

JOURNAL OF THE VIRGINIA ANNUAL CONFERENCE  
**VIII. ACCOUNTANTS' REPORTS  
AND FINANCIAL STATEMENTS**  
JANUARY 1, 2012 through DECEMBER 31, 2012

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## COUNCIL ON FINANCE AND ADMINISTRATION

<b>SECTION I - Summary of Conference Budget for 2014</b>						
	Sch.	2013	2014	% of Budget	Inc.\(Dec.)	% Chg.
<b>Conference Apportionments</b>						
401 - Conference Mission & Ministries	A	3,595,000	3,580,000	10.81%	(15,000)	-0.42%
402 - Conference Services	B	1,963,000	1,925,000	5.81%	(38,000)	-1.94%
403 - District Superintendents Fund	C	2,150,000	2,100,000	6.35%	(50,000)	-2.33%
404 - Equitable Compensation		550,000	500,000	1.51%	(50,000)	-9.09%
405 - Church Extension & Development		512,500	500,000	1.51%	(12,500)	-2.44%
406 - Virginia Education Fund		1,018,875	1,020,000	3.08%	1,125	0.11%
<b>Total Conference Apportionments</b>		<b>9,789,375</b>	<b>9,625,000</b>	<b>29.07%</b>	<b>(164,375)</b>	<b>-1.68%</b>
<b>Clergy Benefits Apportionments</b>						
407 - Active Clergy Health		9,062,262	9,425,000	28.50%	362,738	4.00%
408 - Retired Clergy Health		5,651,788	5,880,000	17.78%	228,212	4.04%
409 - Pension Liability Assessment - Pre 82		1,387,695	2,090,000	6.32%	702,305	50.61%
<b>Total Clergy Benefit Apportionments</b>		<b>16,101,745</b>	<b>17,395,000</b>	<b>52.60%</b>	<b>1,293,255</b>	<b>8.03%</b>
<b>General &amp; Jurisdictional Apportionments</b>						
410 - Episcopal Fund		885,107	886,200	2.68%	1,093	0.12%
411 - World Service		3,054,317	3,034,800	9.18%	(19,517)	-0.64%
412 - General & Jurisdictional Connectional Fund		518,847	492,000	1.49%	(26,847)	-5.17%
413 - Ministerial Education		1,048,594	1,041,900	3.15%	(6,694)	-0.64%
414 - Black College Fund		418,255	415,600	1.26%	(2,655)	-0.63%
415 - Africa University Fund		93,598	93,000	0.28%	(598)	-0.64%
416 - Interdenominational Cooperation Fund		81,968	81,500	0.29%	(468)	-0.57%
<b>Total General &amp; Jurisdictional Apportionments</b>		<b>6,100,686</b>	<b>6,045,000</b>	<b>18.33%</b>	<b>(55,686)</b>	<b>-0.91%</b>
<b>Total Apportionments</b>		<b>31,991,806</b>	<b>33,065,000</b>	<b>100.00%</b>	<b>1,073,194</b>	<b>3.35%</b>

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

	2013	2014	Budget	Inc.\(Dec.)	% Chg.
<b>Conference Benevolence Grants</b>					
1. Chaplain Service of Churches	119,500	119,500	0.36%	-	0.00%
2. Virginia Council of Churches	62,800	60,000	0.18%	(2,800)	-4.46%
3. Virginia Interfaith Center	5,000	5,000	0.02%	-	0.00%
5. Society of St. Andrew	5,000	1,000	0.00%	(4,000)	-80.00%
6. Appalachian Ministry Network	1,800	1,600	0.00%	(200)	-11.11%
7. Industrial & Commercial Ministries	900	900	0.00%	-	0.00%
8. Just Neighbors	-	1,000	0.00%	1,000	
9. Pathways	-	5,000	0.02%	5,000	
10. Disciple Bible Outreach Ministries	-	1,000	0.00%	1,000	
	<b>195,000</b>	<b>195,000</b>	<b>0.58%</b>	<b>-</b>	<b>0.00%</b>
<b>Conference Programs</b>					
	<b>105,447</b>	<b>106,000</b>	<b>0.32%</b>	<b>553</b>	<b>0.52%</b>
<b>New Church Start Salary Support</b>					
	<b>400,000</b>	<b>400,000</b>	<b>1.21%</b>	<b>-</b>	<b>0.00%</b>
<b>Campus Ministries</b>					
	<b>825,000</b>	<b>813,000</b>	<b>2.46%</b>	<b>(12,000)</b>	<b>-1.45%</b>
<b>Program &amp; Board Administrative Expenses</b>					
1. Common Table	8,500	5,000	0.02%	(3,500)	-41.18%
2. Departmental Administration (See below)	64,680	64,700	0.20%	20	0.03%
3. Agency Administration (See below)	124,750	106,850	0.32%	(17,900)	-14.35%
4. Personnel Costs	1,248,267	1,267,000	3.83%	18,733	1.50%
5. Information Technologies	29,500	29,500	0.09%	-	0.00%
6. Video Production & Documentation	5,000	5,000	0.02%	-	0.00%
7. Building Operations & Services	165,000	165,000	0.50%	-	0.00%
8. Postage, Printing & Telephone	10,000	10,000	0.03%	-	0.00%
9. Contingency	10,000	10,000	0.03%	-	0.00%
	<b>1,665,697</b>	<b>1,663,050</b>	<b>5.04%</b>	<b>(2,647)</b>	<b>-0.16%</b>
<b>Contingency Funds - Budget Shortfall</b>					
	<b>403,856</b>	<b>402,950</b>	<b>1.20%</b>	<b>(906)</b>	<b>-0.22%</b>
	<b>3,595,000</b>	<b>3,580,000</b>	<b>10.81%</b>	<b>(15,000)</b>	<b>-0.42%</b>
<b>Supporting Schedule, Line 2 - Departmental Administration</b>					
1. Connectional Ministries	9,600	9,600	0.03%	-	0.00%
2. Communications	8,425	8,430	0.03%	5	0.06%
3. Congregational Excellence	11,370	11,370	0.03%	-	0.00%
4. Ministries with Young People	11,745	11,750	0.04%	5	0.04%
5. Inclusivity and Lay Leadership Excellence	10,500	10,500	0.03%	-	0.00%
6. Justice and Missional Excellence	13,040	13,050	0.04%	10	0.08%
	<b>64,680</b>	<b>64,700</b>	<b>0.20%</b>	<b>20</b>	<b>0.03%</b>
<b>Supporting Schedule, Line 3 - Agency Administration</b>					
1. Church & Society	9,150	4,350	0.01%	(4,800)	-52.46%
2. Discipleship	18,100	16,100	0.05%	(2,000)	-11.05%
3. Global Ministries	19,500	16,900	0.05%	(2,600)	-13.33%
4. Committee on Mission Personnel	35,000	35,000	0.11%	-	0.00%
5. Communications	6,700	5,200	0.02%	(1,500)	-22.39%
6. Higher Education	9,000	6,500	0.02%	(2,500)	-27.78%
7. Laity	11,700	10,200	0.03%	(1,500)	-12.82%
8. CEMCA	5,600	4,600	0.01%	(1,000)	-17.86%
9. COSROW	3,700	2,700	0.01%	(1,000)	-27.03%
10. Commission on Disabilities	2,500	2,500	0.01%	-	0.00%
11. Church Development Team	3,800	2,800	0.01%	(1,000)	-26.32%
	<b>124,750</b>	<b>106,850</b>	<b>0.32%</b>	<b>(17,900)</b>	<b>-14.35%</b>

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

	2013	2014	Budget	Inc.\(Dec.)	% Chg.
1. Board of Ordained Ministry (see below)	293,940	311,800	0.96%	17,860	6.47%
2. Bishop's Assistant	115,000	77,000	0.23%	(38,000)	-33.04%
3. Annual Conference Session	200,000	200,000	0.60%	-	0.00%
4. Mortgage Payments	330,000	305,000	0.92%	(25,000)	-7.58%
5. Treasurer's Office	370,000	370,000	1.12%	-	0.00%
6. Computer Services	80,000	80,000	0.24%	-	0.00%
7. Wesley Foundation Property Maint	50,000	50,000	0.15%	-	0.00%
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	7,500	7,500	0.02%	-	0.00%
11. Council on Finance and Administration	7,500	6,500	0.02%	(1,000)	-13.33%
12. Historical Society	8,000	8,000	0.02%	-	0.00%
13. Board of Trustees	2,000	2,000	0.01%	-	0.00%
14. Telephone Service	15,000	15,000	0.05%	-	0.00%
15. Insurance	27,000	25,000	0.08%	(2,000)	-7.41%
16. Postage & Printing	25,000	25,000	0.08%	-	0.00%
17. Building Operations & Services	23,000	23,000	0.07%	-	0.00%
18. Conference Publications	7,500	7,500	0.02%	-	0.00%
19. Bishop's auto allowance	5,000	9,000	0.03%	4,000	80.00%
20. Contingency Funds for Unforeseen Expenses	10,000	10,000	0.03%	-	0.00%
21. Legal	13,000	20,000	0.06%	7,000	53.85%
22. Episcopal committee		2,000	0.01%	2,000	
23. Episcopal Residence	100,000	100,000	0.30%	-	0.00%
24. Contingency Funds - Budget Shortfall	230,060	227,200	0.66%	(2,860)	-1.24%
	<b>1,963,000</b>	<b>1,925,000</b>	<b>5.81%</b>	<b>(38,000)</b>	<b>-1.94%</b>

**Board of Ordained Ministry**

1. Minister's Family Counseling	15,000	15,000	0.05%	-	0.00%
2. Candidates' Evaluation	20,000	20,000	0.06%	-	0.00%
3. Sexual Ethics Response Team	1,780	1,800	0.01%	20	1.12%
4. Clergy Families in Transition	20,000	20,000	0.06%	-	0.00%
5. Center for Clergy Excellence	12,620	15,000	0.05%	2,380	18.86%
6. Personnel Costs	155,000	165,000	0.50%	10,000	6.45%
7. Board of Ordained Ministry Administration	69,540	75,000	0.23%	5,460	7.85%
	<b>293,940</b>	<b>311,800</b>	<b>0.96%</b>	<b>17,860</b>	<b>6.47%</b>

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

	2013	2014	Budget	Inc.\(Dec.)	% Chg.
1. Salaries & Pension	1,700,000	1,670,000	5.05%	(30,000)	-1.76%
2. Travel & Meetings	115,000	115,000	0.35%	-	0.00%
3. Other	25,000	25,000	0.08%	-	0.00%
4. Contingency Funds - Conference Budget Shortfall	310,000	290,000	0.87%	(20,000)	-6.45%
	<b>2,150,000</b>	<b>2,100,000</b>	<b>6.35%</b>	<b>(50,000)</b>	<b>-2.33%</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:

**2014 Virginia Annual Conference Apportionments**

401-Conference Mission & Ministries	3,580,000
402-Conference Services	1,925,000
403-District Superintendents Fund	2,100,000
404-Equitable Compensation	500,000
405-Church Extension & Development	500,000
406-Virginia Education Fund	1,020,000
407-Active Clergy Health	9,425,000
408-Retired Clergy Health	5,880,000
409-Pension Liability Assessment - Pre 82	2,090,000
410-Episcopal Fund	886,200
411-World Service	3,034,800
412-General & Jurisdictional Connectional Fund	492,000
413-Ministerial Education Fund	1,041,900
414-Black College Fund	415,600
415-Africa University Fund	93,000
416-Interdenominational Cooperation Fund	81,500
	<b>\$ 33,065,000</b>

**B. CONFERENCE APPORTIONMENT RECOMMENDATION SPECIFICS:**

**401 Conference Mission & Ministries** • This apportionment funds the conference Common Table benevolences and ministries, including new church start salary support, campus ministries, other Common Table program boards and agencies support.

**402 Conference Services** • This apportionment primarily covers the administrative requirements of the *Book of Discipline* and conference-owned properties.

**403 District Superintendents Fund** • This apportionment covers the personnel and travel costs of the district superintendents.

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

**405 Church Extension and Development Fund (CEF)** • This Fund is apportioned to the districts at \$500,000 for 2014, and is based on recommendations of the Common Table. The recommended formula for the distribution of receipts to the Fund is as follows:

- (1) 65% (\$325,000) of the amounts raised are to be directed to the Church Development Team for conference-wide grants to new and existing churches;
- (2) 25% (\$125,000) of amounts raised by districts are to be returned to the district; and,
- (3) 10% (\$50,000) of amounts raised are to be directed to a joint committee of the Commission on Ethnic Minority Concerns and Advocacy and the Grants Committee of the Common Table.

**406 Virginia Education Fund** • The Education Fund is apportioned to the districts at \$1,020,000 for 2014. CFA strongly urges the churches to accept and pay this Fund amount in full. Based on recommendations of the Common Table, the following percentage distribution of the Fund is proposed for 2014:

• Ferrum College	19.5% (\$198,900)
• Randolph-Macon College	18.5% (\$188,700)
• Randolph College	16.0% (\$163,200)
• Randolph-Macon Academy	10.0% (\$102,000)
• Shenandoah University	18.0% (\$183,600)
• Virginia Wesleyan College	18.0% (\$183,600)

**Report on 2012**

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 2012:

<u>Apportioned Funds</u>		<u>Shortfall</u>
401	Conference Mission & Ministries	555,236
402	Conference Services	270,829
403	District Superintendents	219,534
404	Equitable Compensation	57,109
		<b>\$ 1,102,708</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. 2014 apportionments are calculated using 2012 statistics). The formula is based on total net paid expenses which are the total expenditures of the church minus expenditures for benevolent causes, apportionments, capital improvements, and payments on loans and mortgages. The apportionments for each church are sent to each district based on decimal calculations from the formula below:

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

##### Active Clergy Health Benefits Apportionment Formula

The costs of the active clergy health benefits will be apportioned using a two-tier calculation. The first tier will consist of a fixed dollar amount (\$5,000) per health plan eligible clergy based upon the July 1, 2013, 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 (2012 for 2014 apportionments).

- The district then passes the apportionments on to the local church according to recommendations developed by the district superintendents and the district stewards.

#### 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 ¶812 of the *2012 Book of 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." (¶812 of the *2012 Book of 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 2014:

- **UMFS (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.

- **Christian Education:** It is recommended that each church designate a week in September for the observance of Christian Education and that an offering be taken. The offering is to be forwarded to the conference Treasurer and will be allocated as follows: (a) 50 percent for conference Division on Education; and (b) 50 percent back to the districts for education and leadership development.

- **Industrial and Commercial Ministries:** It is recommended that Labor Day Sunday be designated for Industrial and Commercial Ministries and that churches receive an offering at that time in support of this Virginia Conference program.

- **Virginia United Methodist Homes' Samaritan Fund:** It is recommended that the period between Mother's Day and Father's Day be designated in support of the Virginia United Methodist Homes Samaritan Fund, and that local church offerings collected during that period be dedicated to this Virginia Conference program.

- **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 SUPERINTENDENTS' FUND

Overall Policies for the Fund:

- It is recommended that, in compliance with the *Book of Discipline*, the salaries and expenses for district superintendents (DS), and those under special appointment, 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.

#### Recommendation

- District superintendents' salaries will remain the same for 2014.

**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 \$85, 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) disabled clergy;
  - (c) clergy on sabbatical leave who are members of the Virginia 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 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.
- Boards and other agencies and institutions served by clergy under appointment will be responsible for said clergy's expenses to the annual conference.

**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 in the amount of \$200,000 are available 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 in the amount of \$300,000 are available to maintain orderly cash flow during the Conference year, with such activity to cover salaries, grants, etc.
- c) 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.

• 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.

• 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 full-time 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*.
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 2013 *Journal of the Virginia Annual Conference* 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. Re-

quests for printed copies must be made by Aug. 1, 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 Aug. 1 deadline.

**G. CONFERENCE PUBLICATIONS:**

It is recommended that the Conference-Provided Publications Committee be continued, composed of the following: (1) the Director of Connectional Ministries; (2) Conference Business Manager; (3) the *Journal* Editor; and (4) the Conference Director of Communications, who will serve as the convener of the committee. The committee may convene at any time at the request of any committee member as long as a majority of the committee members are present. [The committee oversees the production and publication of the *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 reminds all district offices, agencies, institutions, and organizations receiving any financial support from conference funds or from any authorized conference-wide appeal to be in compliance with the 2012 *Book of Discipline* ¶617.2 and 617.3 to submit audited financial statements to the conference Treasurer by later than six months after the end of the organization's fiscal year.

**J. IRS REGULATIONS:**

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

**K. REQUESTS FOR BUDGET FUNDING:**

CFA recommends that all groups requesting funding from CFA submit requests for budget funding to CFA by Jan. 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.

**SECTION VII – Special Reports**

The Council on Finance and Administration will continue an internal committee to monitor activities of agencies of the conference to assure compliance with the *Book of Discipline*.

Jeff Davis, President

**RECOMMENDATIONS**

- CFA recommends that proceeds from the Church Extension and Development Fund Apportionment, effective Jan. 1, 2015, go to the Annual Conference Church Extension Fund to be dispersed according to the guidelines of the Church Development Team as approved by the Common Table.
- The 10 percent currently going to Ethnic Local Church Concern Grants administered through joint committee of the Commission on Ethnic Minority Concerns and Advocacy and the Grants Committee of the Common Table would be moved to the conference Mission and Ministry Apportionment.
- The 25 percent currently being returned to the districts will no longer be apportioned at the Conference level.

**Cash Receipts for the Year Ending December 31, 2012**

<b>Apportioned Funds</b>	<b>Receipts 12/31/12</b>	<b>Receipts 12/31/11</b>	<b>Increase (Decrease)</b>	<b>Pct. Inc.\Dec.</b>
<b><i>Conference Apportionments</i></b>				
401 Conference Mission & Ministries	3,009,764	3,277,111	(267,347)	-8.16%
402 Conference Services	1,626,171	1,637,127	(10,956)	-0.67%
403 District Superintendents	1,930,466	2,255,284	(324,818)	-14.40%
404 Equitable Compensation	492,891	440,600	52,291	11.87%
405 Church Extension & Development	663,998	652,042	11,956	1.83%
406 Virginia Education Fund	819,356	842,533	(23,177)	-2.75%
Subtotal	8,542,646	9,104,697	(562,051)	-6.17%
<b><i>Clergy Benefit Apportionments</i></b>				
407 Active Clergy Health Benefits	7,868,386	7,662,179	206,207	2.69%
408 Retired Clergy Health	4,889,113	4,826,805	62,308	1.29%
409 Pension Liability Assessment-Pre 82	1,770,812	500,497	1,270,315	253.81%
Subtotal	14,528,311	12,989,481	1,538,830	11.85%
<b><i>General &amp; Jurisdictional Apportionments</i></b>				
410 Episcopal	847,419	809,802	37,617	4.65%
411 World Service	2,654,067	2,782,031	(127,964)	-4.60%
412 General Connectional	492,758	478,271	14,487	3.03%
413 Ministerial Education	830,746	866,709	(35,963)	-4.15%
414 Black College	344,906	342,849	2,057	0.60%
415 Africa University	76,741	82,226	(5,485)	-6.67%
416 Interdenominational Coop.	67,153	68,311	(1,158)	-1.70%
Subtotal	5,313,790	5,430,199	(116,409)	-2.14%
<b>Total Apportioned Funds</b>	<b>28,384,747</b>	<b>27,524,377</b>	<b>860,370</b>	<b>3.13%</b>
Note: 408 & 409 where in the same fund in 2011 as were 401 & 411				
<b>Non-Apportionment Receipts</b>				
<b>Advance Specials</b>				
GBGM & UMCOR	1,401,742	1,596,385	(194,643)	-12.19%
Va. Conference Advance Specials	153,888	360,456	(206,568)	-57.31%
<b>Special Days</b>				
Human Relations	10,965	12,316	(1,351)	-10.97%
One Great Hour of Sharing	98,843	118,553	(19,710)	-16.63%
Native American Ministries	18,135	15,204	2,931	19.28%
Peace with Justice	8,969	8,534	435	5.10%
World Communion	25,968	23,262	2,706	11.63%
UM Student	19,515	11,317	8,198	72.44%
<b>Other Funds</b>				
Christian Education Fund	1,589	1,982	(393)	-19.83%
Youth Service	15,477	19,594	(4,117)	-21.01%
Samaritan Fund - VA Homes	37,308	32,419	4,889	15.08%
UMFS	76,288	147,560	(71,272)	-48.30%
Comm. on Disab.\Camp Rainbow	71,686	84,049	(12,363)	-14.71%
Other	115,839	128,924	(13,085)	-10.15%
<b>Total Non-Apportioned Funds</b>	<b>2,056,212</b>	<b>2,560,555</b>	<b>(504,343)</b>	<b>-19.70%</b>
<b>Total Church Receipts</b>	<b>30,440,959</b>	<b>30,084,932</b>	<b>356,027</b>	<b>1.18%</b>

**Unaudited Balance Sheets**  
**For the Years Ending December 31, 2012 and 2011**

	2012	2011
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 2,585,248	\$ 2,231,155
Investments	4,075,323	3,792,452
Receivables	3,115,979	2,892,063
Prepaid expenses	50,827	51,191
Total Current Assets	\$ 9,827,377	\$ 8,966,861
<b>Fixed Assets:</b>		
Land	\$ 780,020	\$ 747,862
Buildings	4,774,328	4,663,051
Furniture & fixtures	184,959	64,891
Computer & office equipment	608,884	602,756
	\$ 6,348,191	\$ 6,078,560
Less: Accumulated depreciation	1,478,620	1,792,403
Total Fixed Assets	\$ 4,869,571	\$ 4,286,157
<b>Other Assets:</b>		
Francis Asbury Education Fund	\$ 570,305	\$ 570,305
Loans receivable	283,928	174,928
Total Other Assets	\$ 854,233	\$ 745,233
<b>Total Assets</b>	\$ 15,551,181	\$ 13,998,251
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 3,621,679	\$ 3,365,561
Accrued expenses	20,033	25,573
Unearned revenue	54,242	20,360
Prepaid subscriptions	48,965	45,151
Total Current Liabilities	\$ 3,744,919	\$ 3,456,645
<b>Mortgage payable</b>	1,848,000	1,880,730
Total Liabilities	\$ 5,592,919	\$ 5,337,375
<b>Net Assets:</b>		
Unrestricted - Conference Reserves	\$ 848,630	\$ 167,278
Common Table program funds	-	134,261
Board designated net assets	1,230,660	1,364,464
Property and equipment fund	2,880,640	2,445,270
Church Extension Fund	2,895,373	2,763,999
Donor restricted funds	2,057,072	1,742,090
Miscellaneous net assets	45,887	43,514
	\$ 9,958,262	\$ 8,660,876
<b>Total Liabilities and Net Assets</b>	\$ 15,551,181	\$ 13,998,251

**Unaudited Statement of Change in Conference Reserves**  
**For the Year Ending December 31, 2012**

**Income directly attributed to Conference Reserves:**

Net Gain on investments held at the Conference Foundation	\$ 161,706
Net Gain on investments held at Wespeth	64,532
Dividends and interest	57,413
Miscellaneous income	2,135
	<u>\$ 285,786</u>

**Expenses directly attributed to Conference Reserves:**

Bank service charges	<u>5,799</u>
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**Income over Expenses**

\$ 279,987

**Apportionment Closeouts:**

Conference Mission and Ministries	\$ 105,723
Conference Services	137,234
District Superintendents' Fund	107,591
Equitable Compensation	50,817
	<u>\$ 401,365</u>

**Increase for the Year**

\$ 681,352

**Conference Reserve Fund Balance, December 31, 2011**

167,278

**Conference Reserve Fund Balance, December 31, 2012**

\$ 848,630

**Statement of Receipts and Expenditures (Unaudited) for Conference Apportioned Funds  
For the Year Ending December 31, 2012**

	Receipts	Expend.	Net	Beginning Balance	Reserve Closeout	Ending Balance
<b>401 - Conference Mission &amp; Ministries</b>						
Conference Benevolence Grants	185,628	185,628	-	-	-	-
Emerging Funds	100,486	151,630	(51,144)	134,052	82,908	-
New Church Salary Support	380,583	306,040	74,543		74,543	-
Campus Ministries	785,235	812,046	(26,811)		(26,811)	-
Program and Board Admin.	1,565,387	1,590,304	(24,917)		(24,917)	-
	<b>3,017,319</b>	<b>3,045,648</b>	<b>(28,329)</b>	<b>134,052</b>	<b>105,723</b>	<b>-</b>
<b>402 - Conference Services</b>						
Board of Ordained Ministry	279,615	250,779	28,836	-	28,836	-
Bishop's Assistant	155,333	152,692	2,641	-	2,641	-
Annual Conference Session	214,571	185,024	29,547	-	29,547	-
Mortgage Payments	269,590	275,677	(6,087)	-	(6,087)	-
Treasurer's Office	420,170	423,760	(3,590)	-	(3,590)	-
Computer Services	111,640	110,880	760	-	760	-
Richmond Area Episcopal Expense	26,536	26,500	36	-	36	-
Pastor Relocation & Transition	16,990	6,924	10,066	-	10,066	-
CFA	7,443	3,206	4,237	-	4,237	-
Historical Society	7,537	3,203	4,334	-	4,334	-
Board of Trustees	1,942	1,335	607	-	607	-
Postage, Printing & Phone	91,409	47,733	43,676	-	43,676	-
Insurance	32,037	14,364	17,673	-	17,673	-
Conference Publications	8,651	16,143	(7,492)	-	(7,492)	-
Episcopal Residence	10,000	20,623	(10,623)	-	(10,623)	-
Contingency Funds	91,411	78,668	12,743	-	12,743	-
Conference Service Grants	9,870	-	9,870	-	9,870	-
Wesley Foundation Property Maint	50,160	70,264	(20,104)	24,589	-	4,485
Building Operations & Services	305,978	286,797	19,181	46,803	-	65,984
Archives	15,048	11,361	3,687	-	-	3,687
Bishop's auto allowance	5,016	32,536	(27,520)	35,039	-	7,519
Legal	12,944	41,269	(28,325)	186,943	-	158,618
	<b>2,143,891</b>	<b>2,059,738</b>	<b>84,153</b>	<b>293,374</b>	<b>137,234</b>	<b>240,293</b>
<b>403 - District Superintendents Fund</b>	<b>1,931,047</b>	<b>1,823,456</b>	<b>107,591</b>	<b>-</b>	<b>107,591</b>	<b>-</b>
<b>404 - Equitable Compensation Fund</b>	<b>493,646</b>	<b>442,829</b>	<b>50,817</b>	<b>-</b>	<b>50,817</b>	<b>-</b>
<b>405 - Church Extension Fund</b>						
Church Extension Fund	430,866	299,492	131,374	2,763,999	-	2,895,373
District and Grants	233,132	233,132	-	-	-	-
	<b>663,998</b>	<b>532,624</b>	<b>131,374</b>	<b>2,763,999</b>	<b>-</b>	<b>2,895,373</b>
<b>406 - Virginia Education Fund</b>	<b>819,356</b>	<b>819,356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9,069,257</b>	<b>8,723,651</b>	<b>345,606</b>	<b>3,191,425</b>	<b>401,365</b>	<b>3,135,666</b>

JOURNAL OF THE VIRGINIA ANNUAL CONFERENCE  
**FINANCIAL COMMITMENT REPORT**

December 31, 2012

Virginia Conference

<b>Apportioned Funds</b>	<b>YTD 12/31/12</b>	<b>YTD 12/31/11</b>	<b>Increase (Decrease)</b>	<b>Pct. Inc.\Dec.</b>
<b><i>Conference Apportionments</i></b>				
401 Conference Mission & Ministries	3,009,764	3,277,111	(267,347)	-8.16%
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Subtotal	8,542,646	9,104,697	(562,051)	-6.17%
<b><i>Clergy Benefit Apportionments</i></b>				
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416 Interdenominational Coop.	67,153	68,311	(1,158)	-1.70%
Subtotal	5,313,790	5,430,199	(116,409)	-2.14%
<b>Total Apportioned Funds</b>	<b>28,384,747</b>	<b>27,524,377</b>	<b>860,370</b>	<b>3.13%</b>
Note: 408 & 409 were in the same fund in 2011 as were 401 & 411				
<b>Non-Apportionment Receipts</b>				
<b>Advance Specials</b>				
GBGM & UMCOR	1,211,235	1,596,385	(385,150)	-24.13%
Va. Conference Advance Specials	153,888	360,456	(206,568)	-57.31%
<b>Special Days</b>				
Human Relations	10,965	12,316	(1,351)	-10.97%
One Great Hour of Sharing	98,843	118,553	(19,710)	-16.63%
Native American Ministries	18,135	15,204	2,931	19.28%
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World Communion	25,968	23,262	2,706	11.63%
UM Student	19,515	11,317	8,198	72.44%
<b>Other Funds</b>				
Christian Education Fund	1,589	1,982	(393)	-19.83%
Youth Service	15,477	19,594	(4,117)	-21.01%
Samaritan Fund - VA Homes	37,308	32,419	4,889	15.08%
UMFS	76,288	147,560	(71,272)	-48.30%
Comm. on Disab.\Camp Rainbow	71,686	84,049	(12,363)	-14.71%
Annual Conference Offering	190,507		190,507	
Other	115,839	128,924	(13,085)	-10.15%
<b>Total Non-Apportioned Funds</b>	<b>2,056,212</b>	<b>2,560,555</b>	<b>(504,343)</b>	<b>-19.70%</b>
<b>Total Church Receipts</b>	<b>30,440,959</b>	<b>30,084,932</b>	<b>356,027</b>	<b>1.18%</b>

	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>APPORTIONMENT RECEIPTS</b>			
Total Apportionment	1,144,000	500,000	550,000
Uncollected Apportionment	170,966	59,647	56,355
<b>Apportionment receipts</b>	<b>973,034</b>	<b>440,353</b>	<b>493,645</b>
<b>EXPENSES</b>			
Grants	797,272	410,572	442,445
Administrative	560	318	383
<b>Total expenses</b>	<b>797,832</b>	<b>410,890</b>	<b>442,829</b>
<b>RECEIPTS OVER (UNDER) EXPENSES</b>	<b>175,202</b>	<b>29,463</b>	<b>50,817</b>

**401 - Conference Mission & Ministries Apportionment**

Sch.	Description	Apportionment Income	Other Income	Expenses	Receipts Over Expenses	Beginning Balance	Closeout to Conf. Reserves	Ending Balance
A	Conference Benevolence Grants	185,628	-	185,628	-	-	-	-
B	Common Table Programs	100,486	141,224	293,063	(51,353)	134,261	82,908	-
C	New Church Salary Support	380,583	-	306,040	74,543	-	74,543	-
D	Campus Ministries	785,235	-	812,047	(26,812)	-	(26,812)	-
E	Program and Board Administration	1,555,467	70,521	1,647,172	(21,184)	-	(21,184)	-
		<b>3,007,399</b>	<b>211,745</b>	<b>3,243,950</b>	<b>(24,806)</b>	<b>134,261</b>	<b>109,455</b>	<b>-</b>

**Schedule A - Conference Benevolence Grants**

Conference Mission & Ministries Apportionment	185,628
Expenses	
Chaplain Services of Virginia	113,759
Virginia Council of Churches	59,783
Virginia Interfaith Center	4,759
Society of St. Andrew	4,759
Appalachian Ministry Network	1,712
Industrial & Commercial Ministries	856
	<b>185,628</b>
Receipts over Expenses	-

**Schedule B - Common Table Programs**

	Funded Programs	Other Income	Program Fund Transfer	Expenses	Balance to Program Fund
AC Orientation - Youth and College	-	7,197	-	11,377	(4,180)
Events Brochure & Youth Thrive	5,000	-	-	903	4,097
Youth Workers Retreat	3,000	4,200	-	7,768	(568)
LEAD	4,000	6,900	-	13,705	(2,805)
School for Children's Ministry	5,750	2,445	-	4,161	4,034
Campus Ministry Missions	7,500	219	209	5,700	2,228
Campus Ministry Internship	5,000	-	-	1,500	3,500
Middle School Fall Retreat	-	54,290	-	59,507	(5,217)
High School Fall Retreat	-	60,400	-	63,849	(3,449)
UN Seminar	-	6,400	-	7,811	(1,411)
Young People's Special Fund	-	4,111	-	270	3,841
Young Adult Bahama Mission	-	16,720	-	18,720	(2,000)
New Pastors, New Passion	5,000	-	-	-	5,000
Disaster Response Committee	7,000	-	-	7,000	-
UMVIM - Team Leader Training	2,000	-	-	1,202	798
School of Christian Mission	6,000	4,940	-	10,940	-
Voices of Youth Awakening	3,000	-	-	-	3,000
Mission Training	1,500	-	-	1,113	387
Regional Workshop on Economic Justice	2,000	-	-	-	2,000
Green Church Evangelism	1,000	-	-	1,000	-
Conference Legislative Network	2,000	5,715	-	8,400	(685)
Caretakers - Denominational	2,000	-	-	1,830	170
Benevolence Interpretation	15,000	195	-	15,029	166
Small Group Leaders for Youth	6,000	-	-	-	6,000
Older Adult Retreat	1,000	-	-	72	928
Lay Supply Orientation	890	-	-	1,103	(213)
VocationCare Training for Lay Leaders	2,500	-	-	707	1,793
Disciple Bible Outreach	5,000	342	-	5,000	342
Banners for Centers	2,500	-	-	2,749	(249)
Vital Congregation Steering	5,000	-	-	6,047	(1,047)
	<b>99,640</b>	<b>174,074</b>	<b>209</b>	<b>257,463</b>	<b>16,460</b>

	Grants	Programs	Emerging Funds	Total
Net Apportionment Income	-	-	100,486	100,486
Funded Programs	-	99,640	(99,640)	-
Other Income	-	174,074	-	174,074
Transfer from Emerging Funds	35,600	-	(68,450)	(32,850)
Total Income	35,600	273,714	(67,604)	241,710
Expenses				
Program Expenses	-	257,463	-	257,463
Transfer to Common Table Grant Fund	35,600	-	-	35,600
Total Expenses	35,600	257,463	-	293,063
Net income over expenses	-	16,251	(67,604)	(51,353)
Beginning Fund Balance	-	209	134,052	134,261
Closeout to Conference Reserves	-	16,460	66,448	82,908

**Schedule C - New Church Salary Support**

Conference Mission & Ministries Apportionment	380,583
Expenses	
Grants	306,040
	306,040
Receipts over Expenses	74,543

**Schedule D - Campus Ministries**

Conference Mission & Ministries Apportionment	785,235
Expenses	
Grants - Outsource to RISE	71,496
Longwood	2,268
JMU	3,907
Mary Washington	62,660
VCU	3,727
UVA	3,859
Virginia Tech	7,938
Tidewater (ODU)	3,677
William & Mary	1,898
NOVA Commuter Ministry	44,254
Christopher Newport	17,252
SW Va Community College Ministries	22,783
Salaries - Campus Ministers	358,386
Accountable reimbursements	11,084
Housing allowances	112,500
Pension	68,262
Health Insurance	6,420
Life and disability insurance	1,151
Software	7,206
Workers compensation insurance	1,319
	812,047
Receipts over Expenses	(26,812)

**Schedule E - Program and Board Administration**

	Apportionment Income	Other Income	Expenses	Receipts Over Expenses	Beginning Balance	Closeout to Conf. Reserves	Ending Balance
1. Common Table	8,123	-	3,020	5,103	-	5,103	-
2. Departmental Administration	61,376	-	59,134	2,242	-	2,242	-
3. Agency Administration	123,993	5,303	72,148	57,148	-	57,148	-
4. Personnel Costs	1,133,024	62,350	1,281,674	(86,300)	-	(86,300)	-
5. Information Technologies	30,386	-	30,386	-	-	-	-
6. Video Production & Documentation	4,212	2,868	10,804	(3,724)	-	(3,724)	-
7. Building Operations & Services	157,047	-	157,047	-	-	-	-
8. Postage, Printing & Telephone	32,492	-	32,492	-	-	-	-
9. Contingency	4,814	-	467	4,347	-	4,347	-
	1,555,467	70,521	1,647,172	(21,184)	-	(21,184)	-

<b>Line 2: Departmental Administration</b>	<b>Apportionment Income</b>	<b>Other Income</b>	<b>Expenses</b>	<b>Receipts Over Expenses</b>	<b>Beginning Balance</b>	<b>Closeout to Conf. Reserves</b>	<b>Ending Balance</b>
1. Connectional Ministries	9,026	-	7,641	1,385	-	1,385	-
2. Communications	8,123	-	8,975	(852)	-	(852)	-
3. Congregational Excellence	10,831	-	11,468	(637)	-	(637)	-
4. Ministries with Young People	11,132	-	10,518	614	-	614	-
5. Inclusivity and Lay Leadership Excellence	10,831	-	7,218	3,613	-	3,613	-
6. Justice and Missional Excellence	11,433	-	13,314	(1,881)	-	(1,881)	-
	61,376	-	59,134	2,242	-	2,242	-

<b>Line 3: Agency Administration</b>	<b>Apportionment Income</b>	<b>Other Income</b>	<b>Expenses</b>	<b>Receipts Over Expenses</b>	<b>Beginning Balance</b>	<b>Closeout to Conf. Reserves</b>	<b>Ending Balance</b>
1. Church & Society	9,928	100	3,459	6,569	-	6,569	-
2. Discipleship	17,149	-	7,744	9,405	-	9,405	-
3. Global Ministries	17,149	515	11,082	6,582	-	6,582	-
4. Committee on Mission Personnel	33,395	-	22,668	10,727	-	10,727	-
5. Communications	6,318	-	3,328	2,990	-	2,990	-
6. Higher Education	8,424	4,688	10,184	2,928	-	2,928	-
7. Laity	11,132	-	6,027	5,105	-	5,105	-
8. CEMCA	6,017	-	3,977	2,040	-	2,040	-
9. COSROW	4,212	-	1,164	3,048	-	3,048	-
10. Commission on Disabilities	6,659	-	1,332	5,327	-	5,327	-
11. Church Development Team	3,610	-	1,183	2,427	-	2,427	-
	123,993	5,303	72,148	57,148	-	57,148	-

**402 - Conference Services**

Line	Description	Apportionment Income	Other Income	Expenses	Receipts	Beginning Balance	Closeout	Ending Balance
					Over Expenses		to Conf. Reserves	
1.	Board of Ordained Ministry	1,931,047	-	1,823,456	107,591	-	107,591	-
a.	Minister's Family Counseling	15,045	-	13,685	1,360	-	1,360	-
b.	Candidates' Evaluation	20,062	3,090	21,291	1,861	-	1,861	-
c.	Sexual Ethics Response Team	1,785	-	187	1,598	-	1,598	-
d.	Clergy Families in Transition	20,064	-	1,969	18,095	-	18,095	-
e.	Center for Clergy Excellence	8,576	-	10,765	(2,189)	-	(2,189)	-
f.	Personnel costs	151,288	-	142,006	9,282	-	9,282	-
g.	Board administration	59,706	-	60,893	(1,187)	-	(1,187)	-
		2,207,573	3,090	2,074,252	136,411	-	136,411	-
2.	Bishop's Assistant	155,333	-	152,692	2,641	-	2,641	-
3.	Annual Conference Session	210,347	4,224	185,024	29,547	-	29,547	-
4.	Mortgage Payments	269,531	59	275,677	(6,087)	-	(6,087)	-
5.	Treasurer's Office	358,277	61,893	418,230	1,940	-	1,940	-
6.	Computer Services	81,254	30,386	110,880	760	-	760	-
7.	Wesley Foundation Property Maint	50,160	-	70,265	(20,105)	24,589	-	4,484
8.	Richmond Area Episcopal Expense	26,536	-	26,500	36	-	36	-
9.	Pastor Relocation & Transition	16,990	-	6,924	10,066	-	10,066	-
10.	Archives	15,048	-	11,361	3,687	-	-	3,687
11.	Council on Finance and Administration	7,443	-	3,206	4,237	-	4,237	-
12.	Historical Society	8,737	-	4,402	4,335	-	4,335	-
13.	Board of Trustees	1,942	-	1,335	607	-	607	-
14.	Telephone Service	20,064	-	10,011	10,053	-	10,053	-
15.	Insurance	32,037	-	14,364	17,673	-	17,673	-
16.	Postage & Printing	30,096	41,249	37,722	33,623	-	33,623	-
17.	Building Operations & Services	22,976	283,002	286,149	19,829	46,803	-	66,632
18.	Conference Publications	7,443	1,208	16,143	(7,492)	-	(7,492)	-
19.	Bishop's auto allowance	5,015	-	32,536	(27,521)	35,039	-	7,518
20.	Contingency Funds for Unforeseen Expenses	10,032	81,378	25,873	65,537	-	65,537	-
21.	Legal	12,945	-	41,269	(28,324)	186,943	-	158,619
22.	Episcopal Residence	-	-	-	-	-	-	-
23.	2012 General Conf. Hosting costs	9,870	-	-	9,870	-	9,870	-
		3,559,649	506,489	3,804,815	261,323	293,374	313,757	240,940

**403 - District Superintendents Fund**

District Superintendents Fund Apportionment	1,931,047
Expenses	
Salaries & Accountable Reimbursements	1,491,222
Pension	190,840
Travel	103,368
Meetings, meals and lodging	28,769
Insurance	5,570
Continuing education	3,687
	1,823,456
Receipts over Expenses	107,591

**405 - Church Extension Fund**

Church Extension Fund Apportionment	664,028
Apportionment split:	
Returned to districts	166,759
Transferred to Common Table Grants Committee	66,403
	233,162
Net apportionment receipts to Conference Church Extension Fund	430,866
Training and registration fees	1,810
Direct donations	868
Total Income	433,544
Expenses	
Grants to new faith communities	215,466
Transfer to Common Table Personnel Fund	30,600
Coaching	23,810
Training	20,528
Interns	2,691
Meetings, meals and lodging	4,649
Other	4,426
	302,170
Receipts over Expenses	131,374
Beginning Fund Balance	2,763,999
Ending Fund Balance	2,895,373

**404 - Equitable Compensation**

Equitable Compensation Apportionment	493,645
Expenses	
Grants	442,445
Meetings and dues	383
	442,828
Receipts over Expenses	50,817

**406 - Virginia Education Fund**

Virginia Education Fund Apportionment	819,394
Expenses	
Ferrum	159,782
Randolph Macon	151,588
Randolph College	131,103
Randolph Macon Academy	81,939
Shenandoah	147,491
Virginia Wesleyan University	147,491
	819,394
Receipts over Expenses	-

**Non-AppORTioned Funds**

	Income	Expenses	Receipts Over Expenses	Beginning Balance	Ending Balance
<b>Business Office Funds</b>					
Building Maintenance Funds	-	-	-	125,000	125,000
Employee Moving Expenses	-	1,437	(1,437)	10,000	8,563
	-	1,437	(1,437)	135,000	133,563
<b>Common Table Funds</b>					
Common Table Grants	132,218	100,527	31,691	91,554	123,245
ELCC - Special Program Funds	-	-	-	35,210	35,210
Advocate Publication	96,567	97,973	(1,406)	314,586	313,180
Lay Speaker Training	24,631	25,710	(1,079)	10,486	9,407
Board of Laity Special Project	11,325	10,299	1,026	6,385	7,411
Camp Rainbow	118,322	112,723	5,599	39,710	45,309
Commission on Disabilities	6,018	10,733	(4,715)	20,386	15,671
Camp Loud & Clear	14,439	9,571	4,868	8,923	13,791
UMVIM	5,130	3,934	1,196	3,532	4,728
Mental Health Conference	-	36	(36)	1,269	1,233
All God's Children Camp	73,522	88,971	(15,449)	138,497	123,048
Safe Sanctuaries Training	-	220	(220)	2,767	2,547
Church Staff Retreat	-	-	-	6,613	6,613
Five Talent Academy	15,246	21,057	(5,811)	27,373	21,562
AA Pastors Training Event	-	-	-	1,105	1,105
New Church Institute Event	1,337	5,841	(4,504)	350	(4,154)
Making Connections Initiative	-	-	-	13,904	13,904
Natural Church Development	-	150	(150)	2,977	2,827
CDT Training Events	632	903	(271)	7,112	6,841
	499,387	488,648	10,739	732,739	743,478
<b>Clergy Excellence Funds</b>					
Welcome Dinner at Annual Conference	3,900	2,340	1,560	4,764	6,324
Order of Deacons	2,972	2,441	531	139	670
Local Pastor's Retreat/Lunch	150	5	145	142	287
Order of Elders	948	645	303	7,724	8,027
Spouse Retreat	6,293	6,250	43	393	436
Seminary Scholarships	9,509	9,509	-	493	493
Large Church, Lead Pastors	224	39	185	436	621
Mid-Size Church, Lead Pastors	5,150	4,864	286	3,284	3,570
BOM Lunches	3,300	1,944	1,356	1,119	2,475
Pell Fund	25,000	28,200	(3,200)	3,200	-
Calling 21	21,434	21,999	(565)	9,062	8,497
Small Church Leadership Initiative	-	288	(288)	1,702	1,414
AC Clergy Spouses Luncheon	923	1,034	(111)	3,073	2,962
Ministers' Convocation	44,298	48,583	(4,285)	72,466	68,181
Vocation Care Event	-	-	-	1,817	1,817
Exploration	2,480	1,870	610	(1)	609
Peer Learning	5,800	5,200	600	2,400	3,000
Cross Culture/Cross Racial	12,850	18,905	(6,055)	10,000	3,945
	145,231	154,116	(8,885)	122,213	113,328
	644,618	644,201	417	989,952	990,369

**Donor Designated Funds**

	<b>Apportionment Income</b>	<b>Other Income</b>	<b>Expenses</b>	<b>Receipts Over Expenses</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>
<b>Apportioned Fund</b>						
Ministerial Education Fund	207,712	9,516	206,828	10,400	411,758	422,158
<b>Non-apportioned Fund</b>						
Christian Education Special Fund		795	-	795	20,261	21,056
Native American Awareness Sunday		9,095	3,000	6,095	32,095	38,190
Peace with Justice		5,035	11,043	(6,008)	22,034	16,026
Youth Service Fund		12,377	14,146	(1,769)	10,772	9,003
Merit Awards		1,132	3,250	(2,118)	2,443	325
All Things New		359,981	46,101	313,880	415,973	729,853
Francis Asbury Education Funds		83,074	2,598	80,476	572,562	653,038
Initiatives of Hope		2,410	9,891	(7,481)	25,153	17,672
IoH - Mozambique		68,917	78,734	(9,817)	80,312	70,495
IoH - Brazil		48,445	49,500	(1,055)	14,457	13,402
Sudan Advisory Leadership Team		25	1,178	(1,153)	2,310	1,157
Sierra Leone				-	-	-
Cambodia		61,275	56,649	4,626	-	4,626
Alaska				-	-	-
Russian Initiative		2,861	1,532	1,329	5,834	7,163
Bishop's Fund			213	(213)	15,714	15,501
Revealing Christ Campaign			52,500	(52,500)	112,855	60,355
Treasurer's Discretionary Fund		2,500		2,500	-	2,500
	-	657,922	330,335	327,587	1,332,775	1,660,362
	207,712	9,516	206,828	10,400	411,758	422,158

**L.P. MARTIN & COMPANY**

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

**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Central Treasury of The Virginia Annual Conference of The United Methodist Church, which comprise the statements of financial position as of December 31, 2012 and 2011, 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Glen Allen, Virginia  
July 16, 2013

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 717,794	\$ 1,857,453	\$ 2,575,247
Investments	-	4,075,323	4,075,323
<u>ACCOUNTS RECEIVABLE:</u>			
Churches of the Conference	-	3,071,723	3,071,723
Other	-	54,256	54,256
TOTAL ACCOUNTS RECEIVABLE	-	3,125,979	3,125,979
Notes and Loans Receivable	-	922,634	922,634
Prepaid Expenses	-	50,827	50,827
<u>PROPERTY AND EQUIPMENT:</u>			
<u>    United Methodist Office Building:</u>			
Land and Improvements	683,019	-	683,019
Building	4,402,980	-	4,402,980
Furniture, Fixtures and Equipment	783,355	-	783,355
Episcopal Residence	525,099	-	525,099
	6,394,453	-	6,394,453
Less Accumulated Depreciation	(1,675,835)	-	(1,675,835)
NET PROPERTY AND EQUIPMENT	4,718,618	-	4,718,618
 TOTAL ASSETS	 \$ 5,436,412	 \$ 10,032,216	 \$ 15,468,628

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>LIABILITIES:</u>			
Fund Receipts Payable to Beneficiary Organizations and Other	\$ 5,172	\$ 3,632,335	\$ 3,637,507
Prepaid Subscriptions and Registration	-	103,207	103,207
Note Payable	<u>1,848,000</u>	<u>-</u>	<u>1,848,000</u>
 TOTAL LIABILITIES	 <u>1,853,172</u>	 <u>3,735,542</u>	 <u>5,588,714</u>
<u>NET ASSETS:</u>			
<u>Unrestricted:</u>			
General Operating Fund	712,622	-	712,622
Property and Equipment Fund	2,870,618	-	2,870,618
<u>Temporarily Restricted:</u>			
Funds of Boards and Agencies	<u>-</u>	<u>6,296,674</u>	<u>6,296,674</u>
 TOTAL NET ASSETS	 <u>3,583,240</u>	 <u>6,296,674</u>	 <u>9,879,914</u>
  TOTAL LIABILITIES AND NET ASSETS	  <u>\$ 5,436,412</u>	  <u>\$ 10,032,216</u>	  <u>\$ 15,468,628</u>

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 152,490	\$ 2,076,666	\$ 2,229,156
Investments	-	3,792,452	3,792,452
<u>ACCOUNTS RECEIVABLE:</u>			
Churches of the Conference	-	2,881,706	2,881,706
Other	-	12,357	12,357
TOTAL ACCOUNTS RECEIVABLE	-	2,894,063	2,894,063
Notes and Loans Receivable	-	757,059	757,059
Prepaid Expenses	25,500	55,091	80,591
<u>PROPERTY AND EQUIPMENT:</u>			
<u>United Methodist Office Building:</u>			
Land and Improvements	683,019	-	683,019
Building	4,282,783	-	4,282,783
Furniture, Fixtures and Equipment	687,597	-	687,597
Episcopal Residence	445,111	-	445,111
	6,098,510	-	6,098,510
Less Accumulated Depreciation	(1,792,403)	-	(1,792,403)
NET PROPERTY AND EQUIPMENT	4,306,107	-	4,306,107
 TOTAL ASSETS	 \$ 4,484,097	 \$ 9,575,331	 \$ 14,059,428

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>LIABILITIES:</u>			
Fund Receipts Payable to Beneficiary Organizations and Other	\$ 10,712	\$ 3,380,422	\$ 3,391,134
Prepaid Subscriptions and Registration	-	65,511	65,511
Notes Payable	<u>1,881,144</u>	<u>-</u>	<u>1,881,144</u>
 TOTAL LIABILITIES	 <u>1,891,856</u>	 <u>3,445,933</u>	 <u>5,337,789</u>
<u>NET ASSETS:</u>			
<u>Unrestricted:</u>			
General Operating Fund	167,278	-	167,278
Property and Equipment Fund	2,424,963	-	2,424,963
<u>Temporarily Restricted:</u>			
Funds of Boards and Agencies	<u>-</u>	<u>6,129,398</u>	<u>6,129,398</u>
 TOTAL NET ASSETS	 <u>2,592,241</u>	 <u>6,129,398</u>	 <u>8,721,639</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,484,097</u>	 <u>\$ 9,575,331</u>	 <u>\$ 14,059,428</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

	Unrestricted		Temporarily Restricted	Total
	General Operating	Property and Equipment	Boards and Agencies	
<b>CHURCH REMITTANCES AND SUPPORT:</b>				
Church Remittances	\$ -	\$ -	\$ 30,221,069	\$ 30,221,069
Contributions	-	-	867,228	867,228
Registration Revenue	-	-	310,828	310,828
Subscription Revenue	-	-	60,609	60,609
TOTAL CHURCH REMITTANCES AND SUPPORT	-	-	31,459,734	31,459,734
<b>OTHER REVENUE:</b>				
Investment Income	283,652	-	59,147	342,799
Gain on Disposal of Episcopal Residence	-	266,509	-	266,509
Rents and Other Income	-	-	531,310	531,310
TOTAL CHURCH REMITTANCES, SUPPORT AND REVENUE	283,652	266,509	32,050,191	32,600,352
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>				
Satisfaction of Program Restrictions	31,237,398	-	(31,237,398)	-
<b>EXPENSES:</b>				
<b>Remittances:</b>				
General Church and Southeastern Jurisdiction	6,589,890	-	-	6,589,890
Conference Board of Pensions and Health Benefits	14,530,554	-	-	14,530,554
District	166,759	-	-	166,759
TOTAL REMITTANCE EXPENSES	21,287,203	-	-	21,287,203
<b>Conference Activities:</b>				
Benevolences	1,260,486	-	-	1,260,486
Program Activities	4,897,352	-	-	4,897,352
Scholarships	245,384	-	-	245,384
TOTAL CONFERENCE ACTIVITIES	6,403,222	-	-	6,403,222
Management and General	3,546,973	204,679	-	3,751,652
TOTAL EXPENSES	31,237,398	204,679	-	31,442,077
<b>NET ASSET TRANSFERS:</b>				
Property and Equipment Acquisitions	-	741,053	(741,053)	-
Interfund Appropriations	261,692	(357,228)	95,536	-
TOTAL NET ASSET TRANSFERS	261,692	383,825	(645,517)	-
<b>CHANGE IN NET ASSETS</b>	545,344	445,655	167,276	1,158,275
<b>NET ASSETS, BEGINNING OF YEAR</b>	167,278	2,424,963	6,129,398	8,721,639
<b>NET ASSETS, END OF YEAR</b>	\$ 712,622	\$ 2,870,618	\$ 6,296,674	\$ 9,879,914

The accompanying notes are an integral part of this statement.

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

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

	Unrestricted		Temporarily Restricted	Total
	General Operating	Property and Equipment	Boards and Agencies	
<b>CHURCH REMITTANCES AND SUPPORT:</b>				
Church Remittances	\$ -	\$ -	\$ 30,022,878	\$ 30,022,878
Contributions	-	-	907,550	907,550
Registration Revenue	-	-	340,099	340,099
Subscription Revenue	-	-	71,093	71,093
<b>TOTAL CHURCH REMITTANCES AND SUPPORT</b>	<b>-</b>	<b>-</b>	<b>31,341,620</b>	<b>31,341,620</b>
<b>OTHER REVENUE:</b>				
Investment Income (Loss)	(69,744)	-	12,036	(57,708)
Loss on Disposal of Land to Blackstone	-	(133,344)	-	(133,344)
Rents and Other Income	-	-	485,618	485,618
<b>TOTAL CHURCH REMITTANCES, SUPPORT AND REVENUE</b>	<b>(69,744)</b>	<b>(133,344)</b>	<b>31,839,274</b>	<b>31,636,186</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>				
Satisfaction of Program Restrictions	30,461,424	-	(30,461,424)	-
<b>EXPENSES:</b>				
<b>Remittances:</b>				
General Church and Southeastern Jurisdiction	7,037,839	-	-	7,037,839
Conference Board of Pensions and Health Benefits	12,987,581	-	-	12,987,581
District	163,011	-	-	163,011
<b>TOTAL REMITTANCE EXPENSES</b>	<b>20,188,431</b>	<b>-</b>	<b>-</b>	<b>20,188,431</b>
<b>Conference Activities:</b>				
Benevolences	1,494,404	-	-	1,494,404
Program Activities	4,734,851	-	-	4,734,851
Scholarships	231,186	-	-	231,186
<b>TOTAL CONFERENCE ACTIVITIES</b>	<b>6,460,441</b>	<b>-</b>	<b>-</b>	<b>6,460,441</b>
Management and General	3,812,552	188,372	-	4,000,924
<b>TOTAL EXPENSES</b>	<b>30,461,424</b>	<b>188,372</b>	<b>-</b>	<b>30,649,796</b>
<b>NET ASSET TRANSFERS:</b>				
Property and Equipment Acquisitions	-	71,356	(71,356)	-
Interfund Appropriations	283,270	358,052	(641,322)	-
<b>TOTAL NET ASSET TRANSFERS</b>	<b>283,270</b>	<b>429,408</b>	<b>(712,678)</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>213,526</b>	<b>107,692</b>	<b>665,172</b>	<b>986,390</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>(46,248)</b>	<b>2,317,271</b>	<b>5,464,226</b>	<b>7,735,249</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 167,278</b>	<b>\$ 2,424,963</b>	<b>\$ 6,129,398</b>	<b>\$ 8,721,639</b>

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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING ACTIVITIES:</u>		
Increase in Net Assets	\$ 1,158,275	\$ 986,390
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	204,679	188,372
Gain on Disposal of Episcopal Residence	(266,509)	-
Loss on Disposal of Land to Blackstone	-	133,344
Net Realized Loss on Investments	-	61,270
Net Unrealized Loss (Gain) on Investments	(226,239)	78,619
Changes in Assets and Liabilities Which Provided (Used) Cash:		
Accounts Receivable	(231,916)	(542,296)
Prepaid Expenses	29,764	2,672
Accounts Payable	<u>284,069</u>	<u>(427,286)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>952,123</u>	 <u>481,085</u>
<u>INVESTING ACTIVITIES:</u>		
(Advances) Collections on Notes Receivable, Net	(165,575)	288,307
Purchase of Property and Equipment	(741,053)	(71,356)
Purchase of Investments, Net	(56,632)	(1,919,575)
Proceeds from Disposal of Episcopal Residence, Net	<u>390,372</u>	<u>-</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(572,888)</u>	 <u>(1,702,624)</u>
<u>FINANCING ACTIVITIES:</u>		
Payments on Notes Payable	(2,049,144)	(358,052)
Proceeds from Note Payable	<u>2,016,000</u>	<u>-</u>
 NET CASH USED BY FINANCING ACTIVITIES	 <u>(33,144)</u>	 <u>(358,052)</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 346,091	 (1,579,591)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,229,156</u>	<u>3,808,747</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,575,247</u>	<u>\$ 2,229,156</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, 2012 AND 2011

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, 2012 or 2011. 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, 2012 AND 2011

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, 2012 AND 2011

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.

NOTE 2 - INVESTMENTS

Cost and fair value of investments as of December 31, 2012 and 2011 are summarized as follows:

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 3,035,375	\$ 3,418,758	\$ 3,117,417	\$ 3,274,561
Money Market Funds	656,565	656,565	517,891	517,891
	<u>\$ 3,691,940</u>	<u>\$ 4,075,323</u>	<u>\$ 3,635,308</u>	<u>\$ 3,792,452</u>

Investments in the amount of \$2,644,157 and \$2,425,819 were managed by the United Methodist Foundation of the Virginia Conference, Inc. (the Foundation), an affiliate of the Central Treasury, for the years ended December 31, 2012 and 2011, respectively. The General Board of Pension and Health Benefits of the United Methodist Church, through its investment arm Wespeth Investment Management, was the custodian of investments in the amount of \$1,431,166 and \$1,366,633 for the years ended December 31, 2012 and 2011, respectively.

The following schedule summarizes the investment return (loss) and its classification in the statements of activities for the years ended December 31, 2012 and 2011:

<u>December 31, 2012</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and Dividends	\$ 57,413	\$ 59,147	\$ 116,560
Unrealized Gain on Investments	226,239	-	226,239
Total Investment Return	<u>\$ 283,652</u>	<u>\$ 59,147</u>	<u>\$ 342,799</u>

(Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 2 - INVESTMENTS, (Continued)

<u>December 31, 2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and Dividends	\$ 90,802	\$ 12,036	\$ 102,838
Realized Loss on Investments	(61,270)	-	(61,270)
Unrealized Loss on Investments	(78,619)	-	(78,619)
Investment Fees	<u>(20,657)</u>	<u>-</u>	<u>(20,657)</u>
 Total Investment Return (Loss)	 <u>\$ (69,744)</u>	 <u>\$ 12,036</u>	 <u>\$ (57,708)</u>

NOTE 3 - CHARITABLE GIFT ANNUITY

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

At December 31, 2012 and 2011, 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.

NOTE 4 - NOTES AND LOANS RECEIVABLE

Notes and loans receivable as of December 31, 2012 and 2011, are comprised of the following:

	<u>2012</u>	<u>2011</u>
Churches of the Conference	\$ 283,928	\$ 174,927
Francis Asbury Educational Loans	<u>638,706</u>	<u>582,132</u>
 TOTAL	 <u>\$ 922,634</u>	 <u>\$ 757,059</u>

(Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 4 - NOTES AND LOANS RECEIVABLE, (Continued)

The Church Development Team of the Conference makes loans to churches of the Conference for acquisitions and improvements. The loans have various repayment terms with maturities ranging from 2012 to 2021 carrying a 4.0% interest rate. Loan disbursements have been paid from the Church Development Team Church Extension and Development Fund, the Revealing Christ Campaign Fund, and the Building in Faith Campaign Fund. On March 29, 2011, all of the then outstanding Church Development Team loans, except the non-interest bearing Charlottesville District loan, were sold to the Virginia United Methodist Credit Union for face value. Accordingly, no gain or loss was recognized in connection with the sale.

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, 2012 and 2011.

As of December 31, 2012 and 2011, the Central Treasury had received written intentions to give in the approximate amount of \$1,100,000 and \$1,500,000, respectively, in connection with the All Things New church development program. The intentions to give are not reflected in the accompanying financial statements.

NOTE 5 - CAMPUS MINISTRY BUILDINGS

The Conference is responsible to provide insurance coverage on eight Wesley Foundation campus ministry buildings located throughout the Conference territory. As of December 31, 2012, the insured value for these eight buildings approximates \$7,340,000. These buildings are owned by various Wesley Foundations. Accordingly, the value of these properties is not reflected in the accompanying statements of financial position.

(Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 6 - CAMP OVERLOOK

As of December 31, 2012 and 2011, the title to the property known as Camp Overlook located in Rockingham County, Virginia is held by the Board of Trustees of the Virginia Annual Conference. The title dated March 12, 1973 is held for the benefit of those districts of the United Methodist Church which include the Virginia counties of Frederick, Warren, Page, Shenandoah, Rockingham and Augusta. Accordingly, the value of this property is not reflected in the accompanying statements of financial position.

NOTE 7 - NOTES PAYABLE

Notes payable at December 31, 2012 and 2011, consist of the following:

	2012	2011
\$4,500,000 construction loan, with interest to vary at the 30-day LIBOR rate plus .85%. Collateralized by a first lien deed of trust on real estate and improvements.	\$ -	\$ 1,881,144
\$2,016,000 note due in monthly principal installments of \$21,000 plus interest at 3.25%, maturing April, 2020.	\$ 1,848,000	\$ -

During 2002, to minimize the effect of changes in its LIBOR based debt, the Central Treasury entered into two interest rate swap contracts. The first swap contract was effective April 1, 2002 and expired April 1, 2012. Under this \$1,300,000 swap contract, the Central Treasury paid interest at a fixed 6.91% rate and received interest at a floating LIBOR rate plus .85%. The second swap contract was effective July 1, 2002 and was due to expire July 1, 2007. Under this \$1,200,000 swap contract, the Central Treasury paid interest at a fixed 6.51% rate and received interest at a floating LIBOR rate plus .85%. On May 12, 2006, the \$1,200,000 swap contract was restructured whereby the Central Treasury paid interest at a fixed 6.75% rate and received interest at a floating LIBOR rate plus .85%. The restructured swap contract had a new expiration date of May 1, 2016. In addition to interest payments, the Central Treasury was required to make scheduled principal payments in connection with both swap contracts. During 2011, the Central Treasury made an accelerated principal payment of \$258,174 on its outstanding bank debt.

(Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 7 - NOTES PAYABLE, (Continued)

Effective April 1, 2012, the Central Treasury refinanced both swap contracts and consolidated them into one loan in the principal amount of \$2,016,000. The note payable was due in fixed monthly installments of principal of \$21,000 to the year 2020, and bore interest at the rate of 3.25%. The note was secured by a deed of trust on the Virginia United Methodist office building as well as a security interest in all deposits and investments maintained by the Central Treasury with the lender institution. In connection with the April 1, 2012 refinancing, an early termination loan fee was incurred by the Central Treasury in the amount of \$148,905. The outstanding balance of the note payable as of June 28, 2013 in the amount of \$1,722,000 was paid in full on that date.

Interest paid and expensed for the years ended December 31, 2012 and 2011 was \$76,254 and \$131,868, respectively.

NOTE 8 - RETIREMENT PLANS

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

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

CRSP and CPP are defined contribution plans which currently encourage a three percent employee contribution and call for a 16.4 percent employer contribution (12 percent for CRSP and 4.4 percent for CPP). The contribution is limited to approximately the first \$62,800 of employee wages. CRSP and CPP pension expense for the Central Treasury amounted to approximately \$318,000 and \$314,500 for the years ended December 31, 2012 and 2011, 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 \$100,000 and \$101,000 for the years ended December 31, 2012 and 2011, respectively.

(Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 8 - 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 9 - COMMITMENTS

At December 31, 2012, the Church Development Team of the Conference has committed grants and loans for the purpose of building new churches in connection with the Revealing Christ Campaign for approximately \$255,000. Additionally, the Church Development Team has committed grants and loans to churches for approximately \$389,000 in connection with the Church Development Team Church Extension and Development Fund.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Central Treasury to concentrations of credit risk consist primarily of investments and cash and cash equivalents. The Central Treasury places its investments and its cash and cash equivalents with creditworthy institutions and diversifies its holdings among entities, thereby limiting the amount of credit exposure to any one entity. As of December 31, 2012, the Central Treasury has \$2,350,828 of cash deposits in excess of federally insured limits being held by a federally insured financial depository institution.

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.

(Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 11 - CONTINGENCIES

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

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Fair Value Measurements at Reporting Date Using:	
	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>December 31, 2012</u>		
Equity Funds	\$ 1,428,572	\$ 1,428,572
Bond Funds	1,990,186	1,990,186
Money Market Funds	<u>656,565</u>	<u>656,565</u>
Total	<u>\$ 4,075,323</u>	<u>\$ 4,075,323</u>
	<u>Fair Value</u>	<u>(Level 1)</u>
<u>December 31, 2011</u>		
Equity Funds	\$ 1,075,504	\$ 1,075,504
Bond Funds	1,333,814	1,333,814
Index Funds	865,243	865,243
Money Market Funds	<u>517,891</u>	<u>517,891</u>
Total	<u>\$ 3,792,452</u>	<u>\$ 3,792,452</u>

(Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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

*Level 1 Fair Value Measurements*

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

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable and promises to give approximate fair value at December 31, 2012 and 2011, because of the relatively short maturity of these instruments.

The carrying value of notes receivable and notes payable approximate fair value at December 31, 2012 and 2011, based on the lending rates currently offered for loans with similar terms and maturities.

NOTE 13 - GENERAL OPERATING FUND

At December 31, 2012 and 2011, the components of the General Operating Fund are as follows:

	<u>2012</u>	<u>2011</u>
Council on Finance and Administration Reserve Fund	\$ 851,979	\$ 167,278
Episcopal Residence Construction Fund Deficit	<u>(139,357)</u>	<u>-</u>
TOTAL	<u>\$ 712,622</u>	<u>\$ 167,278</u>

(Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 14 - VIRGINIA UNITED METHODIST ASSEMBLY CENTER

In 2010, the Annual Conference approved the transfer of title of the Virginia United Methodist Assembly Center property, including land with a carrying value of \$133,344, to the Virginia United Methodist Assembly Center Corporation. During 2011, the title was transferred and the Annual Conference recognized a loss on the disposition of land in the amount of \$133,344.

NOTE 15 - SUBSEQUENT EVENTS

The preparation of the financial statements includes an evaluation of subsequent events through July 16, 2013, which is the date that the financial statements were available to be issued.

The outstanding balance of the note payable as of June 28, 2013 in the amount of \$1,722,000 was paid in full on that date.