.00%
4. Mortgage Payments	305,000	305,000	0.95%	-	0.00%
5. Treasurer's Office	365,000	375,000	1.17%	10,000	2.74%
6. Computer Services	80,000	80,000	0.25%	-	0.00%
7. Wesley Foundation Property Maint	100,000	75,000	0.23%	(25,000)	-25.00%
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	2,500	0.01%	(1,000)	-28.57%
12. Historical Society	8,000	8,000	0.02%	-	0.00%
13. Board of Trustees	2,000	1,500	0.00%	(500)	-25.00%
14. Telephone Service	15,000	15,000	0.05%	-	0.00%
15. Insurance	25,000	15,000	0.05%	(10,000)	-40.00%
16. Postage & Printing	25,000	25,000	0.08%	-	0.00%
17. Building Operations & Services	23,000	25,000	0.08%	2,000	8.70%
18. Conference Publications	7,500	7,500	0.02%	-	0.00%
19. Bishop's auto allowance\residence	9,000	3,000	0.01%	(6,000)	-66.67%
20. Contingency Funds for Unforeseen Expenses	25,000	25,000	0.08%	-	0.00%
21. Legal	40,000	30,000	0.09%	(10,000)	-25.00%
22. Episcopal committee	2,000	2,000	0.01%	-	0.00%
23. General Conference	10,000	2,500	0.01%	(7,500)	-75.00%
24. Contingency Funds - Budget Shortfall	210,200	201,200	0.63%	(9,000)	-4.28%
	<b>1,992,000</b>	<b>1,993,000</b>	<b>6.23%</b>	<b>1,000</b>	<b>0.05%</b>

**Board of Ordained Ministry**

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	0.16%	-	0.00%
5. Center for Clergy Excellence	15,000	15,000	0.05%	-	0.00%
6. Personnel Costs	205,000	245,000	0.77%	40,000	19.51%
7. Board of Ordained Ministry Administration	75,000	75,000	0.23%	-	0.00%
	<b>381,800</b>	<b>421,800</b>	<b>1.33%</b>	<b>40,000</b>	<b>10.48%</b>

**Schedule C - Apportionment 403 - District Superintendents Fund**

	2016	2017	Budget	Inc.\(Dec.)	% Chg.
1. Salaries & Pension	1,670,000	1,670,000	5.20%	-	0.00%
2. Travel & Meetings	140,000	140,000	0.44%	-	0.00%
3. Other	25,000	25,000	0.08%	-	0.00%
4. Contingency Funds - Conference Budget Shortfall	220,000	220,000	0.69%	-	0.00%
	<b>2,055,000</b>	<b>2,055,000</b>	<b>6.41%</b>	<b>-</b>	<b>0.00%</b>

**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:

**2017 Virginia Annual Conference Apportionments**

401-Conference Mission & Ministries	3,250,000
402-Conference Services	1,975,000
403-District Superintendents Fund	2,055,000
404-Equitable Compensation	350,000
405-Church Extension & Development	675,000
406-Virginia Education Fund	900,000
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	900,000
411-World Service	3,035,000
412-General & Jurisdictional Connectional Fund	482,000
413-Ministerial Education Fund	1,025,000
414-Black College Fund	410,000
415-Africa University Fund	92,000
416-Interdenominational Cooperation Fund	81,000
	<b>\$ 32,000,000</b>

**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 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 **\$900,000 for 2017**. Based on recommendations of the Common Table, the following percentage distribution of the Fund is proposed for 2017:

**Virginia Education Fund Allocation**

Ferrum College	19.5%	175,500
Randolph-Macon College	18.5%	166,500
Randolph College	16.0%	144,000
Randolph-Macon Academy	10.0%	90,000
Shenandoah University	18.0%	162,000
Virginia Wesleyan College	18.0%	162,000
		<b>\$ 900,000</b>

**Report on 2015**

- 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 2015.

	<b>Shortfall</b>
401 Conference Mission & Ministries	531,901
402 Conference Services	262,116
403 District Superintendents	269,547
404 Equitable Compensation	76,908
	<b>1,140,472</b>

**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. 2017 apportionments are calculated using 2015 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:

**Individual Church Net Paid/Total of all Conference Churches Net Paid = 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, 2016 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 (2015 for 2017 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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%
  - Effective January 1, 2017, for a Renewal church location as determined by the Church Development Team and the Cabinet, the existing chartered church will be treated in the same manner as a newly chartered church.

**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 2017:

- 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.
- 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 2017:

- The District Superintendents’ salaries will stay the same for 2017.

### **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	\$ 1,574,000
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	<u>601,500</u>
	\$ 2,175,500



## Additional Reserves:

A. Non-budgeted negative balance in Debt Service (mortgage)	<u>647,500</u>
	<u>\$ 2,823,000</u>

At December 31, 2015 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 2016 *Journal* is to be made available by posting on the Virginia Conference website ([www.vaumc.org](http://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 COMMITTEE**

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 no 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

**SECTION VII – Intent to Study**

The Council on Finance & Administration has convened a task force to study the effect of churches that pay less than 100% of Apportionments. This includes an analysis of the impact on the Annual Conference Budget and the ministries of churches that meet their full connectional support.

**REPORT OF THE CONFERENCE TREASURER****Section I**

Cash Receipts for the Year Ending December 31, 2015

<b>Apportioned Funds</b>	<b>Receipts 12/31/2015</b>	<b>Receipts 12/31/2014</b>	<b>Increase (Decrease)</b>	<b>Pct. Inc.\Dec.</b>
<b><i>Conference Apportionments</i></b>				
401 Conference Mission & Ministries	2,748,099	3,084,951	(336,852)	-10.92%
402 Conference Services	1,630,839	1,685,009	(54,170)	-3.21%
403 District Superintendents	1,785,453	1,910,295	(124,842)	-6.54%
404 Equitable Compensation	423,092	443,748	(20,656)	-4.65%
405 Church Extension & Development	542,320	415,752	126,568	30.44%
406 Virginia Education Fund	796,546	828,014	(31,468)	-3.80%
Subtotal	7,926,349	8,367,769	(441,420)	-5.28%
<b><i>Clergy Benefit Apportionments</i></b>				
407 Active Clergy Health Benefits	8,574,641	8,430,599	144,042	1.71%
408 Retired Clergy Health & Pensions	5,319,003	5,260,625	58,378	1.11%
409 Pension Liability Assessment-Pre 82	1,340,816	1,842,901	(502,085)	-27.24%
Subtotal	15,234,460	15,534,125	(299,665)	-1.93%
<b><i>General &amp; Jurisdictional Apportionments</i></b>				
410 Episcopal	764,681	776,339	(11,658)	-1.50%
411 World Service	2,498,537	2,606,642	(108,105)	-4.15%
412 General Connectional	389,143	397,988	(8,845)	-2.22%
413 Ministerial Education	813,543	833,950	(20,407)	-2.45%
414 Black College	327,158	336,779	(9,621)	-2.86%
415 Africa University	74,072	77,396	(3,324)	-4.29%
416 Interdenominational Coop.	65,533	66,189	(656)	-0.99%
Subtotal	4,932,667	5,095,283	(162,616)	-3.19%
<b>Total Apportioned Funds</b>	<b>28,093,476</b>	<b>28,997,177</b>	<b>(903,701)</b>	<b>-3.12%</b>
<b>Non-Apportionment Receipts</b>				
<b>Advance Specials</b>				
GBGM	729,912	813,944	(84,032)	-10.32%
Va. Conference Advance Specials	76,809	99,953	(23,144)	-23.15%
<b>Special Days</b>				
Human Relations	12,124	11,363	761	6.70%
One Great Hour of Sharing	97,968	125,751	(27,783)	-22.09%
Native American Ministries	17,199	17,224	(25)	-0.15%
Peace with Justice	10,049	10,052	(3)	-0.03%
World Communion	26,464	26,890	(426)	-1.58%
UM Student	10,554	8,748	1,806	20.65%
<b>Other Funds</b>				
Christian Education Fund	1,624	1,599	25	1.56%
Youth Service	3,027	5,328	(2,301)	-43.19%
Samaritan Fund - VA Homes	30,638	32,235	(1,597)	-4.95%
UMFS	54,473	62,922	(8,449)	-13.43%
Comm. on Disab.\Camp Rainbow	21,401	47,350	(25,949)	-54.80%
Annual Conference Offering	174,018	182,727	(8,709)	-4.77%
Imagine No Malaria	526,018	215,064	310,954	
Other	52,891	93,087	(40,196)	-43.18%
<b>Total Non-Apportioned Funds</b>	<b>1,845,169</b>	<b>1,754,237</b>	<b>90,932</b>	<b>5.18%</b>
<b>Total Church Receipts</b>	<b>29,938,645</b>	<b>30,751,414</b>	<b>(812,769)</b>	<b>-2.64%</b>

**Virginia Annual Conference of the United Methodist Church**  
**Statement of Changes in Unrestricted Conference Reserves**  
*For the Year Ending December 31, 2015*

<b>Income directly attributed to Conference Reserves:</b>	
Net gain on investments held at the Foundation	(47,723)
Dividends and interest	30,668
Miscellaneous income	646
<b>Total Income</b>	<b>(16,409)</b>
<b>Expenses directly attributed to Conference Reserves:</b>	
Net funding for non-budgeted items	65,402
Bank service charges	2,633
<b>Total Expenses</b>	<b>68,035</b>
<b>Income Over/(Under) Expenses</b>	<b>(84,444)</b>
<b>Apportionment Closeouts:</b>	
401 - Conference Mission and Ministries	1,035
402 - Conference Services	92,334
403 - District Superintendents' Fund	(70,138)
404 - Equitable Compensation Fund	199,568
<b>Total Apportionment Closeouts</b>	<b>222,799</b>
<b>Net increase/(decrease) in Conference Reserves</b>	138,355
<b>Beginning balance</b>	2,025,045
<b>Ending Balance</b>	<b>2,163,400</b>



**401 - Conference Mission & Ministry**  
**Financial Summary**

12/31/2015

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts	Closeout	Beginning Balance	Ending Balance
							Over/(Under) Expenses	to Conference Reserves		
3500	Conference Benevolence Grants	186,321	-	-	186,321	186,321	-	-	-	-
3510	CT Special & Sustaining Grants	62,931	(62,931)	-	-	-	-	-	-	-
5000	Emerging Funds	86,016	(21,065)	138,383	203,333	181,864	21,469	-	48,757	70,226
3600	Campus Ministry	776,613	-	-	776,613	802,738	(26,125)	26,125	-	-
Sch 1	Program & Board Administrative	1,636,218	(202,390)	2,604	1,436,432	1,409,272	27,161	(27,161)	-	-
		<b>2,748,099</b>	<b>(286,386)</b>	<b>140,987</b>	<b>2,602,699</b>	<b>2,580,195</b>	<b>22,504</b>	<b>(1,035)</b>	<b>48,757</b>	<b>70,226</b>

**Schedule 1 - Program & Board Administrative**

3100	Common Table	4,672	-	-	4,672	2,306	2,366	(2,366)	-	-
Sch 2	Departmental Administration	61,557	-	-	61,557	58,173	3,385	(3,385)	-	-
Sch 3	Board & Agency Administration	101,954	(7,000)	180	95,134	61,597	33,538	(33,538)	-	-
3000	Personnel Costs - Common Table	1,258,354	(33,000)	-	1,225,354	1,231,554	(6,200)	6,200	-	-
3210	CT Information Technologies	28,305	(28,305)	-	-	-	-	-	-	-
3240	Outsourced Graphic Design Serv	-	33,000	-	33,000	32,960	40	(40)	-	-
3200	Video Production	4,672	-	2,424	7,096	13,506	(6,410)	6,410	-	-
3220	Common Table Rent	157,466	(157,466)	-	-	-	-	-	-	-
3230	CT Postage, Printing & Phone	9,618	(9,618)	-	-	-	-	-	-	-
3090	CT Contingencies	9,618	-	-	9,618	9,176	442	(442)	-	-
		<b>1,636,218</b>	<b>(202,390)</b>	<b>2,604</b>	<b>1,436,432</b>	<b>1,409,272</b>	<b>27,161</b>	<b>(27,161)</b>	-	-

**Supporting Schedule 2 - Departmental Administration**

3010	Connectional Ministries Office	9,069	-	-	9,069	5,990	3,079	(3,079)	-	-
3020	Communications Office	7,969	-	-	7,969	7,924	45	(45)	-	-
3030	Congregational Excel	10,992	-	-	10,992	10,650	342	(342)	-	-
3040	Higher Ed & YYA Office	11,267	-	-	11,267	12,091	(823)	823	-	-
3050	Inclusivity and Lay Ldrshp Exc	9,893	-	-	9,893	3,222	6,671	(6,671)	-	-
3060	Justice and Missional Excel	12,366	-	-	12,366	18,296	(5,930)	5,930	-	-
		<b>61,557</b>	-	-	<b>61,557</b>	<b>58,173</b>	<b>3,385</b>	<b>(3,385)</b>	-	-

**Supporting Schedule 3 - Board & Agency Administration**

3105	Board of Church & Society	8,519	-	-	8,519	5,814	2,705	(2,705)	-	-
3110	Missional Ministries Board	15,115	(4,000)	180	11,295	4,107	7,188	(7,188)	-	-
3115	Board of Communications	4,947	-	-	4,947	6,002	(1,055)	1,055	-	-
3120	Board of Higher Education	5,221	-	-	5,221	4,347	875	(875)	-	-
3125	Board of Discipleship	14,290	(3,000)	-	11,290	6,717	4,574	(4,574)	-	-
3130	Church Development Team	2,748	-	-	2,748	1,618	1,130	(1,130)	-	-
3135	Board of Laity	9,618	-	-	9,618	5,692	3,927	(3,927)	-	-
3140	CEMCA	3,573	-	-	3,573	2,613	959	(959)	-	-
3145	COSROW	1,924	-	-	1,924	892	1,032	(1,032)	-	-
3150	Commission on Disabilities	2,473	-	-	2,473	1,405	1,068	(1,068)	-	-
3160	Committee on Mission Personnel	33,527	-	-	33,527	22,391	11,136	(11,136)	-	-
		<b>101,954</b>	<b>(7,000)</b>	<b>180</b>	<b>95,134</b>	<b>61,597</b>	<b>33,538</b>	<b>(33,538)</b>	-	-



**402 - Conference Services**  
**Financial Summary**

December 31, 2015

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
<b>Funds that Close to Reserves:</b>										
2100	Treasurer's Office	371,831	-	50,700	422,531	418,777	3,755	(3,755)	-	-
2110	Computer Services	77,628	28,305	55	105,988	108,977	(2,988)	2,988	-	-
2120	Annual Conference Session	233,047	-	4,265	237,312	236,116	1,196	(1,196)	-	-
2130	Conference Publications Cmte	7,339	-	1,617	8,955	15,091	(6,136)	6,136	-	-
2140	Council on Finance & Admin	3,099	-	-	3,099	2,263	836	(836)	-	-
2150	Board of Trustees	1,957	-	-	1,957	631	1,326	(1,326)	-	-
2160	Committee on Episcopacy	1,957	-	-	1,957	1,411	546	(546)	-	-
2170	Historical Society	7,828	(1,600)	-	6,228	1,621	4,607	(4,607)	-	-
2180	Assistant to Bishop	74,692	-	-	74,692	83,709	(9,017)	9,017	-	-
2190	Cabinet Discretionary Fund	-	15,402	-	15,402	7,544	7,858	(7,858)	-	-
2200	Pastor Relocation Transition	16,471	-	-	16,471	14,943	1,528	(1,528)	-	-
2210	Episcopal Residence	-	-	10,000	10,000	18,646	(8,646)	8,646	-	-
2220	Episcopal Budget Support	25,767	-	-	25,767	26,500	(733)	733	-	-
2230	Conference Liability Insurance	24,300	-	-	24,300	12,120	12,180	(12,180)	-	-
2270	General Conference Delegation	-	-	300	300	250	50	(50)	-	-
2290	Contingencies	9,785	-	21,744	31,529	798	30,731	(30,731)	-	-
2300	BOM Personnel Costs	160,148	-	-	160,148	147,394	12,754	(12,754)	-	-
2310	Clergy Excellence Admin.	14,514	-	-	14,514	7,866	6,649	(6,649)	-	-
2320	Board of Ordained Ministry	72,735	-	-	72,735	58,155	14,580	(14,580)	-	-
2330	BOM - Ministerial Support	35,715	-	3,315	39,030	34,651	4,380	(4,380)	-	-
2400	Postage, Printing & Phone	38,814	9,618	12,663	61,096	44,216	16,880	(16,880)	-	-
2450	Mortgage Debt Service	296,160	(296,160)	-	-	-	-	-	-	-
		<b>1,473,789</b>	<b>(244,434)</b>	<b>104,658</b>	<b>1,334,013</b>	<b>1,241,679</b>	<b>92,334</b>	<b>(92,334)</b>	<b>-</b>	<b>-</b>
<b>CFA Designated Funds with Carryover Balances:</b>										
4000	United Methodist Center	22,343	307,466	115,924	445,733	549,770	(104,037)	-	117,456	13,419
4010	Building Maintenance Fund	-	(100,000)	-	(100,000)	-	(100,000)	-	150,000	50,000
4020	Wesley Foundation Inc.	48,599	-	-	48,599	48,985	(386)	-	38,793	38,406
4030	Legal Expenses	19,407	-	-	19,407	31,723	(12,316)	-	141,821	129,505
4040	Conference Auto Allowance	8,807	-	-	8,807	1,142	7,665	-	18,343	26,008
4060	Employee Moving Fund	-	-	-	-	-	-	-	6,557	6,557
4070	Archives	9,296	1,600	6,421	17,317	19,218	(1,901)	-	(3,906)	(5,807)
4080	Sustentation Fund	-	-	-	-	-	-	-	19,000	19,000
4500	Property & Equipment Fund	-	-	-	-	(129,596)	129,596	-	4,465,127	4,594,723
4503	Intra-Conference Debt	-	296,160	-	296,160	-	296,160	-	(1,248,149)	(951,989)
4790	VA Clergy Leadership Program	48,599	-	-	48,599	50,544	(1,945)	-	98,767	96,823
		<b>157,050</b>	<b>505,226</b>	<b>122,346</b>	<b>784,622</b>	<b>571,786</b>	<b>212,836</b>	<b>-</b>	<b>3,803,810</b>	<b>4,016,646</b>



**CFA Designated Funds with Carryover Balances**  
**Financial Summary**

December 31, 2015

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
<b>CFA</b>										
4000	United Methodist Center	22,343	307,466	115,924	445,733	549,770	(104,037)	-	117,456	13,419
4010	Building Maintenance Fund	-	(100,000)	-	(100,000)	-	(100,000)	-	150,000	50,000
4020	Wesley Foundation Inc.	48,599	-	-	48,599	48,985	(386)	-	38,793	38,406
4030	Legal Expenses	19,407	-	-	19,407	31,723	(12,316)	-	141,821	129,505
4040	Conference Auto Allowance	8,807	-	-	8,807	1,142	7,665	-	18,343	26,008
4060	Employee Moving Fund	-	-	-	-	-	-	-	6,557	6,557
4070	Archives	9,296	1,600	6,421	17,317	19,218	(1,901)	-	(3,906)	(5,807)
4080	Sustentation Fund	-	-	-	-	-	-	-	19,000	19,000
		108,451	209,066	122,346	439,863	650,838	(210,976)	-	488,064	277,089
<b>Common Table</b>										
6050	Common Table Grants	-	62,931	24,991	87,922	113,700	(25,778)	-	55,607	29,830
6100	Advocate Publication	-	-	64,189	64,189	89,502	(25,313)	-	252,183	226,870
6200	Lay Servant Ministries	-	6,000	17,203	23,203	20,083	3,120	-	7,616	10,736
6210	Board of Laity Special Project	-	-	6,541	6,541	6,971	(430)	-	6,266	5,836
6220	CommonTable Youth Contingency	-	-	-	-	3,217	(3,217)	-	4,168	950
6230	Camp Rainbow	-	-	97,761	97,761	62,324	35,437	-	28,239	63,676
6240	Commission on Disabilities	-	-	2,189	2,189	5,330	(3,141)	-	14,513	11,372
6310	UMVIM	-	-	3,029	3,029	3,424	(395)	-	13,466	13,071
6311	UMVIM - Haiti	-	-	-	-	4,900	(4,900)	-	11,813	6,913
6340	Mental Health Conference	-	-	-	-	-	-	-	1,233	1,233
6400	All God's Children Camp	-	-	61,052	61,052	87,915	(26,863)	-	101,042	74,180
6420	Safe Sanctuaries Training	-	-	-	-	282	(282)	-	2,333	2,052
6440	Church Staff Retreat	-	-	-	-	-	-	-	6,613	6,613
6505	Five Talent Academy - Events	-	-	20,124	20,124	25,779	(5,655)	-	14,582	8,927
6560	CDT Training Events	-	-	78,900	78,900	78,900	-	-	-	-
6565	Small Church Pastors	-	7,500	11,224	18,724	10,306	8,418	-	25	8,443
6570	Mid-Size Church Lead Pastors	-	7,500	325	7,825	1,941	5,884	-	88	5,971
6580	Large Church Lead Pastors	-	7,500	193	7,693	1,325	6,368	-	(1,200)	5,168
		-	91,431	387,720	479,152	515,899	(36,747)	-	518,587	481,840
<b>Board of Ordained Ministry</b>										
4610	Welcome Dinner at A.C.	-	1,000	-	1,000	1,441	(441)	-	5,859	5,418
4620	Order of Deacons	-	-	3,169	3,169	3,187	(18)	-	1,647	1,629
4630	Local Pastor's Retreat/Lunch	-	-	1,170	1,170	802	367	-	756	1,123
4640	Order of Elders	-	-	-	-	-	-	-	9,277	9,277
4650	Spouse Retreat	-	-	2,578	2,578	2,365	213	-	1,291	1,504
4660	Seminary Scholarships	-	-	29,115	29,115	27,994	1,121	-	(200)	921
4690	BOM Lunches	-	-	3,824	3,824	2,662	1,163	-	563	1,726
4700	Pell Fund - Josephus Daniels	-	-	65,000	65,000	65,000	-	-	-	-
4710	Calling 21	-	15,000	17,412	32,412	35,021	(2,609)	-	32,366	29,758
4730	AC Clergy Spouses Luncheon	-	-	556	556	667	(111)	-	2,889	2,778
4740	Ministers' Convocation	-	-	33,286	33,286	42,668	(9,382)	-	70,954	61,571
4750	Vocation Care Event	-	-	-	-	418	(418)	-	418	-
4760	Exploration	-	-	(3)	(3)	-	(3)	-	608	605
4780	Cross Culture/Cross Racial	-	-	-	-	14	(14)	-	2,823	2,809
4790	VA Clergy Leadership Program	48,599	-	-	48,599	50,544	(1,945)	-	98,767	96,823
4800	Candidacy Summit	-	3,897	1,799	5,697	5,867	(170)	-	782	612
4820	Licensing School	-	19,222	12,401	31,622	31,622	-	-	-	-
		48,599	39,119	170,306	258,025	270,271	(12,246)	-	228,801	216,555
<b>Total</b>		<b>157,050</b>	<b>339,617</b>	<b>680,373</b>	<b>1,177,039</b>	<b>1,437,008</b>	<b>(259,969)</b>	<b>-</b>	<b>1,235,452</b>	<b>975,483</b>





**Donor Designated and Miscellaneous Funds  
Financial Summary**

December 31, 2015

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
<b>Property &amp; Equipment</b>										
4500	Property & Equipment Fund	-	-	-	-	(129,596)	129,596	-	4,465,127	4,594,723
4503	Intra-Conference Debt	-	296,160	-	296,160	-	296,160	-	(1,248,149)	(951,989)
		-	296,160	-	296,160	(129,596)	425,756	-	3,216,978	3,642,734
<b>Church Extension Fund</b>										
6500	Church Extension Fund	542,320	(25,500)	22,222	539,042	859,895	(320,853)	-	2,676,852	2,355,999
		542,320	(25,500)	22,222	539,042	859,895	(320,853)	-	2,676,852	2,355,999
<b>Donor restricted</b>										
4600	Ministerial Education Funds	203,386	-	4,605	207,991	175,027	32,964	-	500,095	533,059
8000	All Things New	-	(15,000)	44,438	29,438	359,050	(329,612)	-	1,024,067	694,455
8010	Discipleship Circles	-	15,000	-	15,000	3,282	11,718	-	11,533	23,251
8050	Francis Asbury Education Fund	-	-	18,786	18,786	12,779	6,007	-	794,685	800,692
8100	Initiatives of Hope	-	-	4,765	4,765	12,624	(7,859)	-	20,833	12,974
8110	IOH - Mozambique	-	-	-	-	11,409	(11,409)	-	48,722	37,313
8111	IOH - Brazil	-	-	-	-	150	(150)	-	23,694	23,544
8113	Sierra Leone	-	-	4,106	4,106	-	4,106	-	-	4,106
8114	IOH - Cambodia	-	-	39,503	39,503	23,128	16,375	-	7,604	23,979
8120	Russian Initiative	-	-	625	625	258	367	-	9,277	9,644
8150	Imagine No Malaria	-	250	624,969	625,219	661,282	(36,063)	-	36,063	-
8200	Bishops' Fund	-	(6,000)	16,784	10,784	10,678	106	-	5,496	5,602
8300	Wesley Foundation Proceeds	-	-	361,113	361,113	72	361,041	-	-	361,041
8305	Disaster Relief Fund	-	-	9,164	9,164	13,790	(4,626)	-	6,832	2,206
8310	Youth Service Fund	-	-	14,554	14,554	10,030	4,524	-	11,648	16,172
8315	Peace with Justice	-	-	-	-	11,500	(11,500)	-	14,498	2,998
8320	Native American Awareness Sun.	-	-	-	-	-	-	-	13,557	13,557
8325	Christian Education Special Fd	-	-	812	812	-	812	-	20,030	20,842
8330	Merit Awards	-	-	-	-	-	-	-	325	325
8400	Treasurer's Discretion	-	-	-	-	-	-	-	2,500	2,500
		203,386	(5,750)	1,144,224	1,341,860	1,305,059	36,801	-	2,551,459	2,588,260
<b>Miscellaneous Connectional Funds</b>										
8510	Heritage	-	-	947	947	1,493	(546)	-	6,354	5,808
8520	Scouting Camporee	-	-	578	578	611	(33)	-	8,939	8,906
8530	Voices of Youth	-	2,000	17,361	19,361	19,617	(256)	-	7,589	7,333
8540	ARMS	-	-	10,265	10,265	12,829	(2,564)	-	19,886	17,322
8550	AEI	-	-	41,666	41,666	41,666	-	-	-	-
8555	Acad. for Spiritual Formation	-	-	24,104	24,104	2,131	21,973	-	1,876	23,849
8560	Caretakers of God's Creation	-	-	245	245	-	245	-	3,813	4,058
8565	Bishop's Convocation - Prayer	-	-	5,405	5,405	4,933	472	-	3,680	4,152
8575	Social Committee	-	-	304	304	382	(78)	-	609	531
8580	Cabinet Dues	-	(250)	560	310	348	(38)	-	461	423
		-	1,750	101,435	103,185	84,010	19,175	-	53,207	72,382
<b>Total Donor Restricted and Miscellaneous</b>		203,386	(4,000)	1,245,659	1,445,045	1,389,069	55,976	-	2,604,666	2,660,642

The Equitable Compensation Commission continues to provide financial aid to those churches requiring supplementation to strengthen their ministries in the communities in which they are located and to provide minimum salary or salary supplementation for the pastors. Equitable Compensation support in the amount of \$222,495 was provided to 43 charges in 2015. A schedule of salary supplementation appropriations for 2015 has been provided to the conference secretary for publication in the Journal.

There were 18 charges receiving salary and pension supplementation in 2014 that did not require salary support for all or part of 2015. These are Andrew Chapel (Fredericksburg), Basic UMC (Staunton), Bassett Memorial UMC (Danville), Brucetown UMC (Winchester), Christ Community Fellowship/Fairview (Lynchburg), Epworth UMC (Staunton), First Vietnamese (Arlington), Fort Grove UMC Sussex Charge (James River), Glossbrenner UMC (Staunton), Heathsville UMC (Fredericksburg), Iron Gate Charge (Staunton), Leemont Charge (Eastern Shore), McKendree UMC (Elizabeth River), Parnassus UMC (Harrisonburg), Salem UMC (Danville), Welltown UMC (Winchester), Wesley Chapel UMC (Elizabeth River), and West End UMC (Roanoke). These charges and their superintendents are commended for their success in providing a ministry in the communities they serve that has enabled them to grow spiritually in their stewardship.

District Superintendents and charges setting salaries for 2017 that may require supplementation are advised that the "floor" must come from sources other than the Commission on Equitable Compensation.

The Conference Average Compensation (CAC) for 2017 is \$63,086 which is an increase of 1% percent from 2016. The Commission considered Minimum Compensation and the Floor Schedule for 2017 and recommends the changes as outlined below.

## RECOMMENDATIONS

1. The Equitable Compensation Fund apportionment for 2017 be \$350,000.
2. The Minimum Compensation Schedule for 2017 proposed to be:

	<u>Proposed</u>	<u>Current</u>
a. Full Connection Pastors	\$41,500	\$41,000
b. Provisional and Associate Members	\$38,000	\$37,500
c. Local Pastors	\$35,500	\$35,000

3. The Floor Schedule for 2016 proposed no change to be:

a. Full Connection Pastors	\$28,000	\$28,000
b. Provisional and Associate Members	\$25,600	\$25,600
c. Local Pastors	\$24,000	\$24,000

	Year Ending 2013	Year Ending 2014	Year Ending 2015
Apportioned	550,000	500,000	500,000
Uncollected Apportionment	58,798	56,252	76,908
<b>Apportionment Income</b>	<b>491,202</b>	<b>443,748</b>	<b>423,092</b>
<i>Percent Collected</i>	<i>89.31%</i>	<i>88.75%</i>	<i>84.62%</i>
Grants	425,721	325,061	222,495
Meeting Expense & Other	449	1,727	1,030
<b>Total Expenses</b>	<b>426,170</b>	<b>326,788</b>	<b>223,526</b>
<b>Receipts Over (Under) Expenses</b>	<b>65,031</b>	<b>116,960</b>	<b>199,566</b>

Tom Nealley, *Chair*

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**L.P. MARTIN & COMPANY**

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MEMBERS  
 VIRGINIA SOCIETY OF  
 CERTIFIED PUBLIC ACCOUNTANTS

MEMBERSHIP OFFICE  
 CERTIFIED PUBLIC ACCOUNTANTS  
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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, 2015 and 2014, 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, 2015 and 2014, 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.

*S. P. Martin & Company, P.C.*

Glen Allen, Virginia  
July 26, 2016

## ASSETS

	Unrestricted	Temporarily Restricted	Total
Cash and Cash Equivalents	\$ 1,212,617	\$ 2,924,742	\$ 4,137,359
Investments	-----	3,620,668	3,620,668
<b>ACCOUNTS RECEIVABLE:</b>			
Churches of the Conference	-	2,607,885	2,607,885
Other	-----	30,294	30,294
<b>TOTAL ACCOUNTS RECEIVABLE</b>	-----	2,638,179	2,638,179
Notes and Loans Receivable	-----	1,070,427	1,070,427
Prepaid Expenses	-----	88,171	88,171
<b>PROPERTY AND EQUIPMENT:</b>			
United Methodist Office Building:			
Land and Improvements	683,019	-	683,019
Building	4,610,312	-	4,610,312
Furniture, Fixtures and Equipment	858,927	-	858,927
Episcopal Residence	558,203	-	558,203
	6,710,461	-	6,710,461
Less Accumulated Depreciation	2,115,945	-	(2,115,945)
<b>NET PROPERTY AND EQUIPMENT</b>	4,594,516	-	4,594,516
<b>TOTAL ASSETS</b>	\$ 5,807,133	\$ 10,342,187	\$ 16,149,320

The accompanying notes are an integral part of this statement.

## LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>LIABILITIES:</u></b>			
Fund Receipts Payable to Beneficiary Organizations and Other	\$ -	\$ 4,227,226	\$ 4,227,226
Prepaid Subscriptions and Registration	-	<u>41,986</u>	41,986
<b>TOTAL LIABILITIES</b>	-	4,269,212	<u>4,269,212</u>
<b><u>NET ASSETS:</u></b>			
<b><u>Unrestricted:</u></b>			
General Operating Fund	1,212,617	-	1,212,617
Property and Equipment Fund	4,594,516	-	4,594,516
<b><u>Temporarily Restricted:</u></b>			
Funds of Boards and Agencies	-	<u>6,072,975</u>	6,072,975
<b>TOTAL NET ASSETS</b>	<u>5,807,133</u>	<u>6,072,975</u>	<u>11,880,108</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,807,133</b>	<b>\$ 10,342,187</b>	<b>\$ 16,149,320</b>



## ASSETS

	Unrestricted	Temporarily Restricted	Total
Cash and Cash Equivalents	\$ 777,103	\$ 3,443,438	\$ 4,220,541
Investments	-	3,090,511	3,090,511
<b>ACCOUNTS RECEIVABLE:</b>			
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
<b>PROPERTY AND EQUIPMENT:</b>			
<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>
<b>LIABILITIES:</b>			
Fund Receipts Payable to Beneficiary Organizations and Other	\$ -	\$ 3,623,459	\$ 3,623,459
Prepaid Subscriptions and Registration	-	<u>89,036</u>	<u>89,036</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>3,712,495</u>	<u>3,712,495</u>
<b>NET ASSETS:</b>			
<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	-	<u>6,565,729</u>	6,565,729
<b>TOTAL NET ASSETS</b>	<u>5,242,023</u>	<u>6,565,729</u>	<u>11,807,752</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 \$ 5,242,023	 \$ 10,278,224	 \$ 15,520,247

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

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2007

	Unrestricted		Temporarily	Total
	General Operating	Property and Equipment	Restricted	
<b>THE TREASURIES AND SUPPORT:</b>				
Cash, Reserves	\$ -	\$ -	\$ 29,697,807	\$ 29,697,807
Contributions	-	-	619,476	619,476
Reimbursement	-	-	394,166	394,166
Subscriptions	-	-	43,188	43,188
<b>TOTAL CHURCH TREASURIES AND SUPPORT</b>	-	-	30,754,637	30,754,637
<b>GILBER REVENUE:</b>				
Investment Income	417,660	-	25,160	6,000
Rents and Other Income	-	-	312,747	312,747
<b>TOTAL GILBER REVENUE</b>	417,660	-	337,907	337,907
<b>NET ASSETS HELD FROM RESTRICTIONS:</b>				
Satisfaction of Payout Restrictions	51,184,665	-	(51,184,665)	-
<b>EXPENSES:</b>				
Retirees:				
General Church and Southern Jurisdiction	5,677,677	-	-	5,677,677
Conference Board of Pensions and Health Benefits	15,234,061	-	-	15,234,061
<b>TOTAL RETIREE EXPENSES</b>	20,911,738	-	-	20,911,738
Conference Activities	1,168,106	-	-	1,168,106
Reimbursees	5,325,246	-	-	5,325,246
Property Activities	50,680	-	-	50,680
Salaries	3,446,076	-	-	3,446,076
<b>TOTAL CONFERENCE ACTIVITIES</b>	10,000,130	-	-	10,000,130
Management and General	3,296,519	212,385	-	3,508,904
<b>TOTAL EXPENSES</b>	31,844,683	212,385	-	32,057,068
<b>NET ASSET TRANSFERS:</b>				
Property and Equipment Acquisitions	-	341,934	1,541,981	1,883,915
Land and Appreciations	453,507	-	1,563,579	2,017,086
<b>TOTAL NET ASSET TRANSFERS</b>	453,507	341,934	1,705,560	2,501,001
<b>CHANGE IN NET ASSETS</b>	135,514	129,596	149,334	414,444
<b>NET ASSETS, BEGINNING YEAR</b>	77,307	4,464,930	6,965,739	11,807,976
<b>NET ASSETS, END OF YEAR</b>	\$ 1,112,917	\$ 4,594,526	\$ 7,115,073	\$ 12,822,516

The accompanying notes are an integral part of this statement.

THE LUTHERAN TREASURY OF THE VIRGINIA ANNUAL  
CONFERENCE OF THE LUTHERAN METHODIST CHURCH

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014

	Unrestricted		Temporarily Restricted	Total
	General Operations	Projects and Endowments		
<b>CHURCH REVENUES AND SUPPORT</b>				
Church Revenues:				
Congregations	\$ -	\$ 30,536,357	\$ -	\$ 30,536,357
Camp Income	-	79,879	-	79,879
Registration Revenue	-	348,279	-	348,279
Subscriptions Revenue	-	49,791	-	49,791
<b>TOTAL CHURCH REVENUES AND SUPPORT</b>		\$ 31,065,266		\$ 31,065,266
<b>OTHER REVENUES</b>				
Investment Income	175,573	-	50,298	225,871
Revenues and Other Income	-	-	581,709	581,709
<b>TOTAL OTHER REVENUES</b>	175,573	-	632,007	807,580
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	31,240,839	-	632,007	31,872,846
<b>EXPENSES</b>				
Retirees:				
General Church and Synodical Jurisdiction	5,893,760	-	-	5,893,760
Congregational Pensions and Health Benefits	25,531,104	-	-	25,531,104
Deaf	105,961	-	-	105,961
<b>TOTAL RETIREMENT EXPENSES</b>	31,530,825	-	-	31,530,825
Conference Activities:				
Benevolences	1,419,577	-	-	1,419,577
Program Activities	4,928,657	-	-	4,928,657
Scholarship	237,855	-	-	237,855
<b>TOTAL CONFERENCE ACTIVITIES</b>	6,586,090	-	-	6,586,090
Management - All General	3,306,685	204,090	-	3,510,775
<b>TOTAL EXPENSES</b>	41,423,597	204,090	-	41,627,687
<b>NET ASSET TRANSFERS:</b>				
Projects and Equipment Acquisitions	-	61,491	661,491	722,982
Interfund Appropriations	307,981	-	(307,981)	-
<b>TOTAL NET ASSET TRANSFERS</b>	307,981	61,491	353,510	722,982
<b>LIABILITIES NET ASSETS</b>	885,556	742,538	189,259	1,817,353
<b>NET ASSETS BEGINNING OF YEAR</b>	(109,333)	4,607,438	6,236,015	6,734,120
<b>NET ASSETS END OF YEAR</b>	\$ 776,223	\$ 4,364,926	\$ 6,595,274	\$ 11,736,423

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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b><u>OPERATING ACTIVITIES:</u></b>		
Increase in Net Assets	\$ 72,356	\$ 930,297
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	212,388	204,009
Net Realized Gain on Investments	-	(14,004)
Net Unrealized Loss (Gain) on Investments	47,723	(128,967)
Changes in Assets and Liabilities Which Provided (Used) Cash:		
Accounts Receivable	113,083	(20,219)
Prepaid Expenses	(61,514)	(1,899)
Accounts Payable	<u>556,717</u>	<u>220,507</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>940,753</u>	 <u>1,189,724</u>
 <b><u>INVESTING ACTIVITIES:</u></b>		
Collections (Advances) on Notes Receivable, Net	(104,071)	61,518
Purchase of Property and Equipment	(341,984)	(61,491)
Proceeds From (Purchase of) Investments, Net	<u>(572,880)</u>	<u>628,895</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>(1,023,935)</u>	 <u>628,922</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 <u>(83,182)</u>	 <u>1,818,646</u>
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>4,220,541</u>	 <u>2,401,895</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 4,137,359</u>	 <u>\$ 4,220,541</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, 2015 AND 2014

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, 2015 or 2014. 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, 2015 AND 2014

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, 2015 AND 2014

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. Money market accounts in the amounts of \$1,083,232 and \$1,069,249 at December 31, 2015 and 2014, respectively, were invested with the Virginia United Methodist Development Company, L.L.C. an affiliate of the Central Treasury.

NOTE 2 - INVESTMENTS

Cost and fair value of investments as of December 31, 2015 and 2014 are summarized as follows:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 3,090,066	\$ 3,620,668	\$ 2,512,186	\$ 3,090,511

Investments in the amounts of \$3,620,668 and \$3,090,511 were managed by the United Methodist Foundation of the Virginia Conference, Inc. (the Foundation), an affiliate of the Central Treasury, as of December 31, 2015 and 2014, respectively.

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THE CENTRAL TREASURY OF THE VIRGINIA ANNUAL  
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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, 2015 and 2014:

<u>December 31, 2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and Dividends	\$ 30,667	\$ 23,109	\$ 53,776
Unrealized Loss on Investments	(47,723)	-	(47,723)
<b>Total Investment Return</b>	<b>\$ (17,056)</b>	<b>\$ 23,109</b>	<b>\$ 6,053</b>
<u>December 31, 2014</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and Dividends	\$ 32,604	\$ 50,298	\$ 82,902
Realized Gain on Investments	14,004	-	14,004
Unrealized Gain on Investments	128,967	-	128,967
<b>Total Investment Return</b>	<b>\$ 175,575</b>	<b>\$ 50,298</b>	<b>\$ 225,873</b>

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, 2015 and 2014, 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.

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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 - NOTES AND LOANS RECEIVABLE

Notes and loans receivable as of December 31, 2015 and 2014, are comprised of the following:

	<u>2015</u>	<u>2014</u>
Districts and Churches of the Conference	\$ 174,928	\$ 174,928
Francis Asbury Educational Loans	797,445	791,428
Virginia United Methodist Assembly Center	<u>98,054</u>	-
<b>TOTAL</b>	<b>\$ 1,070,427</b>	<b>\$ 966,356</b>

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, 2015 and 2014, respectively. This loan is non-interest bearing and there is no set maturity date. Loans in the total amount of \$98,054 are due from the Virginia United Methodist Assembly Center as of December 31, 2015. These are interest only loans which bear interest at 4% per annum and mature in August, 2020. 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, 2015 and 2014.

As of December 31, 2015 and 2014, the Central Treasury had received written intentions to give in the approximate amount of \$509,000 and \$541,000, respectively, in connection with the All Things New church development program. The intentions to give are not reflected in the accompanying financial statements.

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YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 5 - CAMPUS MINISTRY BUILDINGS

The Conference is responsible to provide insurance coverage on seven Wesley Foundation campus ministry buildings located throughout the Conference territory. As of December 31, 2015, the insured value for these seven buildings approximates \$7,951,000. 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, 2015 and 2014, 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 - 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 \$66,300 of employee wages. CRSP and CPP pension expense for the Central Treasury amounted to approximately \$367,000 and \$372,000 for the years ended December 31, 2015 and 2014, 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 \$92,000 and \$97,000 for the years ended December 31, 2015 and 2014, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 7 - RETIREMENT PLANS, (Continued)

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.

NOTE 8 - COMMITMENTS

At December 31, 2015, the Church Development Team of the Conference has committed grants to churches for approximately \$600,000 in connection with the Church Development Team Church Extension and Development Fund.

NOTE 9 - 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, 2015, the Central Treasury has \$2,839,218 of cash deposits in excess of federally insured limits being held by a federally insured financial depository institution. As of December 31, 2015, the Central Treasury has \$1,083,232 of money market accounts invested with the Virginia United Methodist Development Company, I.F.C. 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.

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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 10 - 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.

NOTE 11 - 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	
	<u>Fair Value</u>	<u>(Level 1)</u>
December 31, 2015		
Equity Funds	\$ 2,168,819	\$ 2,168,819
Bond Funds	<u>1,451,849</u>	<u>1,451,849</u>
Total	\$ 3,620,668	\$ 3,620,668
	<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	\$ 3,090,511	\$ 3,090,511

(Continued)

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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 11 - 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 12 - GENERAL OPERATING FUND

At December 31, 2015 and 2014, the net assets of the General Operating Fund are comprised of the following:

	<u>2015</u>	<u>2014</u>
Council on Finance and Administration Reserve Fund	\$ 2,164,606	\$ 2,025,252
Intra-Conference Debt Fund Deficit	<u>(951,989)</u>	<u>(1,248,149)</u>
TOTAL	\$ 1,212,617	\$ 777,103

NOTE 13 - SUBSEQUENT EVENTS

The preparation of the financial statements includes an evaluation of subsequent events through July 26, 2016, which is the date that the financial statements were available to be issued.

The Virginia United Methodist Assembly Center in Blackstone, Virginia ceased operations on May 7, 2016. The Virginia United Methodist Conference is the beneficiary of any residual net assets of the Assembly Center. The VUMAC Board of Directors has not determined whether to continue or dissolve as of July 26, 2016.