

VIII. ACCOUNTANTS' REPORTS AND FINANCIAL STATEMENTS

JANUARY 1, 2016, through DECEMBER 31, 2016

Council on Finance and Administration

SECTION I - Summary of Approved Conference Budget for 2018

	Sch.	2017	2018	% of Budget	Inc.\(Dec.)	% Chg.
Conference Apportionments						
401 - Conference Mission & Ministries	A	3,250,000	3,230,000	10.14%	(20,000)	-0.62%
402 - Conference Services	B	1,993,000	1,646,000	5.19%	(347,000)	-17.41%
403 - District Superintendents Fund	C	2,055,000	2,025,000	6.37%	(30,000)	-1.46%
404 - Equitable Compensation		350,000	350,000	1.10%	-	0.00%
405 - Church Extension & Development		675,000	1,000,000	3.14%	325,000	48.15%
406 - Virginia Education Fund		900,000	800,000	2.52%	(100,000)	-11.11%
Total Conference Apportionments		9,223,000	9,051,000	28.46%	(172,000)	-1.86%
Clergy Benefits Apportionments						
407 - Active Clergy Health		9,710,000	9,710,000	30.54%	-	0.00%
408 - Retired Clergy Health		6,060,000	6,060,000	19.06%	-	0.00%
409 - Pension Liability Assessment - Pre 82		1,000,000	1,000,000	3.14%	-	0.00%
Total Clergy Benefit Apportionments		16,770,000	16,770,000	52.74%	-	0.00%
General & Jurisdictional Apportionments						
410 - Episcopal Fund		900,000	900,000	2.83%	-	0.00%
411 - World Service		3,035,000	3,040,000	9.56%	5,000	0.16%
412 - General & Jurisdictional Connectional Fund		482,000	426,000	1.34%	(56,000)	-11.62%
413 - Ministerial Education		1,025,000	1,030,000	3.24%	5,000	0.49%
414 - Black College Fund		410,000	410,000	1.29%	-	0.00%
415 - Africa University Fund		92,000	92,000	0.29%	-	0.00%
416 - Interdenominational Cooperation Fund		81,000	81,000	0.25%	-	0.00%
Total General & Jurisdictional Apportionments		6,025,000	5,979,000	18.80%	(46,000)	-0.76%
Total Apportionments		32,018,000	31,800,000	100.00%	(218,000)	-0.68%

Schedule A - Apportionment 401 - Conference Mission & Ministries

	2017	2018	Budget	Inc.\(Dec.)	% Chg.
1. Gracelnside (Chaplain Service of Va.)	125,000	134,500	0.42%	9,500	7.60%
2. Virginia Council of Churches	54,000	50,000	0.16%	(4,000)	-7.41%
3. Industrial & Commercial Ministries	1,000	-	0.00%	(1,000)	-100.00%
4. Disciple Bible Outreach Ministries	1,000	-	0.00%	(1,000)	-100.00%
5. Virginia Interfaith Center	4,000	7,500	0.02%	3,500	87.50%
6. Society of St. Andrew	5,000	8,000	0.03%	3,000	60.00%
	190,000	200,000	0.63%	10,000	5.26%
Special & Sustaining Grants	66,000	66,000	0.21%	-	0.00%
Conference Programs	79,000	90,000	0.28%	11,000	13.92%
Campus Ministries	826,100	850,000	2.67%	23,900	2.89%
Program & Board Administrative Expenses					
1. Common Table	3,500	3,500	0.01%	-	0.00%
2. Departmental Administration (See below)	56,600	56,600	0.17%	-	0.00%
3. Agency Administration (See below)	73,200	73,400	0.24%	200	0.27%
4. Personnel Costs	1,313,900	1,325,000	4.16%	11,100	0.84%
5. Information Technologies	29,500	30,000	0.09%	500	1.69%
6. Outsourced Graphic Design Services	33,000	38,000	0.12%	5,000	15.15%
7. Video Production & Documentation	5,000	10,000	0.03%	5,000	100.00%
8. Building Operations & Services	165,000	165,000	0.52%	-	0.00%
9. Connections 21 Internships	-	10,000	0.03%	10,000	
10. Postage, Printing & Telephone	10,000	-	0.00%	(10,000)	-100.00%
11. Contingency	10,000	10,000	0.03%	-	0.00%
	1,699,700	1,721,500	5.40%	21,800	1.28%
Contingency Funds - Budget Shortfall	389,200	302,500	0.95%	(86,700)	-22.28%
	3,250,000	3,230,000	10.14%	(20,000)	-0.62%
Supporting Schedule, Line 2 - Departmental Administration					
1. Connectional Ministries	7,800	7,800	0.02%	-	0.00%
2. Communications	7,300	7,300	0.02%	-	0.00%
3. Congregational Excellence	11,000	11,000	0.03%	-	0.00%
4. Ministries with Young People	12,500	12,500	0.04%	-	0.00%
5. Inclusivity and Lay Leadership Excellence	5,000	5,000	0.02%	-	0.00%
6. Justice and Missional Excellence	13,000	13,000	0.04%	-	0.00%
	56,600	56,600	0.17%	-	0.00%
Supporting Schedule, Line 3 - Agency Administration					
1. Church & Society	6,000	6,000	0.02%	-	0.00%
2. Discipleship	8,600	8,600	0.03%	-	0.00%
3. Missional Ministries	9,000	9,000	0.03%	-	0.00%
4. Committee on Mission Personnel	26,500	26,500	0.08%	-	0.00%
5. Communications	6,100	6,300	0.02%	200	3.28%
6. Higher Education	3,000	3,000	0.01%	-	0.00%
7. Laity	8,000	8,000	0.03%	-	0.00%
8. CEMCA	1,800	1,800	0.01%	-	0.00%
9. COSROW	1,000	1,000	0.00%	-	0.00%
10. Commission on Disabilities	1,400	1,400	0.00%	-	0.00%
11. Church Development Team	1,800	1,800	0.01%	-	0.00%
	73,200	73,400	0.24%	200	0.27%

Schedule B - Apportionment 402 - Conference Services

	2017	2018	Budget	Inc.\(Dec.)	% Chg.
1. Board of Ordained Ministry (see below)	421,800	428,500	1.37%	6,700	1.59%
2. Bishop's Assistant	77,000	85,000	0.27%	8,000	10.39%
3. Annual Conference Session	243,000	243,000	0.76%	-	0.00%
4. Mortgage Payments	305,000	-	0.00%	(305,000)	-100.00%
5. Treasurer's Office	375,000	385,000	1.20%	10,000	2.67%
6. Computer Services	80,000	80,000	0.25%	-	0.00%
7. Wesley Foundation Property Maint	75,000	60,000	0.19%	(15,000)	-20.00%
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	2,500	2,500	0.01%	-	0.00%
12. Historical Society	8,000	8,000	0.03%	-	0.00%
13. Board of Trustees	1,500	1,500	0.00%	-	0.00%
14. Telephone Service	15,000	15,000	0.05%	-	0.00%
15. Insurance	15,000	15,000	0.05%	-	0.00%
16. Postage & Printing	25,000	33,000	0.10%	8,000	32.00%
17. Building Operations & Services	25,000	25,000	0.08%	-	0.00%
18. Conference Publications	7,500	12,000	0.04%	4,500	60.00%
19. Bishop's auto allowance\residence	3,000	-	0.00%	(3,000)	-100.00%
20. Contingency Funds for Unforeseen Expenses	25,000	25,000	0.08%	-	0.00%
21. Legal	30,000	30,000	0.09%	-	0.00%
22. Episcopal committee	2,000	2,000	0.01%	-	0.00%
23. General Conference	2,500	2,500	0.01%	-	0.00%
24. Contingency Funds - Budget Shortfall	201,200	140,000	0.44%	(61,200)	-30.42%
	1,993,000	1,646,000	5.19%	(347,000)	-17.41%

Board of Ordained Ministry

1. Minister's Family Counseling	15,000	15,000	0.05%	-	0.00%
2. Candidates' Evaluation	20,000	21,000	0.07%	1,000	5.00%
3. Sexual Ethics Response Team	1,800	2,000	0.01%	200	11.11%
4. Conference Clergy Leadership Program	50,000	50,000	0.16%	-	0.00%
5. Center for Clergy Excellence	15,000	15,500	0.05%	500	3.33%
6. Personnel Costs	245,000	250,000	0.79%	5,000	2.04%
7. Board of Ordained Ministry Administration	75,000	75,000	0.24%	-	0.00%
	421,800	428,500	1.37%	6,700	1.59%

Schedule C - Apportionment 403 - District Superintendents Fund

	2017	2018	Budget	Inc.\(Dec.)	% Chg.
1. Salaries & Pension	1,670,000	1,670,000	5.25%	-	0.00%
2. Travel & Meetings	140,000	140,000	0.44%	-	0.00%
3. Continuing Education & Other	25,000	50,000	0.16%	25,000	100.00%
4. Contingency Funds - Conference Budget Shortfall	220,000	165,000	0.52%	(55,000)	-25.00%
	2,055,000	2,025,000	6.37%	(30,000)	-1.46%

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:

2018 Virginia Annual Conference Apportionments

401-Conference Mission & Ministries	3,230,000
402-Conference Services	1,646,000
403-District Superintendents Fund	2,025,000
404-Equitable Compensation	350,000
405-Church Extension & Development	1,000,000
406-Virginia Education Fund	800,000
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	3,040,000
412-General & Jurisdictional Connectional Fund	426,000
413-Ministerial Education Fund	1,030,000
414-Black College Fund	410,000
415-Africa University Fund	92,000
416-Interdenominational Cooperation Fund	81,000
	\$ 31,800,000

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 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 **\$800,000 for 2018**. Based on recommendations of the Common Table, the following percentage distribution of the Fund is proposed for 2018:

Virginia Education Fund Allocation

Ferrum College	19.5%	156,000
Randolph-Macon College	18.5%	148,000
Randolph College	16.0%	128,000
Randolph-Macon Academy	10.0%	80,000
Shenandoah University	18.0%	144,000
Virginia Wesleyan College	18.0%	144,000
		\$ 800,000

Report on 2016

- 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 2016.

	Shortfall
401 Conference Mission & Ministries	456,713
402 Conference Services	232,103
403 District Superintendents	195,413
404 Equitable Compensation	61,170
	945,399

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. 2018 apportionments are calculated using 2016 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, 2017 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 (2016 for 2018 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%
 - 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 2016 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 2016 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 2018:

- 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 2018:

- The District Superintendents’ salaries will stay the same for 2018.

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 \$170 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	\$ 1,530,000
	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	601,500
		\$ 2,175,500

Additional Reserves:

A. Non-budgeted negative balance in Debt Service (mortgage)	<u>346,000</u>
	<u>\$ 2,714,000</u>

At December 31, 2016 the Annual Conference had reserves greater 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 2017 *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 COMMITTEE

It is recommended that the Conference-Provided Publications Committee be continued, composed of the following: (1) the Director of Connectional Ministries; (2) Conference Treasurer; (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 *2016 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 reminds all church and/or charge treasurers to 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!

Betty Forbes, President

SECTION VII – CFA RECOMMENDATION

The Council on Finance and Administration moves that the Annual Conference authorize the Board of Trustees of the Virginia Annual Conference to sell the Conference-owned land adjacent to the Virginia United Methodist Assembly Center in Blackstone Virginia at an appropriate time as determined by the Board of Trustees.

Conference Treasurer's Report
Cash Receipts for the Year Ending December 31, 2016

Apportioned Funds	Receipts 12/31/2016	Receipts 12/31/2015	Increase (Decrease)	Pct. Pd 2016	Pct. Pd 2015
Conference Apportionments					
401 Conference Mission & Ministries	2,866,287	2,748,099	118,188	86.26%	83.78%
402 Conference Services	1,759,897	1,627,884	132,013	88.35%	86.13%
403 District Superintendents	1,859,587	1,785,453	74,134	90.49%	86.88%
404 Equitable Compensation	438,830	423,092	15,738	87.77%	84.62%
405 Church Extension & Development	554,763	542,320	12,443	82.19%	80.34%
406 Virginia Education Fund	803,769	796,546	7,223	80.38%	79.65%
Subtotal	8,283,133	7,923,394	359,739	86.78%	84.29%
Clergy Benefit Apportionments					
407 Active Clergy Health Benefits	8,659,914	8,574,641	85,273	89.19%	88.31%
408 Retired Clergy Health & Pensions	5,367,830	5,319,003	48,827	88.58%	87.77%
409 Pension Liability Assessment-Pre 82	883,456	1,340,816	(457,360)	88.35%	86.50%
Subtotal	14,911,200	15,234,460	(323,260)	88.92%	87.96%
General & Jurisdictional Apportionments					
410 Episcopal	815,005	764,681	50,324	85.34%	84.96%
411 World Service	2,434,207	2,498,537	(64,330)	82.38%	83.28%
412 General Connectional	404,919	389,143	15,776	81.15%	79.91%
413 Ministerial Education	813,838	813,543	295	80.18%	78.98%
414 Black College	328,981	327,158	1,823	81.23%	79.79%
415 Africa University	74,405	74,072	333	81.76%	80.51%
416 Interdenominational Coop.	64,012	65,533	(1,521)	80.02%	80.90%
Subtotal	4,935,367	4,932,667	2,700	82.26%	82.21%
Total Apportioned Funds	28,129,700	28,090,521	39,179	87.05%	85.85%

Non-Apportionment Receipts**Advance Specials**

GBGM	747,020	729,912	17,108
Va. Conference Advance Specials	394,874	76,809	318,065

Special Days

Human Relations	10,675	12,124	(1,449)
UMCOR Sunday	85,676	97,968	(12,292)
Native American Ministries	15,424	17,199	(1,775)
Peace with Justice	9,474	10,049	(575)
World Communion	23,792	26,464	(2,672)
UM Student	8,419	10,554	(2,135)

Other Funds

Christian Education Fund	-	1,624	(1,624)
Youth Service	1,427	3,027	(1,600)
Samaritan Fund - VA Homes	22,024	30,638	(8,614)
UMFS	42,570	54,473	(11,903)
Comm. on Disab.\Camp Rainbow	25,610	21,401	4,209
Annual Conference Offering	166,723	174,018	(7,295)
Imagine No Malaria	-	526,018	(526,018)
Other	75,737	52,891	22,846

Total Non-Apportioned Funds	1,629,445	1,845,169	(215,724)
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Total Church Receipts	29,759,145	29,935,690	(176,545)
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Year	Year End
2016	87.05%
2015	85.85%
2014	87.70%
2013	88.57%
2012	87.26%
2011	86.83%
2010	84.40%
2009	85.92%
2008	90.08%
2007	92.03%
2006	93.16%
2005	93.87%
2004	94.79%
2003	95.58%
2002	97.08%
2001	96.33%
2000	96.43%
1999	94.92%
1998	93.51%
1997	90.64%
1996	89.20%
1995	89.31%
1994	89.83%
1993	88.89%

Virginia Annual Conference of the United Methodist Church
Statement of Changes in Unrestricted Conference Reserves
For the Year Ending December 31, 2016

Income directly attributed to Conference Reserves:	
Net gain on investments held at the Foundation	104,346
Dividends and interest	52,585
Miscellaneous income	982
Total Income	157,913
Expenses directly attributed to Conference Reserves:	
Bank service charges	5,648
Total Expenses	5,648
Income Over/(Under) Expenses	152,265
Apportionment Closeouts:	
401 - Conference Mission and Ministries	164,002
402 - Conference Services	101,769
403 - District Superintendents' Fund	(2,932)
404 - Equitable Compensation Fund	244,398
Total Apportionment Closeouts	507,237
Net increase/(decrease) in Conference Reserves	659,502
Beginning balance	2,163,399
Ending Balance	2,822,901



401 - Conference Mission & Ministry
Financial Summary

12/31/2016

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	191,467.96	5,000.00	-	196,467.96	196,467.96	-	-	-	-
3510	CT Special & Sustaining Grants	64,778.07	(49,762.60)	-	15,015.47	-	15,015.47	(15,015.47)	-	-
5000	Emerging Funds	88,281.63	(33,339.05)	126,058.80	181,001.38	201,525.28	(20,523.90)	(49,702.27)	70,226.17	-
3600	Campus Ministry	810,872.53	-	-	810,872.53	807,607.98	3,264.55	(3,264.55)	-	-
Sch 1	Program & Board Administrative	1,710,886.54	(191,457.21)	6,681.02	1,526,110.35	1,430,090.45	96,019.90	(96,019.90)	-	-
		2,866,286.73	(269,558.86)	132,739.82	2,729,467.69	2,635,691.67	93,776.02	(164,002.19)	70,226.17	-

Schedule 1 - Program & Board Administrative

3100	Common Table	4,872.68	-	-	4,872.68	2,247.09	2,625.59	(2,625.59)	-	-
Sch 2	Departmental Administration	63,631.59	1,200.00	-	64,831.59	59,055.94	5,775.65	(5,775.65)	-	-
Sch 3	Board & Agency Administration	105,192.75	(7,000.00)	801.22	98,993.97	62,066.43	36,927.54	(36,927.54)	-	-
3000	Personnel Costs - Common Table	1,289,542.29	14,982.89	-	1,304,525.18	1,260,451.80	44,073.38	(44,073.38)	-	-
3210	CT Information Technologies	28,949.49	(28,949.49)	-	-	-	-	-	-	-
3240	Outsourced Graphic Design Serv	32,389.05	-	-	32,389.05	33,995.55	(1,606.50)	1,606.50	-	-
3200	Video Production	4,872.68	-	5,879.80	10,752.48	10,640.16	112.32	(112.32)	-	-
3220	Common Table Rent	161,945.21	(161,945.21)	-	-	-	-	-	-	-
3230	CT Postage, Printing & Phone	9,745.40	(9,745.40)	-	-	-	-	-	-	-
3090	CT Contingencies	9,745.40	-	-	9,745.40	1,633.48	8,111.92	(8,111.92)	-	-
		1,710,886.54	(191,457.21)	6,681.02	1,526,110.35	1,430,090.45	96,019.90	(96,019.90)	-	-

Supporting Schedule 2 - Departmental Administration

3010	Connectional Ministries Office	9,458.76	600.00	-	10,058.76	8,147.14	1,911.62	(1,911.62)	-	-
3020	Communications Office	8,312.23	-	-	8,312.23	10,748.43	(2,436.20)	2,436.20	-	-
3030	Congregational Excel	11,178.53	600.00	-	11,778.53	8,831.82	2,946.71	(2,946.71)	-	-
3040	Higher Ed & YYA Office	11,465.16	-	-	11,465.16	14,999.34	(3,534.18)	3,534.18	-	-
3050	Inclusivity and Lay Ldrshp Exc	10,318.64	-	-	10,318.64	2,955.82	7,362.82	(7,362.82)	-	-
3060	Justice and Missional Excel	12,898.27	-	-	12,898.27	13,373.39	(475.12)	475.12	-	-
		63,631.59	1,200.00	-	64,831.59	59,055.94	5,775.65	(5,775.65)	-	-

Supporting Schedule 3 - Board & Agency Administration

3105	Board of Church & Society	8,598.85	-	-	8,598.85	6,953.63	1,645.22	(1,645.22)	-	-
3110	Missional Ministries Board	15,477.95	(4,000.00)	801.22	12,279.17	2,605.27	9,673.90	(9,673.90)	-	-
3115	Board of Communications	5,159.30	-	-	5,159.30	5,755.15	(595.85)	595.85	-	-
3120	Board of Higher Education	5,445.96	-	-	5,445.96	2,998.63	2,447.33	(2,447.33)	-	-
3125	Board of Discipleship	14,904.70	(3,000.00)	-	11,904.70	3,960.32	7,944.38	(7,944.38)	-	-
3130	Church Development Team	2,866.28	-	-	2,866.28	1,334.69	1,531.59	(1,531.59)	-	-
3135	Board of Laity	10,032.00	-	-	10,032.00	7,187.37	2,844.63	(2,844.63)	-	-
3140	CEMCA	3,726.18	-	-	3,726.18	3,513.32	212.86	(212.86)	-	-
3145	COSROW	2,006.43	-	-	2,006.43	942.27	1,064.16	(1,064.16)	-	-
3150	Commission on Disabilities	2,579.67	-	-	2,579.67	992.86	1,586.81	(1,586.81)	-	-
3160	Committee on Mission Personnel	34,395.43	-	-	34,395.43	25,822.92	8,572.51	(8,572.51)	-	-
		105,192.75	(7,000.00)	801.22	98,993.97	62,066.43	36,927.54	(36,927.54)	-	-



402 - Conference Services
Financial Summary

December 31, 2016

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
Funds that Close to Reserves:										
2100	Treasurer's Office	360,602.86	600.00	52,800.00	414,002.86	438,143.72	(24,140.86)	24,140.86	-	-
2110	Computer Services	79,019.38	28,949.49	33.38	108,002.25	107,696.35	305.90	(305.90)	-	-
2120	Annual Conference Session	222,274.97	-	5,059.33	227,334.30	190,501.24	36,833.06	(36,833.06)	-	-
2130	Conference Publications Cmte	7,391.57	-	1,433.13	8,824.70	12,628.20	(3,803.50)	3,803.50	-	-
2140	Council on Finance & Admin	3,519.77	-	-	3,519.77	2,553.53	966.24	(966.24)	-	-
2150	Board of Trustees	1,935.89	-	-	1,935.89	1,618.28	317.61	(317.61)	-	-
2160	Committee on Episcopacy	1,935.89	-	-	1,935.89	6,973.71	(5,037.82)	5,037.82	-	-
2170	Historical Society	7,919.53	-	-	7,919.53	2,759.98	5,159.55	(5,159.55)	-	-
2180	Assistant to Bishop	76,027.55	-	-	76,027.55	85,824.94	(9,797.39)	9,797.39	-	-
2190	Cabinet Discretionary Fund	14,033.92	-	-	14,033.92	5,566.57	8,467.35	(8,467.35)	-	-
2200	Pastor Relocation Transition	16,719.04	-	-	16,719.04	6,186.15	10,532.89	(10,532.89)	-	-
2210	Episcopal Residence	-	-	10,000.00	10,000.00	36,657.66	(26,657.66)	26,657.66	-	-
2220	Episcopal Budget Support	26,222.46	-	-	26,222.46	26,499.96	(277.50)	277.50	-	-
2230	Conference Liability Insurance	24,638.55	-	-	24,638.55	13,794.00	10,844.55	(10,844.55)	-	-
2270	General Conference Delegation	9,855.42	-	2,733.19	12,588.61	16,970.67	(4,382.06)	4,382.06	-	-
2290	Contingencies	10,604.63	(2,400.00)	40,365.16	48,569.79	6,789.65	41,780.14	(41,780.14)	-	-
2300	BOM Personnel Costs	202,564.12	-	-	202,564.12	184,773.51	17,790.61	(17,790.61)	-	-
2310	Clergy Excellence Admin.	14,783.12	600.00	-	15,383.12	12,156.44	3,226.68	(3,226.68)	-	-
2320	Board of Ordained Ministry	74,091.65	-	-	74,091.65	59,965.75	14,125.90	(14,125.90)	-	-
2330	BOM - Ministerial Support	36,429.86	-	3,480.00	39,909.86	26,413.11	13,496.75	(13,496.75)	-	-
2400	Postage, Printing & Phone	39,421.67	9,745.40	11,739.72	60,906.79	48,888.37	12,018.42	(12,018.42)	-	-
2450	Mortgage Debt Service	301,294.34	(301,294.34)	-	-	-	-	-	-	-
		1,531,286.19	(263,799.45)	127,643.91	1,395,130.65	1,293,361.79	101,768.86	(101,768.86)	-	-
CFA Designated Funds with Carryover Balances:										
4000	United Methodist Center	22,702.69	111,945.21	133,625.00	268,272.90	228,819.72	39,453.18	-	13,418.87	52,872.05
4010	Building Maintenance Fund	-	50,000.00	-	50,000.00	-	50,000.00	-	50,000.00	100,000.00
4020	Wesley Foundation Inc.	98,730.21	161,000.00	-	259,730.21	229,430.60	30,299.61	-	38,406.49	68,706.10
4030	Legal Expenses	39,421.69	-	-	39,421.69	42,332.79	(2,911.10)	-	129,505.36	126,594.26
4040	Conference Auto Allowance	8,975.51	-	-	8,975.51	780.50	8,195.01	-	26,008.03	34,203.04
4060	Employee Moving Fund	-	-	-	-	284.68	(284.68)	-	6,557.18	6,272.50
4070	Archives	9,327.47	-	16,000.00	25,327.47	16,953.10	8,374.37	-	(5,807.26)	2,567.11
4080	Sustentation Fund	-	-	-	-	5,512.68	(5,512.68)	-	19,000.00	13,487.32
4500	Property & Equipment Fund	-	-	(207.07)	(207.07)	178,595.77	(178,802.84)	-	4,594,722.74	4,415,919.90
4503	Intra-Conference Debt	-	301,294.34	-	301,294.34	-	301,294.34	-	(951,988.61)	(650,694.27)
4790	VA Clergy Leadership Program	49,453.11	-	-	49,453.11	40,635.78	8,817.33	-	96,822.74	105,640.07
		228,610.68	624,239.55	149,417.93	1,002,268.16	743,345.62	258,922.54	-	4,016,645.54	4,275,568.08



CFA Designated Funds with Carryover Balances
Financial Summary

December 31, 2016

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	22,703	111,945	133,625	268,273	228,820	39,453	-	13,419	52,872
4010	Building Maintenance Fund	-	50,000	-	50,000	-	50,000	-	50,000	100,000
4020	Wesley Foundation Inc.	98,730	161,000	-	259,730	229,431	30,299	-	38,406	68,705
4030	Legal Expenses	39,422	-	-	39,422	42,333	(2,911)	-	129,505	126,594
4040	Conference Auto Allowance	8,976	-	-	8,976	781	8,195	-	26,008	34,203
4060	Employee Moving Fund	-	-	-	-	285	(285)	-	6,557	6,272
4070	Archives	9,327	-	16,000	25,327	16,953	8,374	-	(5,807)	2,567
4080	Sustentation Fund	-	-	-	-	5,513	(5,513)	-	19,000	13,487
		179,158	322,945	149,625	651,728	524,116	127,612	-	277,088	404,700
Common Table										
6050	Common Table Grants	-	49,763	30,158	79,921	109,750	(29,829)	-	29,830	1
6100	Advocate Publication	-	(1,223)	58,052	56,829	90,068	(33,239)	-	226,870	193,631
6200	Lay Servant Ministries	-	-	27,796	27,796	37,118	(9,322)	-	10,736	1,414
6210	Board of Laity Special Project	-	-	6,994	6,994	6,855	139	-	5,836	5,975
6220	CommonTable Youth Contingency	-	-	1,764	1,764	2,600	(836)	-	950	114
6230	Camp Rainbow	-	-	85,830	85,830	111,503	(25,673)	-	63,676	38,003
6240	Commission on Disabilities	-	-	5,114	5,114	4,000	1,114	-	11,372	12,486
6310	UMVIM	-	-	6,794	6,794	5,815	979	-	13,071	14,050
6311	UMVIM - Haiti	-	-	-	-	3,150	(3,150)	-	6,913	3,763
6340	Mental Health Conference	-	-	-	-	-	-	-	1,233	1,233
6400	All God's Children Camp	-	-	55,833	55,833	65,620	(9,787)	-	74,180	64,393
6420	Safe Sanctuaries Training	-	-	-	-	-	-	-	2,052	2,052
6440	Church Staff Retreat	-	-	-	-	-	-	-	6,613	6,613
6505	Five Talent Academy - Events	-	(707)	22,880	22,173	20,810	1,363	-	8,927	10,290
6510	Five Talent Academy Membership	-	-	-	-	-	-	-	-	-
6560	CDT Training Events	-	-	27,262	27,262	27,262	-	-	-	-
6565	Small Church Pastors	-	(799)	4,584	3,785	5,820	(2,035)	-	8,443	6,408
6570	Mid-Size Church Lead Pastors	-	(799)	1,629	830	2,740	(1,910)	-	5,971	4,061
6580	Large Church Lead Pastors	-	(539)	1,397	858	5,029	(4,171)	-	5,168	997
		-	45,696	336,087	381,783	498,140	(116,357)	-	481,841	365,484
Board of Ordained Ministry										
4610	Welcome Dinner at A.C.	-	1,000	-	1,000	1,981	(981)	-	5,418	4,437
4620	Order of Deacons	-	-	1,980	1,980	1,439	541	-	1,629	2,170
4630	Local Pastor's Retreat/Lunch	-	-	189	189	230	(41)	-	1,123	1,082
4640	Order of Elders	-	-	-	-	-	-	-	9,277	9,277
4650	Spouse Retreat	-	-	2,293	2,293	2,517	(224)	-	1,504	1,280
4660	Seminary Scholarships	-	-	27,328	27,328	16,999	10,329	-	921	11,250
4690	BOM Training Events	-	-	2,647	2,647	4,049	(1,402)	-	1,726	324
4700	Pell Fund - Josephus Daniels	-	-	60,000	60,000	54,000	6,000	-	-	6,000
4710	Calling 21	-	15,000	15,373	30,373	41,878	(11,505)	-	29,758	18,253
4730	AC Clergy Spouses Luncheon	-	-	374	374	400	(26)	-	2,778	2,752
4740	Ministers' Convocation	-	945	53,032	53,977	72,204	(18,227)	-	73,193	54,966
4760	Exploration	-	590	210	800	1,406	(606)	-	605	(1)
4780	Cross Culture/Cross Racial	-	-	-	-	141	(141)	-	2,809	2,668
4790	VA Clergy Leadership Program	49,453	-	-	49,453	40,636	8,817	-	96,823	105,640
4800	Candidacy Summit	-	6,691	3,595	10,286	8,860	1,426	-	612	2,038
4820	Licensing School	-	17,460	10,962	28,422	28,422	-	-	-	-
		49,453	41,686	177,983	269,122	275,162	(6,040)	-	228,176	222,136
Total		228,611	410,327	663,695	1,302,633	1,297,418	5,215	-	987,105	992,320



**Donor Designated and Miscellaneous Funds
Financial Summary**

December 31, 2016

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
Property & Equipment										
4500	Property & Equipment Fund	-	-	(207)	(207)	178,596	(178,803)	-	4,594,723	4,415,920
4503	Intra-Conference Debt	-	301,294	-	301,294	-	301,294	-	(951,989)	(650,695)
		-	301,294	(207)	301,087	178,596	122,491	-	3,642,734	3,765,225
Church Extension Fund										
6500	Church Extension Fund	554,763	(12,638)	5,376	547,501	987,722	(440,221)	-	2,355,998	1,915,777
		554,763	(12,638)	5,376	547,501	987,722	(440,221)	-	2,355,998	1,915,777
Donor restricted										
4600	Ministerial Education Funds	203,460	-	1,681	205,141	177,198	27,943	-	533,058	561,001
8000	All Things New	-	-	17,035	17,035	496,703	(479,668)	-	694,454	214,786
8010	Discipleship Circles	-	-	-	-	1,636	(1,636)	-	23,251	21,615
8050	Francis Asbury Education Fund	-	-	6,132	6,132	25	6,107	-	800,692	806,799
8100	Initiatives of Hope	-	-	10,980	10,980	6,097	4,883	-	12,973	17,856
8110	IOH - Mozambique	-	-	-	-	5,000	(5,000)	-	37,314	32,314
8111	IOH - Brazil	-	-	-	-	-	-	-	23,545	23,545
8113	Sierra Leone	-	-	-	-	-	-	-	4,106	4,106
8114	IOH - Cambodia	-	1,223	14,161	15,384	27,887	(12,503)	-	23,980	11,477
8120	Russian Initiative	-	-	-	-	-	-	-	9,644	9,644
8150	Imagine No Malaria	-	-	179	179	-	179	-	-	179
8200	Bishops' Fund	-	(7,500)	19,888	12,388	11,075	1,313	-	5,603	6,916
8300	Wesley Foundation Proceeds	-	(161,000)	-	(161,000)	-	(161,000)	-	361,040	200,040
8305	Disaster Relief Fund	-	(225,927)	465,236	239,309	43,134	196,175	-	2,206	198,381
8306	UMCOR#1 - Farmville Relief	-	4,156	10,000	14,156	14,156	-	-	-	-
8307	UMCOR#2 - James River Relief	-	3,001	10,000	13,001	13,001	-	-	-	-
8308	UMCOR#3 - Tornado Recovery	-	208,769	161,000	369,769	344,343	25,426	-	-	25,426
8310	Youth Service Fund	-	(125)	18,493	18,368	12,352	6,016	-	16,173	22,189
8315	Peace with Justice	-	-	9,839	9,839	(1,687)	11,526	-	2,998	14,524
8320	Native American Awareness Sun.	-	-	-	-	-	-	-	13,557	13,557
8325	Christian Education Special Fd	-	-	-	-	1,000	(1,000)	-	20,842	19,842
8330	Merit Awards	-	-	-	-	-	-	-	325	325
8400	Treasurer's Discretion	-	-	-	-	-	-	-	2,500	2,500
8410	Matthew Emergency Relief Grant	-	10,000	10,000	20,000	13,711	6,289	-	-	6,289
8411	Matthew Recovery Grant	-	-	165,000	165,000	12,030	152,970	-	-	152,970
8506	Virginia FOCUS 2020	-	-	-	-	-	-	-	-	-
8507	Open project	-	-	-	-	-	-	-	-	-
		203,460	(167,403)	919,624	955,681	1,177,661	(221,980)	-	2,588,261	2,366,281
Miscellaneous Connectional Funds										
8500	VUMAC Mgmt Team	-	-	-	-	-	-	-	-	-
8506	Virginia FOCUS 2020	-	-	1,000	1,000	-	1,000	-	-	1,000
8510	Heritage	-	-	1,589	1,589	1,335	254	-	5,808	6,062
8520	Scouting Camporee	-	-	-	-	-	-	-	8,907	8,907
8530	Voices of Youth	-	2,233	37,085	39,318	44,650	(5,332)	-	7,333	2,001
8540	ARMS	-	-	6,395	6,395	4,982	1,413	-	17,323	18,736
8550	AEI	-	-	41,387	41,387	41,387	-	-	-	-
8555	Acad. for Spiritual Formation	-	5,000	27,668	32,668	40,177	(7,509)	-	23,849	16,340
8560	Caretakers of God's Creation	-	-	500	500	-	500	-	4,058	4,558
8565	Bishop's Convocation - Prayer	-	-	2,560	2,560	4,775	(2,215)	-	4,152	1,937
8570	Conference Data Initiative	-	10,000	-	10,000	2,361	7,639	-	-	7,639
8571	Ted Smith Fund	-	-	7,710	7,710	7,710	-	-	-	-
8575	Social Committee	-	-	467	467	1,031	(564)	-	532	(32)
8580	Cabinet Dues	-	-	660	660	1,201	(541)	-	423	(118)
8585	Holy Land Trip - VIM	-	-	68,650	68,650	33,660	34,990	-	-	34,990
		-	17,233	195,671	212,904	183,269	29,635	-	72,385	102,020
Total Donor Restricted and Miscellaneous		203,460	(150,170)	1,115,295	1,168,585	1,360,930	(192,345)	-	2,660,646	2,468,301

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 \$170,048 was provided to 31 charges in 2016. A schedule of salary supplementation appropriations for 2016 has been provided to the conference secretary for publication in the Journal.

There were 10 charges receiving salary supplementation in 2015 that did not require salary support by the end of 2016. These are Bowling Green Charge (Fredericksburg), Brookneal (Lynchburg), Cumberland (Farmville), Galloway (Arlington), Montross (Fredericksburg), Nottoway-Lunenburg (Farmville), Olyer's Chapel-Rehoboth Cooperative Parrish (Danville), Southview (Charlottesville), St Paul (Roanoke), and Twin Lakes Charge (Lynchburg). 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 2018 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 2018 is \$63,199 which is an increase of 0.2% percent from 2017. The Commission considered Minimum Compensation and the Floor Schedule for 2018 and recommends the changes as outlined below.

RECOMMENDATIONS

- | | | |
|---|-----------------------------|-----------------------------|
| 1. The Equitable Compensation Fund apportionment for 2018 be \$350,000. | | |
| 2. The Minimum Compensation Schedule: | <u>2018 Approved</u> | <u>2017 Approved</u> |
| a. Full Connection Pastors | \$42,000 | \$41,500 |
| b. Provisional and Associate Members | \$38,500 | \$38,000 |
| c. Local Pastors | \$36,000 | \$35,500 |
| 3. The Floor Schedule for 2018 proposed 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 2014	Year Ending 2015	Year Ending 2016
Apportioned	500,000	500,000	500,000
Uncollected Apportionment	56,252	76,908	61,170
Apportionment Income	443,748	423,092	438,830
<i>Percent Collected</i>	<i>88.75%</i>	<i>84.62%</i>	<i>87.77%</i>
Grants	325,061	222,495	193,646
Meeting Expense & Other	1,727	1,030	1,033
Total Expenses	326,788	223,526	194,679
Receipts Over (Under) Expenses	116,960	199,566	244,151

Tom Nealley, *Chair*

The Central Treasury of the Virginia Conference of the United Methodist Church

Financial Statements

Year Ended December 31, 2016





Independent Auditors' Report

Council on Finance and Administration
The Central Treasury of the Virginia Conference
of the United Methodist Church
Glen Allen, Virginia

We have audited the accompanying financial statements of The Central Treasury of the Virginia Conference of the United Methodist Church (a division of the Virginia Conference of the United Methodist Church), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 Conference of the United Methodist Church as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, The Central Treasury of the Virginia Conference adopted Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820): *Disclosure for Investments in Certain Entities That Calculated Net Asset Value per Share (or its Equivalent)* in fiscal year 2016. Our opinion is not modified with respect to this matter.

Dixon Hughes Goodman LLP

**Richmond, Virginia
October 11, 2017**

The Central Treasury of the Virginia Conference of the United Methodist Church
Statement of Financial Position
December 31, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,819,691
Accounts receivable, net	2,917,167
Other current assets	<u>66,624</u>
Total current assets	<u>4,803,482</u>

Investments	<u>5,586,582</u>
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Noncurrent assets:

Loans receivable	407,720
Funds held by United Methodist Church	890,355
Property and equipment, net	<u>4,415,920</u>
Total noncurrent assets	<u>5,713,995</u>

Total assets	<u><u>\$ 16,104,059</u></u>
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LIABILITIES AND NET ASSETS

Liabilities:

Apportionments payable to other entities	\$ 2,743,905
Accounts payable and accrued expenses	1,269,305
Unearned revenue	<u>39,513</u>
Total liabilities	<u>4,052,723</u>

Net assets:

Unrestricted	6,588,127
Temporarily restricted	<u>5,463,209</u>
Total net assets	<u>12,051,336</u>

Total liabilities and net assets	<u><u>\$ 16,104,059</u></u>
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See accompanying notes.

The Central Treasury of the Virginia Conference of the United Methodist Church
Statement of Activities
Year Ended December 31, 2016

Unrestricted support and revenue:	
Apportionments from churches	\$ 27,054,585
Second mile giving from churches	1,190,425
Investment income	156,931
Miscellaneous program income	70,203
Other income	23,938
Release from restrictions	<u>3,673,206</u>
Total unrestricted support and revenue	<u>32,169,288</u>
Expenses:	
Remittances of apportionment income	19,792,259
Costs of ministry	3,270,523
Donations and grants	2,733,456
General and administrative	2,711,724
Miscellaneous program specific expenses	653,955
Distributions of church apportionment income	914,916
Distributions of second mile giving	799,313
Conference activities	406,535
Other expenses	<u>105,613</u>
Total expenses	<u>31,388,294</u>
Change in unrestricted net assets	780,994
Temporarily restricted support and revenue:	
Apportionments from churches	1,075,116
Second mile giving from churches	433,876
Registrations	384,167
Grants and scholarships	383,238
Other income	313,561
Contributions	251,520
Miscellaneous program income	121,918
Investment income	100,044
Release from restrictions	<u>(3,673,206)</u>
Change in temporarily restricted net assets	<u>(609,766)</u>
Change in net assets	171,228
Net assets, beginning of year	<u>11,880,108</u>
Net assets, end of year	<u><u>\$ 12,051,336</u></u>

See accompanying notes.

The Central Treasury of the Virginia Conference of the United Methodist Church
Statement of Cash Flows
Year Ended December 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ 171,228
Adjustments to reconcile change in assets to net cash used by operating activities:	
Net realized and unrealized gains on investments	(162,560)
Depreciation expense	216,966
Change in assets and liabilities:	
Accounts receivable	(278,988)
Other current assets	21,546
Apportionments payable to other entities	2,743,905
Accounts payable and accrued expenses	(2,957,923)
Unearned revenue	<u>(2,472)</u>
Net cash used by operating activities	<u>(248,298)</u>
Cash flows from investing activities:	
Proceeds from the sale of investments	1,838,093
Purchase of investments	(2,558,215)
Purchase of property and equipment	(38,370)
Increase in funds held by United Methodist Church	(92,910)
Loans receivable issued	(136,270)
Repayments received on loans receivable	<u>1,532</u>
Net cash used by investing activities	<u>(986,140)</u>
Net decrease in cash and cash equivalents	(1,234,438)
Cash and cash equivalents, beginning of year	<u>3,054,129</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,819,691</u></u>

See accompanying notes.

**The Central Treasury of the Virginia Conference of the United Methodist Church
Notes to the Financial Statements**

Notes to the Financial Statements

1. Organization and Nature of Activities

The Central Treasury of the Virginia Conference of the United Methodist Church (Central Treasury) is a division within the Virginia Conference of the United Methodist Church (Conference). Central Treasury receives and disburses, in accordance with the actions of the Conference, remittances from local church treasurers for all duly authorized general, jurisdictional, Conference, and district causes. It also implements administrative and fiscal policies and procedures as directed by the Council of 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 Conference is to coordinate the relationship between the general program boards and commissions and the conference, districts, and Virginia United Methodist churches.

These financial statements include only the accounts of the Central Treasury and are not intended to present the financial position and results of the whole Conference.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The financial statements report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The financial statements report amounts separately by class of net assets as follows:

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Council on Finance and Administration or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or future periods.

Permanently restricted amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

Revenues and support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor-imposed stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Central Treasury has no permanently restricted net assets as of December 31, 2016.

**The Central Treasury of the Virginia Conference of the United Methodist Church
Notes to the Financial Statements**

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 expense during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents includes items such as short-term, highly liquid investments with maturities of three months or less at the date of purchase.

Investments

All investments in marketable securities with readily determinable fair values are valued at fair value as determined by the investment management firm holding the assets. 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.

Accounts receivables and bad debts

Accounts receivable are reported at their estimated realizable value, net of an estimated allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected. It is the Central Treasury's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected. As of December 31, 2016, management determined that no allowance was necessary.

Loans receivable

Loans receivable are stated at their principal amount outstanding less the related allowance for loan losses and are collateralized by buildings and land. Interest rates on loans are subject to review and adjustment on a periodic basis.

Allowance of loan losses

The allowance for doubtful loans is maintained at a level that, in management's judgment, is adequate to absorb probable loan losses. The amount is based upon an analysis of the loan portfolio by management including, but not limited to, review of the collectability of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. The analysis is also based on a periodic review of payments and other factors based on the Company's historical experiences. To date, no loans have been in arrears or default and no loan has required modification to acclimate to a borrower's adverse circumstances or ability to repay. This process is based on estimates and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for loan losses in the period in which they become known. In addition, the net realizable value of the property serving as collateral for delinquent loans will be assessed on an annual basis.

A loan is considered impaired when, based upon current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 30 days overdue. Loans will continue to accrue interest when a loan is delinquent; however, all accrued interest may be included in the allowance for doubtful loans. Payments for delinquent or impaired loans are treated as a payment of interest due until all accrued interest has been paid. Interest income on delinquent loans is recognized according to the original amortization schedule (accrual method). The accrual of interest income is discontinued when, in management's judgment, the scheduled interest may not be collectible within the stated term of the loan. Interest income is recognized on a cash basis for loans classified as nonaccrual loans, with subsequent payments applied first to interest and fees, if any, and then to principal. Loans classified as nonaccrual loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. At December 31, 2016, the Company has no loans it considered impaired. At December 31, 2016, the Central Treasury has no loans it considered impaired. As a result, management has elected not to record an allowance for loan losses.

The Central Treasury of the Virginia Conference of the United Methodist Church

Notes to the Financial Statements

Property and equipment

Property and equipment are stated at cost or the estimates fair value at the date of contribution. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Building and improvements	15 - 40 years
Equipment and furniture	5 - 7 years
Computer equipment and software	3 - 5 years

Maintenance, repairs, and minor renewals are expensed when incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the current year's operations.

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.

Recognition of contributions

Contributions are recorded at their estimated fair value when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income taxes

The Central Treasury is a division of the Conference, which is a not-for-profit organization and is exempt from federal and state income taxes under Internal Revenue Code, Section 501(c)(3) and the tax statutes of the Commonwealth of Virginia. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Advertising costs

Advertising costs are expensed when incurred. Advertising costs were \$11,905 for 2016.

Concentration

Financial instruments which potentially subject the Central Treasury to concentrations of credit risk consist primarily of investments and cash. 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, 2016, the Central Treasury has \$1,539,157 of cash deposits in excess of federally insured limits being held by a federally insured financial depository institution.

The Central Treasury's investments, 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.

The Central Treasury of the Virginia Conference of the United Methodist Church Notes to the Financial Statements

New accounting pronouncements

On May 1, 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, *Fair Value Measurement (Topic 820) – Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. Instead, the amounts measured using the NAV per share (or its equivalent) must be provided to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. The Central Treasury has elected to adopt ASU 2015-07 and has removed all investments from the fair value hierarchy for which fair value is measured using the NAV per share practical expedient.

Subsequent events

In preparing these financial statements, the Central Treasury has evaluated events and transactions for potential recognition or disclosure through October 11, 2017, the date the financial statements were available to be issued.

3. Investments

Investments are carried at fair value and consist of the following at December 31, 2016:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Alternative investments	\$ 4,965,827	\$ 5,586,582

Investment income consisted of the following for the year ended December 31, 2016:

Interest and dividend income	\$ 94,415
Realized and unrealized gains, net	<u>162,560</u>
Investment income	<u>\$ 256,975</u>

Alternative investments are valued using the practical expedient at the Central Treasury's pro-rata interest in the net assets of these entities. Investments held by these entities are valued at prices which approximate fair value. The fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Net asset valuations are provided daily, monthly, or quarterly by these entities. Appreciation of investments in these entities is net of all allocations to the investment advisors.

4. Funds Held by United Methodist Church

Funds held by United Methodist Church is comprised of funds collected to establish an education fund named the Francis Asbury Fund. The United Methodist Church, through its General Board of Higher Education, controls the investments and directs the use of the funds, which are used primarily for extending Francis Asbury Educational Loans to qualifying United Methodist students. At December 31, 2016, the fund had loans outstanding of \$523,364. Loan terms require payment of principal and interest (at 4%) within six years of graduation or withdrawal.

The Central Treasury of the Virginia Conference of the United Methodist Church
Notes to the Financial Statements

5. Property and Equipment

Major classes of property and equipment consist of the following at December 31, 2016:

Land	\$ 780,000
Buildings	4,987,658
Furniture, fixtures, and equipment	969,189
Software	<u>11,985</u>
	6,748,832
Accumulated depreciation	<u>(2,332,912)</u>
Property and equipment, net	<u>\$ 4,415,920</u>

6. 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, 2016, 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.

7. Loans Receivable

Loans receivable consist of the following as of December 31, 2016:

Districts of the Conference	\$ 173,928
Virginia United Methodist Assembly Center, Inc.	<u>233,792</u>
	<u>\$ 407,720</u>

The Church Development Team of the Conference makes loans to districts of the Conference for acquisitions and improvements. A loan in the amount of \$173,928 is due from the Charlottesville District as of December 31, 2016. This loan is non-interest bearing and there is no set maturity date.

Loans in the total amount of \$233,792 are due from the Virginia United Methodist Assembly Center, Inc. as of December 31, 2016. These are interest only loans which bear interest at 4% per annum and mature in August 2020.

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 by management as of December 31, 2016.

The Central Treasury of the Virginia Conference of the United Methodist Church Notes to the Financial Statements

8. Commitments

At December 31, 2016, the Church Development Team of the Conference has committed grants to churches for approximately \$801,000 in connection with the Church Development Team Church Extension and Development Fund, which will be funded with Central Treasury assets.

9. Retirement Plans

Ministerial and lay employees of the Conference are eligible to participate in pension plans offered by the United Methodist Church through Wespath, Inc. Conference clergy members and local pastors under Episcopal appointment are eligible for pension coverage under the Clergy Retirement Security Program (CRSP).

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 one 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 \$66,300 of employee wages. CRSP and CPP pension expense for the Central Treasury amounted to approximately \$376,000 and for the year ended December 31, 2016.

Conference lay employees are eligible for pension coverage under the United Methodist Personal Investment Plan (UMPIP). UMPIP is a defined contribution plan which calls for a nine percent employer contribution, but does not currently call for an employee contribution. UMPIP pension expense for the Central Treasury amounted to approximately \$103,000 for the year ended December 31, 2016.

10. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2016:

Church Extension Fund	\$ 1,915,776
Donor-restricted	1,892,094
Ministerial Education Fund	561,001
CFA	404,702
Common Table	365,480
Clergy Excellence	222,137
Miscellaneous Connectional Funds	<u>102,019</u>
	<u>\$ 5,463,209</u>

11. Related Party Transactions

The following is a summary of transactions with the Foundation, which is affiliated with the Central Treasury, for the year ended December 31, 2016:

Rent income	\$ 30,000
Administrative services revenue	<u>48,000</u>
	<u>\$ 78,000</u>

**The Central Treasury of the Virginia Conference of the United Methodist Church
Notes to the Financial Statements**

As of December 31, 2016, \$4,062,696 of the investments of the Central Treasury are administered by the Foundation.

The Central Treasury holds congregation savings certificates with the Virginia United Methodist Development Company in the amount of \$1,523,886 at December 31, 2016, which earned \$20,532 during 2016.

12. Functional Classification of Expenses

Functional classification of expenses was as follows for the year ended December 31, 2016:

Program services	\$ 26,816,018
Management and general	<u>4,572,276</u>
	<u>\$ 31,388,294</u>