

IX. REPORTS OF CONFERENCE BOARDS AND AGENCIES

[Editor's Note: The following reports are reprinted from the *2013 Book of Reports*. To find actions taken or changes made in the reports, refer to Section IV, DAILY PROCEEDINGS of this *Journal*. The report from the Council on Finance and Administration will be found in Section VII, FINANCIAL REPORTS of this *Journal*.]

COMMITTEE ON RULES

As the Rules Committee of the Virginia Annual Conference began a new quadrennium of work together, our first order of business was to address the request of Resolution 15 from the 2011 Annual Conference that the Committee on Rules develop "a proposal for advance nominations of clergy for election as delegates to General and Jurisdictional conference." The committee considered the pros and cons of self-nomination, allowance for late nominations and withdrawals, a nomination form and other concerns. Models of a process for advance clergy nominations from the North Georgia, Holston, North Alabama, Florida and North Carolina conferences were reviewed. A task force was formed to develop a proposal.

The proposal sought to parallel the process for lay nominations as much as possible. The current Section III.C. CLERGY NOMINATIONS would be replaced with a new III.C. CLERGY NOMINATIONS divided into two sections. The first would concern "Eligibility" and would spell out those eligible to be elected and those eligible to vote. The second section would deal with the "Nomination Process." It proposes that all clergy desiring nomination must complete a clergy nomination form. Forms would be posted on the conference website and must be completed and returned to the Director of Connectional Ministries no later than March 1.

The proposal provides for a Clergy Nomination Review Committee that shall review the clergy nomination forms and compile a clergy nomination booklet, which will be available on the conference website and also in printed form at cost from the Director of Connectional Ministries. A printed listing of clergy nominees would be provided in the clergy *Book of Reports* packet. No other process for making clergy nominations is provided for in the proposal.

The proposal also includes a recommended change to III.F. BALLOTING PROCEDURES under Section 8. Reading or Distributing Names. Under the proposal, all names receiving any votes on the first ballot would be read or distributed with the number of votes cast for each. After that, the names of twice the number of delegates still needing to be elected and votes received would be read or distributed according to the highest number of votes received. This process would be followed until all General Conference delegates have been elected, with the proviso that if there is a tie for the last position, there would be a runoff election. The same process would then be followed to elect Jurisdictional Conference delegates.

The Charter for the Common Table for Church Vitality has been in effect since 2006. The Common Table appointed an evaluation team to review this document and recommend changes. The Rules Committee reviewed their recommendations, which will be presented under the Report of the Common Table for Church Vitality.

The Rules Committee approved changes to the Function (V.B.4.a.) of Virginia United Methodist Communications and the Program Committees (V.B.4.c.ii.) which were submitted to the Rules Committee in March 2012. A recommendation from Global Ministries to update the title of their staff person and to add the Conference Committee on Personnel to their structure in Section V.A.4.d. was accepted.

Members of the Rules Committee reviewed and updated the disciplinary references based on the *2012 Book of Discipline*.

The recommended changes to the Standing Rules are:

III.C. CLERGY NOMINATIONS. Replace with "III.C. CLERGY NOMINATIONS

1. Eligibility

a. To be nominated. All clergy members in full connection are eligible to be nominated (*2012 Book of Discipline* ¶35), except as provided in *2012 Book of Discipline* ¶355.7.

b. To vote

i. The following clergy are eligible to vote:

- a) Active and retired members (elders and deacons)
- b) Active and retired provisional members
- c) Active and retired associate members
- d) Part time and full time local pastors who

1) Have completed the educational requirements (Five-Year Course of Study, equivalency for Five-Year Course of Study based on approval of the General Board of Higher Education Ministry and Virginia Conference Board of Ordained Ministry or an M.Div. from an approved seminary). Based on Judicial Council Ruling 1181, Analysis and Rationale, Paragraph 8

AND

2) Have been under uninterrupted appointment for two years.

ii. Retired local pastors (including those under appointment) are NOT eligible to vote (*2012 Book of Discipline* ¶316.6).

2. Nomination Process.

a. All eligible clergy have the opportunity to serve as delegates to General and Jurisdictional Conference. Clergy persons desiring nomination/election as delegates to General and Jurisdictional must follow the process outlined below. No exceptions to the process, including deadline dates, will be granted except as mandated by changes in *The Book of Discipline* of the United Methodist Church and/or the Annual Conference in changing these rules.

Those desiring nomination are asked to commit to the following expectations:

- 1) Pray for God's guidance in decision-making;
- 2) Commit the time needed to read and study the issues;
- 3) Attend the meetings of the Virginia Conference delegations;
- 4) Attend both General and Jurisdictional conference.

All clergy desiring nomination must complete a clergy nomination form. Clergy nomination forms will be posted on the conference web site in January preceding the Annual Conference session of delegate elections. All nominations shall include the nominee's name, picture not to exceed 1 1/2" by 2 1/2", address, phone number, e-mail address if available, church, district, and a personal statement no to exceed 150 words in which the nominee may indicate his or her experience, qualifications, and reasons for wanting to serve. The completed nomination form or facsimile thereof must be returned to the Director of Connectional Ministries no later than March 1 preceding the Annual Conference session of delegate elections. The deadline is non-negotiable.

b. Clergy Nomination Review Committee. The committee shall be composed of two persons appointed by the bishop plus one clergy member of the Rules Committee designated by that committee. The committee shall review and compile all nomination forms alphabetically according to the last name of the nominee. This clergy nomination booklet will be available on the conference web site. Printed copies will be available at cost from the office of the Director of Connectional Ministries. An alphabetical listing will be included in the clergy *Book of Reports* packet."

III.F. BALLOTING PROCEDURES 8. Reading or Distributing Names. Replace with

“8. Reading or Distributing Names. On the first ballot for General Conference, the presiding officer shall read or distribute all names receiving votes with the number of votes cast for each. After the first ballot, the names of twice the number of General Conference delegates remaining to be elected shall be read or distributed, according to the highest number of votes received. In the event of a tie between two or more nominees for the last available position on the General or Jurisdictional delegation, a run-off election will be ordered by the bishop to select the person to fill that position. Only the names of those in the run-off are open for votes. The names will be read in order of their election. The person with the highest number of votes cast will be seated with the appropriate delegation.

When all General Conference delegates have been elected, the same procedure shall be followed for Jurisdictional Conference delegates.”

V.A.4.d. second sentence. Replace “Conference Director of Mission” with “Conference Director of Justice and Missional Excellence.” Replace the third sentence with “To discharge its responsibilities it shall divide into four (4) mission teams: (1) health and relief mission team; (2) mission interpretation team; (3) mission relationship team; and (4) Conference Committee on Mission Personnel.”

V.A.4.e. Membership. Fourth Sentence. Replace Director of Children’s, Youth, Young Adult, and Higher Education Ministries with “Director of Ministries with Young People.”

V.B.4.a. Function Replace section with: “The mission of Virginia United Methodist Communications, Inc. is to assist faith communities in communications and related technologies, empowering their mission to make disciples of Jesus Christ.”

V.B.4.c.ii. Replace with: “Program Committees are the following: Communication Expertise and Equipping, Technology Expertise and Equipping, Conference Communications Management, Brand Management. Each member of the board shall serve on at least one of these committees.”

The Rev. Stephen G. Bray, Chair

CABINET

This year has been a “season of change.” We said farewell to Bishop Charlene Kammerer and conference Lay Leader Shirley Cauffman. We welcomed Lay Leader Warren Harper and saw Bishop Young Jin Cho move from the side of the Cabinet table to the head of the table!

In August, the Appointive Cabinet gathered in Roanoke on retreat under the leadership of Dr. Gil Rendle, senior consultant to the Alban Institute and several annual conferences. Dr. Rendle challenged us to change our role as district superintendents from “management and service providers” to “mission strategists.” Rendle reminded us that we have focused our ministry on input (clergy, staff, lay leadership) and “thru-put” (ministries, activities, worship services), with the output being satisfied congregations and clergy. Instead, we need to take the input and utilize it to deepen the discipleship of the members in order to change the output from satisfied clergy and laity to clergy and laity “making disciples of Jesus Christ for the transformation of the world.” (¶120) “Making disciples is not about satisfying clergy and congregations,” Rendle boldly proclaimed, “it is about changing lives!” We accepted his challenge.

Under Bishop Cho’s leadership, the Extended Cabinet spent time reflecting on our past work and the mission called forth from us for the future. We looked at the “thru-puts” of our annual conference: “All Things New,” Vital Congregations, appointment-making and our overall work together. Through these conversations, changes were made. Seven action groups made up of lay, clergy, Cabinet and conference staff representatives, have been meeting to enable Vital Congregations to streamline data, deepen discipleship in order to increase disciple-making and to expand the prayer life of our members. (A description of these small groups can be found in another section of *The Book of Reports*.)

The Cabinet developed two new guidelines for appointment-making. The first is in making “Missional” appointments. The 2013 appointments were made in the context of prayerful discernment about the mission of each local church... The Mission of the Church as it finds expression in each local church and ministry setting came first. The second is an intentional process of making “Cross Racial/Cross Cultural” appointments to fulfill our denominational covenant found in ¶425 of the *2012 Book of Discipline*.

As this Cabinet year comes to an end, we say farewell to three district superintendents who have served on the cabinet for eight years and brought strong and faithful leadership to their districts and to the conference as a whole: The Rev. Dr. Brenda Biler, the Rev. Dr. Steve Hundley, and the Rev. Dr. John Vest. We also wish the Rev. Dr. Mike Houff well in his retirement after three years on the cabinet. The Rev. Tony Layman will be returning to retirement after superintending for one year on the Arlington District.

We welcome the Rev. Cathy Abbott, the Rev. Dr. Rob Colwell, the Rev. Danny Kesner, the Rev. Dave Rochford and the Rev. Kathleen Overby Webster to the Cabinet table and to their districts. Like the church, the Virginia Appointive Cabinet and Extended Cabinet are committed to change and to transformation. We know we have not arrived but are going on to perfection, trusting in the sanctifying grace of Jesus Christ. Committed to deepening our own discipleship and refocused on our mission to make disciples of Jesus Christ for the transformation of the world, we believe that God can change our church from satisfied people to faithful people, boldly living out our mission to change the world into the reign of God on earth as it is in heaven.

The Rev. Tammy L. Estep, Dean of the Cabinet

BOARD OF ORDAINED MINISTRY

The Board of Ordained Ministry enables disciples of Jesus Christ to become effective clergy and certified lay professionals. To this end, the Board assists these persons in the areas of call, development and collegial support. Our full report on those who are recommended for licensing, commissioning and ordination has been reported to the clergy executive session for its action.

As the new quadrennium began, the Board adopted three priorities to be addressed over the next four years:

- A culture of excellence among clergy leaders as we strive for effectiveness
- More candidates being recommended their first time applying for provisional membership
- Stronger clarity about the diversity of gifts for ministry that are needed at present and into the near future within the bounds of the conference.

In the 2012 clergy age trends report of the Lewis Center for Church Leadership, the Virginia Conference has not only the highest number of young clergy under the age of 35, but also the third highest percentage across all conferences, as well.

In the area of call, the Calling 21 program continues to cultivate local churches that will serve as calling-congregations and host summer interns. This summer there will be eight interns serving in nine local churches: Basic (S), Braddock Street (W), Culpeper (C), Jackson Street (L), Lane Memorial (L), St. John’s and Leemont (ES), St. Luke’s (YR), and Wellspring (YR). We have also applied for a Fund for Theological Education grant to support interns in non-Caucasian congregations.

An Exploration Event for high school students, called “LAUNCH,” will be held in partnership with Shenandoah University July 21-23. “Connexion,” also held in partnership with Shenandoah University, brings together high school students who are children of clergy, as they address some of the uniqueness of this connection. It will be held July 26-28. Also new this year is the Candidacy Summit for all those seeking certified candidacy. It will be held twice: July 19-20 and in January 2014 at Blackstone.

We are also creating, and premiering at this annual conference, a video that is designed to inspire and inform potential candidates for licensed and ordained ministry.

In development, we utilized the services of The Kaleidoscope Institute to train twenty lay and clergy persons who will serve as a cross-cultural/cross-racial resource team. They will provide leadership for cultural competency training in the conference. In addition, 191 persons from all of the 16 district Committees on Ordained Ministry, the Board of Ordained Ministry, and the Bishop and Cabinet, were trained in cross-cultural/cross-racial sensitivity.

In the area of collegial support, the Diaconate – deacons, diaconal ministers, deaconesses and home missionaries – met in March. The Order of Elders met in April. The church size initiatives, for small- (in partnership with the Center for Lay Leadership Excellence) medium- and large-membership churches, also continue to meet and communicate for mutual support, although the large-church gathering had to be cancelled due to bad weather in 2012. This gathering has been rescheduled. Also in 2013, the lead pastors, staff and key leaders of medium-membership size churches will gather for three regional events with the Rev. Janice Virtue. The title of the program is “Leading Transformative Churches: On Purpose.”

More than 300 clergy attended the Ministers’ Convocation at Blackstone in January, the highest attendance in over ten years. We began the third level of ethics training – Ethics 2 – that addresses relationship boundaries and social media. As of March, 228 clergy have taken this course.

The Board of Ordained Ministry is challenged by the mission of making disciples of Jesus Christ for the transformation of the world in a new day and age.

The Rev. Ed Walker, Chair

BOARD OF LAITY

The conference Board of Laity is continuing to create a culture of call by engaging, equipping, and empowering laity so that they might effectively partner with each other and their pastors to live out God’s call as they lead the church as disciples of Jesus Christ, transforming of the world.

Associate Conference Lay Leader Larry Creamer (Staunton District) leads the Engaging Team (Holistic Stewardship) and is developing a culture of call for laity focusing on prayers, presence, gifts, service and witness. The work of this team includes networking and learning opportunities for district and local church Lay Leaders, establishing and giving oversight to various means of communication between members of the Board of Laity (e-mail groups, articles for the Advocate and other print communications, website, etc.), and developing and offering communications alternatives for meetings of teams.

Under the Engaging area of ministry, the Board of Laity Prayer Advocacy Team is new this year. This team, led by Dan Dietze, Linda Young, Janie Nuttall and Gene Mims, is visioning new ways for the board to assist local congregations through prayer. This team is also helping the board recognize our own need for new and varied ways to worship and pray for ourselves and local congregations.

Associate Conference Lay Leader Kathy Lutman (Winchester District), leads the Equipping Team (Leadership Excellence) and is developing and offering training to new district Lay Leaders. The work of this team includes overseeing Lay Servant/Speaking Ministries, developing resources for district and local church Lay Leaders, and resourcing Local Church Leadership Development and Nominations Committees. Martha Stokes, director of the conference Center for Lay Leadership Excellence, has created, with the board’s blessing, the “3E All to Hear God’s Call: The Role of Lay Leader,” a valuable resource for local churches to use in training Lay Leaders.

Associate Conference Lay Leader Johnnie Morris (Farmville District), leads the Empowering Team (Shared Ministry) and is strengthening lay-clergy partnerships for ministry (Partners in Ministry). A new training on “Empowering Shared Ministry” has launched this year. The work of this team includes advocating for the laity and promoting Laity Sunday, encouraging the presence of the district Lay Leaders, associate district Lay Leaders, or other laity involved in district ministries at all local church charge conferences; and assessing the needs of district and local church Lay Leaders in order to better support their service.

Lay Servant Ministries, led by Johnnie Draughon, has had a jam-packed year of new and fruitful ministry. General Conference 2012 officially passed the name change from “Lay Speaking Ministries” to “Lay Servant Ministries.” This change has certainly been on the wish list of the Virginia Conference for many years. Johnnie and the district directors are well on their way to creating the structure and course definitions to tie in with requirements of the *2012 Book of Discipline*.

David Bailey and the district directors spent endless hours creating a Lay Servant Academy for 2013 full of new material and experiences. For the first time, approximately two-thirds of all attendees were first-time participants at Blackstone. The excitement generated was extremely encouraging, and all look forward to 2014. The mini-course format and new and continued course offerings continue to draw individuals from all districts. Word has continued to spread to all areas of ministry, not just those interested in Lay Servant certification. It is an opportunity unparalleled. Additionally, leaders are working to expand web and live streaming opportunities in 2014.

The Board celebrated very dedicated members this past year whose terms of office have ended: Sue Stewart (Alexandria) served as secretary, Warner Bonderman (Roanoke) served as vice president, Bob Forrest (Charlottesville), Larry Tubbs (Fredericksburg), Darlene Amon (Elizabeth River), who were assistant conference Lay Leaders, along with Fred Fauber, Janet Bracey and Olivia Hinton. Additionally I thank Shirley Cauffman, immediate past Lay Leader, for her assistance this past year. We welcomed new members of the board and district Lay Leader pins were presented to: Brenda Brooks (Roanoke), Booker Brown (York River), Dan Dietze (Fredericksburg), Joyce Duncan (Lynchburg) and John Meeuwissen (Alexandria). We welcome Joyce Winston as the new UMW President.

Many thanks from your new conference Lay Leader for your continuous prayer and welcome as we get to know one another better as we all continue along this journey Christ has laid before us. Thank you, all. Additionally a thank you should go to Martha Stokes and Cindy Ingroff from the conference office for invaluable assistance and gifted wisdom. Thank you to the Rev. Dr. Brenda Biler, who has been the Cabinet representative to the Board of Laity. Dr. Biler will leave us this year and we thank her for her very supportive presence.

My partner in ministry, Bishop Cho, has been by my side continually. I thank him for his ministry among us. As clergy and laity, we look excitedly forward to a new conference year together as one in prayer.

Warren R. Harper, Conference Lay Leader

UNITED METHODIST MEN

The primary purpose of United Methodist Men (UMMen) is to declare the centrality of Christ in the lives of men and in all their relationships. Accordingly, the conference UMMen works with the General Commission of United Methodist Men (GCUMM) and the District organizations, in developing programs to meet the needs and interests of men of all ages.

The support to the general commission and the Virginia Conference for ministry to men through men is done mainly through the Annual Charter and EMS (“Every Man Shares”) renewals, in accordance with the Book of Discipline. There are more than 322 known active units that have chartered in the last two years, but even so our current charters are below our goal of 300 plus. The charter is the connective link that binds our UMMen local units together in ministry with all those in the other annual conferences and the vital enabling part of our existence.

We have four conference cabinet meetings each year, a conference-wide newsletter, The Beacon, and our Wesleyan Building Brothers advocate publishes a newsletter, Pathways to the Kingdom, which pertains specifically to that program.

The full conference cabinet consists of 42 members, broken down as follows: six elected officers, currently 15 of the 16 district presidents, three

positions relating to the Bishop's Cabinet and conference staff, 11 appointed positions, five past-presidents, and Bishop Cho as honorary president.

In addition to the cabinet meetings, we have a spring business/leadership training day, a breakfast at Annual Conference, and a fall spiritual retreat the first full weekend in November. This past year's theme was "The Normal Christian Life: Worship, Work, Money and Play from a Kingdom Perspective" by Dr. Ben Witherington III. This year, our Nov. 1-3 retreat theme will be "Profiles in Courage," presented by the Rev. Tom Berlin.

The 11th National Gathering of men from around the world will be held July 12-14, with more than 4,000 men of all ages together in unity under the banner of Christ. This will take place on the Belmont University campus in Nashville with the theme "Inside Out."

Our goals for 2013 are:

- Get our charters back up over 300 and increase our EMS membership twofold;
- Promote the model Understanding Men's Ministry training and encourage men to become Men's Ministry Specialists;
- Challenge 300 local units to raise \$1,111.11 per year for the next two or three years to fund our \$1,000,000 endowment fund for Heart Havens;
- Continue to support Disciple Bible Outreach Ministries of Virginia, which has identified eight prisons and juvenile correctional centers to teach Disciple Bible study; (The Disciple I course was completed in Greenville Women's prison, and participants have asked to continue with Disciple II.)
- Promote the fourth generation of Wesleyan Building Brothers;
- Have a minimum of 100 men attending the National Gathering in Nashville.

Jim Green, President

UNITED METHODIST WOMEN

The Virginia United Methodist Women (UMW) organization is a strong and mission centered body of Christ whose purpose is to "be a community of women... to know God and to experience freedom as whole persons through Jesus Christ; to develop a creative, supportive fellowship; and to expand concepts of mission through participation in the global ministries of the church." We take this purpose seriously and use it to plan programs, mission work and spending of finances.

As one of few organizations with a stated purpose, we are centered in Jesus Christ and spend our energies and offerings in serving women, children and youth in our local churches, our communities, the Commonwealth, across the nation and around the world.

This is accomplished through Spiritual Life Retreats, Mission Encounters (formerly School of Christian Mission), and retreats for young women, training workshops, volunteering in mission projects, educational reading, social action and prayer. Women choose to join the UMW and it shows by their enthusiasm for our work. Every woman, whether United Methodist or not, is invited to be a part of God's mission work through this organization.

At our 2012 Annual Meeting in October, we were honored to have Harriet Jane Olson, CEO of United Methodist Women, and Bishop Young Jin Cho. Olson reported on the new structure approved at 2012 General Conference for United Methodist Women. We are now an autonomous organization within The United Methodist Church. The historic vote separates the national policy-making body of women organized for mission with the denomination from the church's mission agency for the first time in more than 70 years. This action will provide more flexibility to local, district, conference and jurisdictional United Methodist Women as we organize for mission in our communities.

Bishop Cho reminded us that Jesus Christ is Lord and we serve him by "strengthening the spiritual foundation of our mission and ministries"... by "rediscovering our praying knees."

Virginia UMW has served communities in many ways through giving of our time and our offerings. Our Mission Giving in 2012 was \$808,677.63, plus \$43,472.57 "Call to Prayer and Self-Denial" for United Methodist Women projects, \$58,575.94 supplemental, national and international projects, and \$107,353.16 for Virginia projects, all made possible because of the belief and dedication to mission work that women hold dear.

This year holds great promise as we look to the future and prepare to continue being God's hands in a hurting world, fulfilling our vision and commitment to Faith, Hope and Love in Action on behalf of women, children and youth around the world.

Joyce Winston, President

EQUITABLE COMPENSATION COMMISSION

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 the minimum salary for the pastors. Salary and Pension supplementation in the amount of \$442,445 (salary \$382,087 and pension \$60,358) was provided to 48 charges in 2012. A schedule of salary and pension supplementation appropriations for 2012 has been provided to the conference secretary for publication in the conference *Journal*.

There were seven charges receiving salary and pension supplementation in 2012 that do not require assistance in 2013: Immanuel (Alexandria), Amissville (Charlottesville), Ridgeway (Danville), Cheriton (Eastern Shore), Hispanos Unidos (Roanoke), Amor Y Paz (Winchester), and North Frederick Charge (Winchester). 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.

The Conference Average Compensation (CAC) for 2014 is \$62,268 which is an increase of 0.1 percent over 2013. The Commission considered Minimum Compensation and the Floor Schedule for 2014 and recommends no change as outlined below for 2014.

The financial results 2010-2012 for the Equitable Compensation Fund are provided below:

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

District Superintendents and charges setting salaries for 2014 that may require supplementation are advised that the "floor" must come from sources other than the Commission on Equitable Compensation.

James C. Sprouse, Chair

RECOMMENDATIONS

1. The Equitable Compensation Fund apportionment for 2014 be \$500,000.

2. The Minimum Compensation Schedule for 2014 be:
 - a. Full Connection Pastors \$40,000
 - b. Provisional and Associate Members \$36,500
 - c. Local Pastors \$34,000
3. The Floor Schedule for 2014 be:
 - a. Full Connection Pastors \$28,000
 - b. Provisional and Associate Members \$25,600
 - c. Local Pastors \$24,000

COMMISSION ON EQUITABLE COMPENSATION POLICIES AND PROCEDURE

1. Philosophy of and the Purpose for the Equitable Compensation Program:

a. "Ordained ministers are called by God to a lifetime of servant leadership in specialized ministries among the people of God. Ordained ministers are called to interpret to the Church the needs, concerns, and hopes of the world and the promise of God for creation. Within these specialized ministries, deacons are called to ministries of Word and Service, and elders are called to ministries of Service, Word, Sacrament, and Order.

Through these distinctive functions ordained ministers devote themselves wholly to the work of the Church and to the upbuilding of the ministry of all Christians. They do this through the careful study of Scripture and its faithful interpretation; through effective proclamation of the gospel and responsible administration of the sacraments; through diligent pastoral leadership of their congregations for fruitful discipleship; and by following the guidance of the Holy Spirit in witnessing beyond the congregation in the local community and to the ends of the earth. The ordained ministry is defined by its faithful commitment to servant leadership following the example of Jesus Christ, by its passion for the hallowing of life, and by its concern to link all local ministries with the widest boundaries of the Christian community." (The *2012 Book of Discipline* ¶139)

b. "It is the purpose of the Commission on Equitable Compensation to support full-time clergy serving as pastors in the charges of the annual conference by: (a) recommending conference standards for pastoral support; (b) administering funds to be used in base compensation supplementation; and (c) providing counsel and advisory material on pastoral support to district superintendents and committees on pastor-parish relations; (d) submitting an arrearage policy to be adopted by the annual conference. For pastors receiving equitable compensation, once the base compensation supplementation has been received by the pastor, the annual conference shall have no further financial obligation or responsibility to the pastor, the charge or anyone else regarding the pastor's compensation." (The *2012 Book of Discipline* ¶625.2)

c. Assumption of the obligations of the itinerancy, required to be made at the time of admission into the Conference, put the church under the counter obligation of providing support for the entire ministry of the church. In view of the expectation which the church holds for its clergy in the area of professional separation and competence, it is incumbent upon the church to see that compensation is adequate for the professional and personal requirements of its clergy, and that they are determined and administered in a manner appropriate to a professional understanding of the ministerial vocation.

2. Types of Equitable Compensation Support:

a. Minimum Compensation Support: The commission annually proposes to the Annual Conference a schedule of minimum compensation for ministers by the various statuses of conference relationship and floor schedule to be met by the charge. In approving this schedule, the Conference guarantees each of its ministers a certain minimum compensation. Unless a minister voluntarily waives this right, he/she is entitled to an appointment where the compensation, including supplements from the conference, district, and other sources will be at least the minimum for his/her category.

b. Compensation supplementation is support provided to charges which require support in addition to that called for by the Minimum Compensation program. Such charges fall into two groups:

- (1) Charges with part-time or retired pastors;
- (2) Charges where there is a need for compensation higher than the minimum.

c. Sustentation grants are a means by which the commission may provide emergency aid to ministers of the conference who may be in special need. Sustentation grants are not considered part of the minister's salary or compensation.

3. Money for the Equitable Compensation Fund:

a. The grants and administrative expenses of the commission are borne by the Equitable Compensation Fund.

b. Annually the commission estimates the amount needed for Equitable Compensation grants, and with the concurrence of the Council on Finance and Administration, recommends an amount to the Annual Conference to be apportioned to the districts and charges of the conference.

c. As set forth in The *2012 Book of Discipline* ¶622, "When the apportionments for bishops, district superintendents, conference claimants, and the Equitable Compensation Fund for the several districts and charges have been determined, payments made to the same in each pastoral charge shall be exactly proportional to the amount paid on the clergy base compensation. (¶818.3) The treasurer or treasurers of each pastoral charge shall accordingly make proportional distribution of the funds raised in that charge for the support of the ordained ministry and shall remit monthly if practicable and quarterly at the latest the items for bishops, district superintendents, conference claimants, and the Equitable Compensation Fund to the proper treasurer or treasurers."

4. For Equitable Compensation purposes, the term "compensation" includes the amounts of ministerial support designated as salary and accountable reimbursement.

5. The Minimum Compensation Schedule, including the Floor, shall be recommended by the commission and the schedule, as approved by the Annual Conference, shall be published in the conference *Journal*.

6. Eligibility for Minimum Compensation Support:

a. The clergy must be rendering full-time service, that is their efforts must fully satisfy the Disciplinary description of the office of the minister and they must, in the judgment of his/her district superintendent, be rendering full-time service to the charge to which they have been appointed as pastor or associate pastor.

b. The "floor" is the minimum the charge must pay (obtained from sources other than Equitable Compensation Fund) in order to be eligible to receive minimum salary support.

7. Eligibility for Salary Supplementation:

a. The church or charge, whether requiring a full-time or part-time minister, must fall into one of the following categories:

- i. Inner-city church
- ii. Geographically isolated church or charge
- iii. Mission church or charge
- iv. Larger or cooperative parish
- v. Innovative ministry
- vi. Ethnic minority church
- vii. A charge, the serving of which involves unusual expenses
- viii. A charge which makes unusual demands in ministry

- ix. A charge where incentive is needed for raising minister's compensation
 - x. A charge or charges served by a clergy couple where one or both have waived their claim to the minimum compensation
 - xi. A charge served by a retired minister, provided that his/her compensation, including his/her pension, does not exceed the average cash salary of the conference.
- b. The application must be supported by a recommendation of the district superintendent.
 - c. The commission strongly discourages applications from charges whose compensation is above the Conference Average Salary (CAS).
8. Eligibility for Sustentation Grants:
- a. The applicant must be a minister in special need of emergency aid.
 - b. The application must be supported by a recommendation of the Bishop and the minister's district superintendent with a concurrence of a majority of the district superintendents.
9. Charges receiving support from the Equitable Compensation Commission are encouraged to take steps regularly toward becoming self-supporting and toward the increasing of the total level of support of their ministers. The following actions should encourage these steps:
- a. The district superintendents will annually review each application for Equitable Compensation aid with the appropriate charge conference.
 - b. Equitable Compensation aid to each full-time pastor will be reduced \$1 for each \$2 increase established and paid by the charge. When salary paid by the church exceeds the minimum applicable level the Equitable Compensation support will cease, unless the Equitable Compensation Commission waives this requirement under special circumstances.
10. How applications for aid are submitted:
- a. All applications (except those for Sustentation Grants) shall be submitted on forms provided by the commission.
 - b. Applications for Sustentation Grants shall be made in writing by means of letters from the minister, district superintendent, and the Bishop.
 - c. Applications shall include the name and district of the charge, the number of churches on the charge, the name and ministerial category of the minister, a statement of whether the minister is serving full or part time, together with all amounts of ministerial support listed by source both for the period ending and the period beginning. The application shall state the total salary needed for the minister and the amount of aid necessary to obtain that total.
 - d. Applications shall be prepared, signed by the lead pastor, chair of the staff-parish relationship committee of the charge, and the district superintendent.
 - e. A copy of the current church/charge budget must be submitted with the application along with a copy of the most recent audited financial statements.
 - f. Applications shall be submitted to the conference treasurer who shall provide each member of the commission with a copy of each application at least one week before the meeting at which the application will be considered.
 - g. Applications are generally submitted late in the calendar year for support to begin on the following January 1. The deadline for such applications is listed each year in the Conference Calendar.
 - h. Changes in the applications are often made at the time of Annual Conference, and occasionally at other times.
11. How appropriations are made:
- a. The Commission meets in the spring and the fall to review applications for Equitable Compensation Grants.
 - b. Requirements which a charge must meet in order to receive Minimum Compensation Support may be waived by a two-thirds vote of the commission.
 - c. Compensation Supplementation will be granted by action of the commission on recommendations of the district superintendent in categories described in Paragraph 7.
 - d. Sustentation Grants for emergency needs will be granted by action of the commission on recommendations of the district superintendent and the Bishop, with the concurrence of a majority of the district superintendents.
12. Methods of Payment:
- a. Minimum compensation support and supplementation will be paid through Electronic Funds Transfer (EFT) by the conference treasurer to the charge receiving aid by the 10th day of each month.
 - b. If a charge fails to maintain a current status on Pension payments to VUMPI, the conference Treasurer's Office shall send the Equitable Compensation support directly to VUMPI until such arrearages are satisfied.
 - c. The commission chairperson shall keep the conference treasurer regularly informed as to the appropriations made by the commission and any changes in payments which may be necessary because of appointments or changes in ministerial status.
13. Recommendations to the churches of the conference:
- a. The commission urges that consolidation of small churches and charges be promoted throughout the conference so that the conference can continue to provide a more adequate level of compensation support of its ministers.
 - b. The commission discourages the dividing of strong circuits and the establishment of weak stations that cannot continue to provide adequate compensation support.

TRUSTEES

The Virginia Conference Board of Trustees met for regularly scheduled meetings plus additional conference-call meetings as needed.

The sale of the former episcopal residence in the Fox Run area of Richmond was completed. The net proceeds of the sale were \$390,392.

The building of the new episcopal residence, in the Triple Oaks subdivision of Hanover County, was completed in late summer (2012) at a cost of \$466,500. Following completion of the construction of the house, additional work was done at a cost of \$22,986. This included: built-in cabinets for storage installed in the garage; a generator which covers electrical power for the entire first floor of the residence was installed; and the driveway was paved. Landscaping was to be done in late March as weather permitted.

In the United Methodist Center, in Glen Allen, the second floor was re-configured to enlarge the Treasurer's Office, and the Cabinet Room was relocated and re-furnished at a total cost of \$58,500. The public areas of the building were painted at a cost of \$3,900, and the carpeting was cleaned at a cost of \$1,000. In addition, a request for repairs to the parking lot was approved.

The conference Trustees continue to move forward in addressing property issues related to discontinued and/or abandoned churches in the Virginia Conference. Shiloh United Methodist Church (abandoned), in Bath County, is in the process of being sold, with closing of the sale expected before Annual Conference. The Trustees anticipate that the Cabinet will bring a recommendation to the Annual Conference as to the disposition of the net proceeds.

The Articles of Incorporation of the Board of Trustees of the Virginia Annual Conference of The United Methodist Church, Inc., have been amended, and are in agreement with the *2012 Book of Discipline*.

The initial loan for the construction of the United Methodist Center, in Glen Allen, matured in 2012. The conference Trustees have continued the financing of the \$2,016,000 balance with SunTrust Bank at an interest rate of 3.25 percent. The loan is payable in installments of \$21,000 per month, and will be paid in full in eight years. SunTrust Bank will continue to hold a deed of trust on the center until the loan is fully paid.

The Rev. Sallye E. H. Bowen, President

SITE SELECTION COMMITTEE

By previous Annual Conference action, the following dates have been recommended for the site of Annual Conference:

Hampton	June 20-22, 2014
Roanoke	June 19-21, 2015
Roanoke	June 17-19, 2016
Hampton	June 16-18, 2017
Hampton	June 15-17, 2018

The Site Selection Committee is charged with finding a location for Annual Conference, which is set five years in advance. Therefore, no action is required this year.

The committee would like to suggest that Annual Conference be held in Roanoke on June 21-23, 2019, and on June 19-21, 2020.

Having reviewed a number of facilities, we have found that Roanoke and Hampton are the only facilities which are able to meet our requirements. As such, we are suggesting that we continue the two-year rotation between Hampton and Roanoke, until another facility would become available.

The committee was asked at the 2012 Annual Conference to look into holding Annual Conference at the University of Richmond. After consulting with Rick Glass at the university, he said that their facilities were not adequate to accommodate Annual Conference.

The Rev. Doug Geeting, President

VIRGINIA UNITED METHODIST FOUNDATION

This has been a year of transition for the Virginia United Methodist Foundation. Starting in January, after an intensive search, we selected and began to utilize the services of Bank of America/Merrill Lynch as the investment manager for all of the church and endowment funds here at the Foundation. Bank of America/Merrill Lynch offered many attributes that led to their selection, not the least of which were experience with other Methodist Foundations, a strong client service group, the U. S. Trust subsidiary providing support for our gift annuities and charitable trusts, a solid approach to manager selection and consistent socially responsible investing. We were very pleased with their results for the year.

In the area of management we lost the services of Deal Tompkins, who had been serving as President since mid-2011, due to health concerns. I had come on board March 1, 2012, as a part-time Planned Giving and Development officer to assist Deal. After he had to step aside in April, I was named interim president. Many of the initiatives that Deal put in place during his tenure were an important factor in the success of the Foundation's financial results last year. We thank you, Deal, for your efforts.

Then in November, the Board elected me as the president of the Foundation, a job I am very excited about fulfilling.

Finally, we elected a new group of officers to lead our Board of Directors, including Gus Paulette as Chair, Ron Hardman and Bob Spencer, returning as Vice Chair and Treasurer, respectively, and Jim Smith, as our new Secretary.

We are very grateful to Lori Roberts who had served as our chairperson throughout these rather topsy turvy times for the Foundation and kept us on a steady course. As an indication of her leadership we ended up the year with total investment funds of \$38,876,791, having begun the year at \$34,792,891. Thank you, Lori.

Through all of these changes we have maintained our focus on meeting the needs of the churches and agencies in the Virginia Conference. Our mission is to help churches strengthen their long-term future by assisting in the creation of endowment funds, providing planned giving support to add assets to those funds and providing investment management services for all of the assets that are so acquired. We work with churches and with individuals who are interested in furthering the missions of their home church through bequests, charitable gift annuities, charitable remainder trusts and a variety of other charitable gifts.

As we look to this next year we are focusing on greatly increasing the number of churches that we serve. We are always ready to meet with our current churches and to begin working with new churches as they start endowment funds or need guidance regarding the investment of their church funds. We provide seminars on estate planning and planned giving as well as the basic reasons for establishing an endowment fund in the first place.

In addition to seeking new relationships with churches in the Virginia Conference we are looking to increase our staff to assist us in our efforts and to engage members of our Board and others in serving as ambassadors for the Foundation in connecting with churches in their locations. We are also considering ways that we can assist churches through a modest grant program that will address some of their current and longer term needs. In addition we are looking to sponsor seminars on a Conference wide level that will address stewardship development in the churches. Our aim, as it has always been, is to become a true financial resource for each of the churches throughout the Conference. Please visit our interactive website at www.vaumfgifts.org or call me at (804) 521-1122 to let us know how we can further your longer term missions through our services.

Dave Thompson, President

COMMON TABLE FOR CHURCH VITALITY

The Common Table for Church Vitality was approved by the 2004 Annual Conference "to coordinate and prioritize the ministries and resources of the Virginia Conference." To fulfill this purpose, Common Table members were assigned to be in relationship with specific areas of conference ministries and, in turn, represent the concerns of those boards/agencies at Common Table meetings. The Common Table began in 2006 with a membership of 19 based on this representational structure and has sought to do its work accordingly.

Since 2006, there have been many changes as Common Table has been faithful to its responsibilities in the following ways:

2006 – Began to live into new structure of 19 members versus 113 members on the prior Conference Council on Ministries

2007 – Presented a conference challenge of "More people, more young people, more diverse people"

2008 – Endorsed "All Things New" as a Virginia Conference strategic response for the formation of new faith communities and the vitality of existing congregations through a focus on leadership development

2009-2010 – Began a process of aligning conference ministries to focus on leadership development through the following:

- Began budget reduction process that reduced conference ministry and mission apportionment by \$719,253 (20%) for 2013 budget
- Reduced six connectional ministries staff positions
- Reduced conference funded program ministries from 83 to 21 in 2013 (enabling conference staff to be responsive to leadership needs of local churches and districts rather than planning conference programs)
- Eliminated two conference boards and one conference council
- Combined Commission on Religion and Race and Ethnic Minority Local Church Concerns to form Commission on Ethnic Minority Local Concerns and Advocacy

2011 – Began the conference's Small Church Leadership Initiative

Determined that the emphasis of "All Things New" would be combined with the denominational emphasis of Vital Congregations

2012 - Responded to denominational emphasis on Vital Congregations by:

- Blessing the presentation of district Vital Congregations workshops for churches averaging less than 150 in worship

• Blessing the work of the Bishop's All Things New – Equipping Vital Congregations Task Force that is developing a Virginia Conference systemic response to Vital Congregations. Work teams of this task force have been working to create a conference data base that will disseminate statistical information to help conference churches evaluate their ministries and engage in supportive discussions through the formation of discipleship circles

• Formed a Common Table Evaluation Task Force to review the identity and purpose of Common Table in the current reality of the Virginia Conference

2013 – Unanimously recommending (as detailed in recommendations at the conclusion of the Common Table report):

• The current conference vision statement (approved in 2001) be replaced with a new mission statement that aligns the mission of the Virginia Annual Conference with the purpose of the Annual Conference as defined in ¶601 of the *Book of Discipline*.

• Effective July 1, 2013, Common Table be restructured to strengthen its ministry of coordinating and prioritizing the ministries of the Virginia Annual Conference by having members elected for oversight of the whole ministry of the conference rather than being elected to represent various concerns of the conference

As the Virginia Conference fulfills its disciplinary purpose, “The purpose of the Annual Conference is to make disciples of Jesus Christ by equipping its local churches for ministry and by providing a connection for ministry beyond the local church; all to the glory of God.” (¶601), it is good to remember ministries that are either sponsored by or coordinated in partnership with Common Table:

Equipping local churches for ministry

- Licensing School for all first time appointments
- Annual Conference Sessions
- Bishop's Task All Things New – Equipping Vital Congregations Task Force
- 5 Talent Academy
- Small Church Leadership Initiative
- Mid-size Church Leadership Initiative
- Large Church Leadership Initiative
- Young Adult Leadership Initiative
- Regional Schools for Children's Ministries
- Conference Ministry Grants
- All Things New: Meeting Your Vital Congregations Goals training events
- Finding Your Own Way Retreat for youth directors and leaders
- Commission on Disabilities Program and Accessibility Grants
- Sunday Advocate bulletin insert
- Conference *Journal*
- Clergy Directory
- Pictorial Directory
- Annual Conference Sessions Support
- Planning and coordination
- On site IT staff support
- Annual Conference session publications (Ordination bulletin, Memorial Service bulletin, etc.)
- Annual Conference session Daily Advocate
- Database management for conference ministries
- Coaching and support for conference, district and local church leadership in areas of media relations, crisis communications and spokesperson training
- Rethink Church training and resources

Providing a connection for ministry beyond the local church

- Virginia Conference Mission of Hope Initiatives with Brazil, Cambodia and Mozambique
- Coordination and resourcing of leadership for local church Volunteer in Mission Teams
- Caretakers of God's Creation
- United Methodist Day at General Assembly
- Lay Servant Academy
- UMW Spiritual Life Retreat
- UMW Annual Meeting
- UMM Annual Meeting
- Conference staff resourcing support of 23 new faith communities
- Salary support for new faith communities
- District training events
- LEAD
- Voices of Youth
- Conference Middle School Fall Retreat
- Conference High School Retreat
- United Nations Youth Seminar
- Conference Young Adult Mission Trip
- Helping Hands Children's Mission events
- Mission Encounter (formerly School of Christian Mission)
- 3 All God's Children Camps (for children of incarcerated mothers)
- 2 Camp Rainbow Connection events
- Camp Loud and Clear
- 7 Wesley Foundations
- 15 partnerships or affiliations with ecumenical campus ministries
- Conference Benevolence Grants
- Conference Advance Specials
- Training for Volunteer in Mission Leaders
- *Virginia United Methodist Advocate* monthly magazine (print and digital)
- e-Advocate weekly e-mail newsletter

- Conference Facebook page
- Conference Twitter account
- *Mission Opportunities* booklet
- *Neighbors* quarterly outreach newsletter for use by local churches
- Conference website, www.vaumc.org
- ClergyNet, LaityNet and other E-mail groups
- Video production
- Media relations and crisis communications

To clarify its ministry of coordinating and prioritizing the ministries of the Virginia Conference, Common Table is unanimously making two proposals to the Annual Conference as detailed in its recommendations. Proposal One is that the current conference vision statement, adopted in 2001, be replaced with the following conference mission statement that is aligned with the disciplinary purpose of the Annual Conference:

“The mission of the Virginia Annual Conference is to make disciples of Jesus Christ for the transformation of the world by equipping its local churches for ministry and by providing a connection for ministry beyond the local church; all to the glory of God.”

During the current quadrennium, the strategy and rationale that will guide Common Table in coordinating and prioritizing the ministries of the Virginia Conference with this proposed mission statement will be:

- a) Supporting All Things New/Equipping Vital Congregations – so that we may be a biblical and authentic church;
- b) Strengthening the spiritual foundation of our mission and ministries through prayer and spiritual disciplines – so that there is renewal and revival of the work of the Holy Spirit in our conference;
- c) Developing new faith communities – so that we can reach out to the people in the mission field all around us;
- d) Working together in ministries – so that we can restore the beauty and effectiveness of our connection.

Proposal Two is that, effective July 1, 2013, Common Table be restructured to strengthen the coordination of conference ministries by conference boards and agencies while allowing Common Table to prioritize conference ministries. Whereas the current Common Table structure is designed for members to represent various ministry concerns, the proposed Common Table structure is designed for members to make decisions from a holistic model of decision making.

There have been two changes in the Connectional Ministries staff since the last Annual Conference as Peggy Cribbs retired as administrative assistant for the Office of Communications and Pheath Ram accepted a new position. We are grateful for their caring presence and ministry. Pam Culler, who also serves as a pastor (at Sherbourne UMC), is the new part-time administrative assistant in the Communications office. Dwight Bragg replaced Ram in the area of information technology where Pheath’s ministry focus was divided between videography and information technology. To respond to the growing technology needs of our annual conference, the job description was revised so Dwight would become a full-time Network Administrator. Common Table expresses appreciation to the faithful ministry of all the Connectional Ministries staff for their tireless work in sharing the good news of Jesus Christ through the ministries of the Virginia Conference.

RECOMMENDATIONS

1. Approve the following recommendations by the following boards:
 - a) By the Board of Discipleship regarding the observance and special offering for Christian Education Sunday
 - b) By the Board of Discipleship regarding the recommendation and endorsement of Gregory B. West as a General Evangelist according to the standards set by the General Board of Discipleship
 - c) By the Board of Global Ministries regarding the continuation of Conference Relationship Agreements
 - d) By the Board of Global Ministries regarding special offerings for Heart Havens, United Methodist Family Services of Virginia, and Virginia United Methodist Homes, Inc.
 - e) By the Board of Global Ministries regarding Advance Special Offerings

2. Replace I. B. THE VISION OF THE ANNUAL CONFERENCE of the Standing Rules of Order and Procedure with I. B. THE MISSION OF THE VIRGINIA ANNUAL CONFERENCE:

The mission of the Virginia Annual Conference is to make disciples of Jesus Christ for the transformation of the world by equipping its local churches for ministry and by providing a connection for ministry beyond the local church; all to the glory of God.

3. Replace the Charter for the Common Table for Church Vitality I. A. Vision with I. A. Mission:

The mission of the Virginia Annual Conference is to make disciples of Jesus Christ for the transformation of the world by equipping its local churches for ministry and by providing a connection for ministry beyond the local church; all to the glory of God.

4. Effective July 1, 2013, Common Table be restructured by the following changes in the Standings Rules of Order and Procedure:

Replace current II. MEMBERSHIP with:

II. MEMBERSHIP

The Common Table provides spiritual leadership for the Conference to carry out the Purpose of this Charter. The Common Table includes the following 13 voting positions and 2 non-voting positions:

A. Voting Members

1. Presiding Bishop
2. Conference Lay Leader
3. Director of Connectional Ministries
4. Cabinet representative assigned by the bishop
5. Commission on Ethnic Minority Concerns and Advocacy representative (in accordance with ¶643.5)
6. Eight at-large members equally divided between clergy and laity in 4-year classes, as elected in III

B. Non-voting Members

1. Chair of Board of Higher Education and Campus Ministries (in accordance with ¶634.3)
2. Representative from Council on Finance and Administration assigned by the Council on Finance and Administration

The elected Secretary of the Annual Conference shall serve as Secretary for the Common Table without vote.

It is both desirable and consistent with our Conference values that the members of the Common Table represent the diversity of our Conference. Persons representing separately incorporated entities do so solely for the purpose of communication. Separately incorporated entities remain independent, autonomous, incorporated bodies.

Replace current III. SELECTION OF COMMON TABLE MEMBERS with:

III. SELECTION OF AT-LARGE COMMON TABLE MEMBERS

1. Four of the Common Table at-large members (2 clergy and 2 laity) are nominated by the Conference Leadership Discovery and Development Team and elected by the annual conference.
2. Four of the Common Table at-large members (2 clergy and 2 laity) are nominated by the Bishop and elected by the annual conference.

Replace current IV. TERMS OF SERVICE with:

IV. TERMS OF SERVICE FOR AT-LARGE MEMBERS

At-large members serve four year terms and are placed in annual classes. If a person is elected to fill an unexpired term of two years or less, that person is eligible for reelection to a full four year term. In the event that a member resigns or dies during his/her term, a replacement shall be nominated by the Conference Leadership Development and Discovery Team or the Bishop, according to method of nomination, and elected by the Annual Conference with the replacement serving until the end of the original term. Any at-large member of the Common Table who is absent from two meetings without excuse or from three consecutive meetings for any reason shall automatically cease to be a member of the Common Table.

Delete VII.D. ALTERNATES

Insert new X. MEETINGS OF BOARD AND COMMISSION CHAIRS

X. MEETINGS OF BOARD AND COMMISSION CHAIRS

Semi-annual (or as often as necessary) meetings of Chairs (or designated representatives) of Conference Program Boards and Commissions that are under the oversight of Common Table will be held for the purpose of aligning conference program and mission with the vision of the Conference. A report of the Chairs' meetings will be provided to Common Table to assist in its responsibilities for its purpose of coordinating and prioritizing the ministries and resources of the Virginia Conference. The boards and commissions that are amenable to Common Table are:

- Board of Church and Society
- Board of Communications
- Board of Discipleship
- Board of Global Ministries
- Board of Higher Education and Campus Ministries
- Board of Laity
- Church Development Team
- Commission on Disabilities
- Commission on Ethnic Minority Concerns and Advocacy
- Commission on Status and Role of Women

Other Attendees

- a. Conference Staff serving as primary staff resource to these boards and commissions will attend these meetings with voice but without vote.
 - b. The Presidents (or designated representatives) of the Conference United Methodist Men and United Methodist Women will be encouraged to participate in these meetings.
 - c. Chairs (or designated representatives) of Conference Administrative Boards that are not under the purview of Common Table will be encouraged to participate in these meetings.
- The Director of Connectional Ministries shall chair these meetings.

Current X. AMENDMENTS becomes XI. AMENDMENTS

Current XI. EFFECTIVE DATE OF CHARTER becomes XII. EFFECTIVE DATE OF CHARTER

CONFERENCE LEADERSHIP DISCOVERY AND DEVELOPMENT TEAM

Common Table for Church Vitality – Current Configuration

Equipping Local Church (Lay) – Martha Reed

Human Resources (Clergy) – Chris Bennett

Ministries With Youth – Rachel Miller

Mission and New Churches (Clergy) – Rob Lough (Rn)

Common Table for Church Vitality – New Configuration (pending approval)

CLDDT Nominated

<i>Clergy</i>	<i>Lay</i>
Chris Bennett	Rachel Miller
Rob Lough	Martha Reed

Nominated by the Bishop

<i>Clergy</i>	<i>Lay</i>
Sherry Daniels	Iris Smith
Larry Lenow	Sung Song

Board of Church and Society

<i>Clergy</i>	<i>Lay</i>
John Copenhaver	Joy Book
David Magruder	Natalie May
Craig Muffley	

Church Development Team

Beth Anderson

Board of Discipleship*Directing Board*

Lisa Blackmonson

Conference Awareness Team

Brad McMullen

Best Practices Group

Norman Ramsey

Board of Global Ministries*Clergy*

Veronica Barrell

Dennis Lipke

Emmanuel Nkrumah

Lay

Brenda Barnes

Jane Hanson

Colleen Meiser

Board of Higher Education Ministries

Barbara Cousar

Molly Gee

Marc Rickabaugh

Virginia United Methodist Communications*Clergy*

Jacob Sahms

Bob Weeks

Lay

Betsey Davis

Heather Johnson

Amy Shelton

Commission on Disabilities*Clergy*

Pamela Culler

Margaret Packard

James O'Quinn

Lay

Linda Cornelius

Dorothy Payne

Jinwook Oh

Equitable Compensation Commission*Clergy*

Joe Carson III

Wilhelmina Sumpter

Commission on Ethnic Minority Concerns and Advocacy*Clergy*

Dwala Ferrell

Laurice Jones-Wilks

Robert Schoeman

Dwight Hughes

Terry Hendricks

At Large

Don Gibson

Jacob Paysour

Gali Sanchez

Council on Finance and Administration*Clergy*

Doug Gestwick

Lay

Ray Ergenbright

Board of Ordained Ministry*(Nominated by the Bishop)*

B. Justin Allen

John R. Hall

Darcey Gritzmacher Johnson

Michel Q. Mayton

United Methodist Foundation

Robert Billingsley

Burt Brooks

Bobbie Henley

Lyman Kelley

Wayne Rickman

Lori Roberts

Malcolm White

Christine Williamson

Jeff Wilson

Board of Pensions

Lay
 Jim Pearman
 Ida Powell
 William Young Jr.

Committee on Rules

Lay
 Judy Craun

Conference Trustees

<i>Clergy</i>	<i>Lay</i>
Sallye Bowen	B. Leigh Drewry
Alton Washington	Kathleen Lutman

Virginia United Methodist Housing Development Corp.

<i>Clergy</i>	<i>Lay</i>
Dwala Ferrell	Larry Dickenson
James G. O'Quinn	Willard Douglas
James Tripodi	

Society of St. Andrew

(nominated by Cabinet)
 Hasbrouck Hughes
 Harriet Bryan
 Alexander Duncan
 Wallace Bruce

Randolph College

Keith B. Evans
 Kathryn Heath Graves
 Barbara Niedland McCarthy
 Allison Gulick Muller

Randolph-Macon Academy

Naomi C. Earp
 Alonzo A. Neese

Randolph-Macon College

David G. Meleski

Shenandoah University

Art H. Major
 Debra Orbacz
 James A. Stutzman Jr.

Virginia Wesleyan College

Christopher L. Dotolo
 John F. Malbon
 Alvin J. Shexnider

CHURCH DEVELOPMENT TEAM

The Church Development Team (CDT) continues to focus on working with districts to identify sites for new faith communities and to support new faith communities that have been started. This includes providing coaching, financial resources and training. All of our efforts seek to align with the conference vision to make "All Things New."

The New Faith Community subgroup of the CDT continues to help create a culture of excellence, fruitfulness and vitality in the area of new faith community development in our conference. This year we have continued to resource and encourage recently initiated new faith communities, local churches, district Boards of Mission and their equivalents, the Cabinet and others in our conference to live out the "All Things New" strategy through the planting of new faith communities.

The New Faith Community subgroup is eager to work with local churches and groups of local churches who are discerning where, when and how to give birth to a new faith community. We continue to be available to work with district Boards of Mission or their equivalents in the new faith community discernment process.

In addition to resourcing our conference in the area of new faith community development, the New Faith Community subgroup also receives, reviews and makes recommendations to the CDT and the Common Table regarding funding for new faith community development proposals. This year we received multiple proposals that were reviewed and given careful consideration. We remain prayerful and excited about the future of new faith community development within our conference.

The Planters subgroup provides opportunities for discernment and training for those who wish to explore God's call to be planters of new faith communities. The New Church Leadership Institute was held Nov. 13-15, and 37 pastors from the Virginia Conference participated. Of those, eight continued the discernment process by being interviewed further. The results of these assessment interviews will be shared with their district superintendents. We also provided training and coaching for four pastors who were appointed to new faith communities in 2012.

We want to thank the Rev. Mark Ogren, director of Congregational Excellence, and his staff for their efforts to make "All Things New" in Virginia.

The Rev. Wayne Snead, Chair

COMMISSION ON ETHNIC MINORITY CONCERNS AND ADVOCACY

The Commission on Ethnic Minority Concerns and Advocacy (CEMCA) continues to live into its new structure by identifying objectives and strategies in moving toward its mission of serving as a prophetic voice for the full and equal participation of ethnic and racial constituents into the total life and mission of the Virginia Conference. These objectives and strategies focus on three areas of emphasis:

- Leadership Excellence: Supporting clergy and laity in developing and strengthening the racial/ethnic church for witness and ministry.
- Congregational Excellence: Articulating ways to celebrate and strengthen our coming together on the local church, district, and conference levels.
- Missional Excellence: Encouraging faith communities to reach beyond their walls in mission and global justice.

Highlights of work during the 2012-2013 conference year include:

- The three commissions for inclusivity have been diligently working, in conversation, collaborating and connecting, as we live into the Virginia Conference strategy of “All Things New.” On Sept. 15, the three commissions met in Glen Allen to discuss three areas of concern: 1) how to build relationships among those serving on all three commissions; 2) how the commissions can work together to support the specific area of advocacy and mission of each commission; and 3) how the commissions effectively create a unified voice for inclusivity that can change the culture of the Virginia Conference. The discussion opened up the need for an Inclusivity Work Group for further deliberations.

- On Oct. 5, the Inclusivity Work Group met to: 1) address the concerns of the September meeting; and 2) devise a plan of action which will include:

1. Establishing an inclusivity awareness campaign, which would involve sharing of stories through various means of communication;
2. Conducting a survey of churches for accessibility to those with disabilities;
3. Developing a tool kit of resources for best practices focused on Vital Congregations goal areas such as intergenerational and intercultural worship, mission outreach options with diverse and differing cultures, profession of faith materials in all languages and alternative formats, and Bible study using the “mutual invitation” model from the Kaleidoscope Institute.

- The Asian American Ministers Association hosted the fourth Asian American Ministers and Family retreat on Dec. 26-28 in Virginia Beach for a great time of fellowship and spiritual renewal. CEMCA offered financial support for the event.

- The conference Committee on Native American Ministries awarded one grant of \$3,000 to the Rappahannock Tribe from the Native American Ministries fund.

Iris Smith, Chair

COMMISSION ON THE STATUS AND ROLE OF WOMEN

The mission of the Commission on the Status and Role of Women (COSROW) is to challenge The United Methodist Church at all levels to work for full and equal participation of women in the total life of the denomination, including ordination of women, equal access to policy-making and recognition that Jesus Christ calls men and women alike to salvation, liberation, discipleship and service in church and society. The Virginia Conference COSROW advocates for the full participation of lay and clergy women and girls at every level of church life. We also monitor all sessions of Annual Conference and Conference committee meetings throughout the year to ensure that women are represented, heard, and given opportunities to serve.

At 2012 Annual Conference, COSROW continued sharing with the conference Commission on Ethnic Minority Concerns and Advocacy (CEMCA) and Commission on Disabilities the responsibility of monitoring participation of women, minorities, and persons with disabilities in the leadership roles of the church as represented by on-stage and at-the-microphone presence. Statistics continue to show in planned segments, such as worship services and special reports, fairly inclusive participation with evenly distributed involvement of clergy and lay, and men and women. Moreover, we are pleased to report that there was a 2.7 percent increase in minority participation and 10 percent increase in youth/young adult participation from the previous year. Female participation decreased by 2.3 percent. While the increases are commendable and the decrease noted, we are called to reflect God’s diversity and need to encourage opportunities for all God’s people to come to the table. Most reports from groups and during speeches from the floor of the Conference are presented overwhelmingly by male and clergy Conference attendees. The following chart summarizes the overall averages of Conference participation by categories of interest to the Virginia Conference:

Category Monitored	Monitored Sessions Average throughout Conference
Female	35.7%
Male	64.3%
Racial/Ethnic	15.7%
Youth and Young Adult	21%
Clergy	47%
Laity	53%

During the past year, the Virginia Conference COSROW continued e-mailing every clergy woman a copy of The Flyer, a newsletter published by the General Commission on the Status and Role of Women (GCSRW). Available through the website www.gcsr.org, along with a variety of awareness and training information, The Flyer offers updates on women’s issues and provides suggestions for relevant resources.

COSROW met with CEMCA and the Commission on Disabilities in September to brainstorm commonalities among the three commissions and areas the three commissions can work together to advance diversity and encourage a feeling of open invitation to the table for all. A smaller task force made up of two or three members of each commission met to further the agenda and develop a strategy. The task force felt their work could potentially strengthen and enhance churches’ Vital Congregations work of “making disciples for Jesus Christ for the transformation of the world.”

COSROW leadership participated in training this year: Quadrennial training in Nashville in January on Adaptive Leadership and General Commission on the Status and Role of Women (GCSRW) training in Nashville in March on leadership for the next Quadrennium. Both training events helped us live into our mission of training, advocacy, research and monitoring to nurture women leaders; address gender discrimination; confront sexual harassment and abuse and advocate for victims; raise awareness about women’s issues and opportunities; and identify institutional sexism and recommend ways to diminish it.

Shan Sixbey, Laity Co-Chair

BOARD OF HIGHER EDUCATION AND CAMPUS MINISTRY

The Board of Higher Education and Campus Ministry continues to be the arm of connection for an increasingly shrinking demographic in the local church. Persons from age 19-30 make up the age group that most churches desire. However, our campus ministries across the conference continue to do a great job at making connections with these young adults. Most campus ministries have Sunday services or are connected to a United Methodist church, where all are welcomed to worship. Most campus ministries also have service, learning and missional components to their experience. The goal is to challenge our young people in the faith and to create sacred space where their gifts and graces can be celebrated. The board sees the college setting as a prime mission field for faith development.

There are so many wonderful things happening on college campuses in the conference through our campus ministries! How can we share these stories? There are many traditional ways to do this: newsletters, smoke signals and airplane banners at the beach. The Board of Higher Education and Campus Ministries has been working hard for more than a year on innovative ways to tell the story of campus ministry.

My predecessor, the Rev. Jeff Harlow, coined the phrase "Holy conversations about data." If you are as data disinclined as I am, I encourage you to stick with me! This is a way to use technology to tell the stories of campus ministry. Enter the metrics! Our metrics is a version of the dashboard local churches use to track the vitality of their congregation. Local campus ministries log onto the metrics website and record all their ministry events identifying the number of "explorers, engagers and embodyers" to each event. To me, this first sounded cumbersome, until I realized what you probably noticed right away! These seemingly arbitrary categories fall right in line with our Wesleyan understanding of grace. If you are not quite there yet in seeing this, allow me to demonstrate:

Explorer = prevenient grace. Explorers are those who are demonstrating their interest in faith by their presence in response to God's working in their lives. They come with questions, doubts, fears, excitements, and inexpressible emotions. But they come to explore what it means to follow Jesus.

Engagers = justifying grace. Engagers are those who have crossed over from simply exploring to connecting with a campus ministry. This is like when individuals cross from prevenient grace to justifying grace. Still exploring, still questioning, but connecting on deeper levels with the God who first loved them.

Embodyers = sanctifying grace. Embodyers are those who are deeply committed to the work of Christ through the ministry on their campus. They are traveling deeper in Christ's love daily and bringing others with them!

Telling the story of campus ministry in Virginia is important only as it causes you to connect with them each as you can through your prayers, presence, gifts, service, and witness. These are your campus ministries!

Now for the disclaimer: I was not involved in the design of the metrics and do not know if they were purposefully designed to parallel a Wesleyan understanding of grace. But it fits! Hopefully my "Holy Spirit-led speculation" will inspire you to connect with the campus ministry nearest to you!

The Rev. Chris Andress, President

CAMPUS MINISTRIES

Campus Christian Community at Mary Washington College

The Campus Christian Community (CCC) is an ecumenical campus ministry on the campus of Mary Washington College in Fredericksburg. It is supported by the Presbyterians, United Methodists, Episcopalians and Lutherans. The mission of the CCC is: "Welcoming all people, the Campus Christian Community witnesses to the love and power of God in Jesus Christ. The CCC ministers with students, faculty, and staff of Mary Washington College and the surrounding community through worship, study, fellowship, and service, and provides a forum to explore and question issues of faith and life."

This continues to serve as a guide for all we do together as a Christian community and reflects our ultimate objective to incarnate God's love and mercy to all people.

Our primary weekly meeting continues to be our Thursday evening Table Talk program. Every Thursday from 5-7 p.m., 30-50 students gather at our Center to enjoy a meal provided by one of our supporting churches and engage in conversation about a topic of interest and concern. I speak at many of these meetings but often we will welcome guest speakers from the college community who will speak from their experience and academic expertise. We were pleased this year to welcome back to the CCC Dr. McBride of the Psychology Department, who spoke about emotional health and eating and Dr. Chris Kilmartin who led an excellent discussion on domestic violence. Other guests this year included area therapist Terri Deibold, Dr. Martin, Pastor Shawn Smith, to name a few. Students also take part leading our table talk meetings on topics such as Honduras missions, life transitions, wisdom from seniors, and Passover. Each week a major part of our Thursday evenings is our time of sharing and prayer. Students will open their lives up to one another and listen to stories of joy and prayers of concern.

We had 10 student leaders plan and implement the program for this past year at the CCC. Every Monday evening, these student leaders meet to brainstorm ministry ideas and plan the details of the CCC events. It was exciting to watch these students learn how to work together and listen to each other's opinions.

In September we began planning our yearly short-term mission trip scheduled for January 8-15, 2012. We again went to Honduras where we volunteered in El Progreso. This year we worked on a wall that surrounds the new orphanage the recently opened up in the city of Villa Soledad. We also helped out in a nutrition center that cares for malnourished babies. We also spent a day volunteering at Pronino, a home for street boys and IHNFA, the state run orphanage in San Pedro Sula. These mission trips can have a powerful impact on the lives of students. Many of our students alter their career plans to include more service oriented paths and life goals as a result of these service experiences. Two of our graduates are headed to seminary to pursue ministry as a full time career.

Several small groups met this year including a men's group and a women's group. These are mainly support groups that focus on relationship building, discussion and prayer. We also had Friday evening activities, which is a casual gathering of college students, watching a movie together, playing board games or just spending an hour or two together at the end of a busy week.

A relatively new program for us this year was "Coffeeology," which met on Sunday nights. It is a time to drink coffee and talk theology in a very open, supportive and creative way. We had a very nice turn-out for this weekly program of honest questioning and healthy interaction on a variety of theological topics.

Our students also used Coffeeology on occasion to reach out to our area high school students. A couple Sunday night sessions were opened to a few youth groups who joined us for this honest interchange of thoughts and ideas. This was a hug hit among the high school students and it was also greatly appreciated by our supporting churches. We will continue this program next year.

Young adulthood is a very dynamic time in life. These young people are moving out of adolescence and beginning their final move into full adulthood. It is not an easy time as they begin to make their own decisions about what they will believe and how they will live. It is so important that the church has a presence among students as they make this often bewildering transition. It is my hope that the church will continue to increase its sense of commitment toward this next generation of church and community leaders.

The Rev. Robert Azzarito, Campus Minister

Community College Ministries

Community College Ministries is your campus ministry with community colleges in southwestern and central Virginia, where more than 50,000 students deal with faith, family, classes and careers every single day! Colleges include Virginia Western Community College in Roanoke, Blue Ridge Community College in Weyers Cave, Dabney Lancaster Community College in Clifton Forge, Central Virginia Community College in Lynchburg, Danville Community College in Danville, New River Community College in Dublin, Patrick Henry Community College in Martinsville, Wytheville Community College in Wytheville, Virginia Highlands Community College in Abingdon, Southwest Virginia Community College in Richlands and Mountain Empire Community College in Big Stone Gap.

Denominational partners are the Presbyterian Church USA and The United Methodist Church through the Virginia Conference.

Community College Ministries sponsors Alliance for Excellence involving hundreds of students in a partnership of community colleges with African American congregations, launched in 1986 with support from the EMLC and the United Methodist Self-Development Fund. Alliance for Excellence provides vital programs through fellowships, seminars, choirs, and mission, and outreach. For the third year, Community College Ministries is sponsoring the "Rally in the Valley" bringing community college students of faith together from across the entire Commonwealth! The gathering is organized in cooperation with the Blue Ridge Christian Fellowship.

The office is located at 209 Otey Street in Blacksburg. Sandy Saunders of Danville Community College is board president. Other staff are Gloria Lindsay in Roanoke, Jean Wilson in Martinsville, and Jamesia Harrison in Lynchburg. The virtual mission leader is Susan Christian. We welcome your participation in this exciting ministry!

The Rev. Stephen Darr, Campus Minister

The Wesley Foundation at Longwood University and Hampden-Sydney College

In faithful response to God's love for all creation, the Wesley Foundation in Farmville, Virginia exists in order to be an expression of this love, primarily to and with the students. We seek to enable students to commit their lives to Jesus Christ and to live out that commitment in a life of love and service. In addition, we seek to be in ministry to and with the faculty and staff, larger college community, and local United Methodist Churches.

We have had a great year at the Wesley Foundation serving Longwood University and Hampden-Sydney College. Our Board and Student Leadership Council (SLC) continue to take step toward a proactive approach to funding the ministry here at the Foundation. The Board and SLC have come up with new fundraising ideas and have worked together to engage the local and campus communities. This engagement has resulted not only in increased funding but also increased involvement by these communities. We have also worked hard on Local Broad development resulting in an increase in Board commitment. The Board implementing a Board commitment form that is signed by each Board member. The commitment form outlines what is expected of each Board member.

Board members have stepped up their presence at the Wesley Foundation's major weekly gathering. The result is students feel more connected to the local Board. Each year we also have several Board members participate in our spring break mission trip. The Board continues to be supportive and encouraging through the implementation of building-use policies and staff support. All this has continued to take place during a year of transition in leadership on the Board. Our new Board chair, Jeff Postans, is committed to a strong, functional, and involved Board.

As always, missions have been a big part of our faith community at the Wesley Foundation. Some of our mission efforts have been focused on the Farmville area. They have included FACES food pantry and the Local Habitat for Humanity. These local mission events have made it possible for students not interested in a weeklong trip to experience the transformation that can take place through service to others. This year for our spring break we scheduled to travel to Crisfield MD to help with Sandy recovery. However, due to overscheduling of groups we were called a 10days before the trip and told there wasn't room. We made several attempts to plan for a local trip but time didn't allow. The students and Board were very disappointed. Four board members and 15 students met for a dinner and packed health kits for Farmville UMC's mission trip to Honduras.

The heart and soul of our full-time program of Campus Ministry continues to be our weekly Tuesday Fellowship Dinner and Program. Farmville District churches, groups and individuals provide meals that are followed by a time of Worship. The worship time is designed to be contemporary and interactive. There is also time in our Tuesday night schedule for small group discussion and prayer. It is a time of community building and fellowship that serves as the base of our ministry. We also offer a student-led Bible study and men and women's small groups on campus that are designed to challenge and support students. There is a late-night men's bible study on the campus of Hampden-Sydney. This bible study takes place in the baseball team locker room and involves mostly athletes. We try to stay connected to the Hampden-Sydney campus by scheduling large group events there at least once a month.

The students, faculty and staff, the Local Board, and the local Christian community have come together and been an expression of the love of God in Christ to Longwood and Hampden-Sydney. We continue to seek God's guidance in the coming year and pray that the Wesley Campus Ministry will continue to make disciples of Jesus Christ for the transformation of the world.

Rich Meiser, Director/Campus Minister

Wesley-Westminster Foundation at Norfolk State University

The Wesley-Westminster Foundation at Norfolk State University is an ecumenical ministry supported by the United Methodist and the Presbyterian Churches. "A wonderful year" is my description of 2012, a year marked by increases in many areas of the ministry. I thank God for increased visibility within the campus community of Norfolk State University which resulted in our reaching more students and the opportunity to guide them in their faith walk. I am also thankful for increased membership on our advisory board and for their dedication to our mission.

"Men of Strength" is a men's group that was formed in 2012 at NSU dedicated to promoting healthy lifestyles and ending violence against women. Because of my work with numerous male students and being regarded as a positive influence in their lives, I was invited to be a part of the Advisory Board, attend their meetings and mentor several students. I was pleased for this additional opportunity to affect change in the college community.

We experienced a tremendous turnout for our back to school cookout in August which was held on the grounds of our Campus Ministry House. The Wesley-Westminster Student Fellowship, board members and I had the opportunity to meet and share a message of faith with new students, faculty, the community, and the college and city police officers. We secured contact information that was valuable to our later activities. The success of the afternoon was enhanced by the food prepared by the members of Norfolk UMC.

During the year we partnered with Roman Catholic representatives on some activities and with Alpha Nu Omega to meet every Tuesday for a prayer circle.

We continue our weekly Bible Study, Prayer, Meditation and "Meet and Greet" sessions, and I am happy to see some increases in the numbers attending these sessions. In addition to the counseling of the students in our fellowship and sessions, I am also available for counseling with students referred to me by the college.

We are finally seeing real progress in our Campus Ministry House. Everyone, I'm sure, is aware of our struggle over many years to restore our facility to the place where we can use the first floor for student activity. It has been extremely difficult for our local board to accomplish this without any outside funding and through volunteer service and it has been extremely difficult to provide an effective ministry to the NSU community with no place of our own to house our activities – but with God's grace and enduring faith we're working hard to make 2013 another banner year of service to God and our community.

Larry Smith, Director/Campus Minister

Pace Campus Ministry at VCU

As this semester unfolds, we've offered a new initiative, Flight 222, a culturally sensitive worship opportunity that meets on Sundays at 2 p.m. We worked over the summer to seek and engage young adults with musical skills to lead this worship experience, welcoming faces to serve as greeters and were rewarded with 62 in our first worship. This outpouring of young adults was met by a corresponding outpouring of the Holy Spirit to welcome them. I am very excited about this new worship community and the students have been very faithful in their attendance. God is doing

a marvelous thing with, through, and by the young adults who gather here at Pace. I wish I could place a photo here to give you a visual image; but since I cannot I invite you stop by and see for yourself.

Our Monday night offering, Drop Zone, is still amazing to me as an average of 65 young people gather to hear a thought-provoking lesson and then to engage in dialogue by asking relevant questions, anonymously through slips of paper, and hearing what their peers have to say on the subject. It is our intent to present a consistent Christian perspective, but realize that all who gather do not share our faith perspective.

We were given a grant by the General Board of Higher Education and Campus Ministry and are able to sponsor special programs. One such offering, The Heart Healer, was a seminar on relationships facilitated by Rob Hill which drew 125 persons! Praise God!

We still offer ministry opportunities throughout the week as well as offer opportunities for VCU's student body to enter into service to the community through Highland Support Project and United Virginia. Both of these organizations use our building to reach social work and mission-oriented students.

The Rev. JD Daniely, Director

RISE Harrisonburg

The following report was written by Brittany Conley, a vibrant young adult leader within the RISE Harrisonburg faith community and the primary planter of a new young adult faith community in the Staunton area. Her voice is powerful and her leadership of disconnected young adults in the Harrisonburg/Staunton area is inspirational. As the pastor of RISE, I constantly am amazed by the ways phenomenally gifted young adult leaders and church planters are emerging within our community. They are innovative, passionate and bold, and they regularly inspire and push me as a leader and a follower of Jesus. I invite you to read Brittany's insights and pray for the RISE community and for the ways God's movement of grace and hope also is taking root in Staunton. Thank you for being a constant source of support, and for being such a life-giving part of this movement.

The Rev. Amanda Miller Garber

This past September, RISE turned two years old! We've learned that the "terrible twos" really aren't that terrible, and even though we're getting older and wiser, we continue to push ourselves to find new and creative ways to follow Jesus. Here are a few highlights from the past year:

RISE hosted several large mission events, hoping to live into God's dream of a mended creation. We had a Stop Hunger Now meal-packing event and an Alternative Gift Market at Christmas where instead of buying typical presents, people were able to make donations to local and global organizations in honor of a loved one. In January, we held our third annual "Mac and Cheese Off," an event that included massive amounts of cheese and raised money for local causes. This year we hosted an entire week of HARTS, which is a local homeless shelter that travels between churches each week. Also, we just finished our second annual Restore Love Month, where we raised awareness about child sexual abuse and raised funds for the Collins Center, a local organization that works to eradicate child sexual abuse and gives support to child victims. It is our prayer that we can continue to give our lives in an effort to restore love where it is needed most. College students and young adults offered powerful leadership and passion that fueled each event.

In the midst of these larger events, our smaller, ongoing missions continue to grow. RISE expanded our Love Packs ministry, which feeds underserved children at Spotswood Elementary, to provide food for 25 families. As we gain more financial support, we hope to expand this mission even further. Our Brother 2 Brother and Sister 2 Sister mentoring programs continue to grow; this year we had more college mentors than ever before! We are meeting more families in need of hygiene items as we provide them weekly during our RISE and Shine ministry. It is our goal to empower young adults to participate in God's dream in meaningful, transformational ways.

As we have engaged in mission, we have also worked to grow as individuals who are committed to radically following Jesus. Our college-age interns have served the community in incredible ways, and our Embrace Groups have been meeting weekly for formation and service to the community. We are pleased to report that our worship attendance numbers continue to grow, and we see new faces at worship every week. Average weekly worship attendance exceeds 160, and leaders are strongly considering starting another service. Our average age in worship is somewhere around 25-26, and a significant number of college students and young adults attend regularly.

A big accomplishment and celebration for RISE has been the formation of a new worshipping community in Staunton. For about two years we have had a dream of taking the RISE movement to Staunton, and our dream has come to fruition in the shape of a house church. This movement of God's love has moved down Interstate 81! It shares RISE's DNA but is also different from RISE Harrisonburg in a number of ways. This new faith community meets weekly and hopes to become an even more vibrant, missional movement of God's love that uniquely connects with disconnected young adults. As the planter in Staunton, I can speak to the amazing ways that hope and expectation are brewing in that space. God is moving and speaking in transformational ways in Staunton, and we are thrilled to be a part of it!

Brittany Conley

Tidewater Wesley Foundation at Old Dominion University

In a darkened room, the crowd gathered. As they waited for the sound guys to hook up equipment they talked about what they love – music. Some of the older folks (in their 30s) represented record labels, internet music promoters and public radio and there they were making connections. As I began to speak about the Wesley House, our mission as a campus ministry and our connection to The United Methodist Church, one guy interrupted and said to me: "You know, no one I know goes to church." Around that circle of 20- and 30-somethings the same phrase was repeated over and over again.

The United Methodist Church has a powerful witness of faith to a questioning generation of college students and young adults at the Tidewater Wesley Foundation at Old Dominion University. What began as a way to get more people involved has turned to an every weekend (including summer) concert series that welcomes bands from as far away as Washington State and as close as the bands that emerge out of your youth groups.

We have rappers and headbangers, high school students and their parents, and students representing all of the colleges in the Hampton Roads area. We see more tattoos and piercings and hear more stories from the fringe than a church usually sees or hears. After more than 80 shows featuring more 300-plus bands, we are well-known on campus and in the wider community. In 2013 we have seen more than 1,000 unique visitors come through our building!

"Why would the church do this?" Many people who walk through our doors don't ask this question directly. Instead, we hear "I got kicked out of church because they didn't like my shirt" or "My pastor uses me as an example of reaching out to people who are different." We just tell them that we love them, that we respect them and that they are welcome.

Concerts are not the only way we reach out to students. We offer internships in sound production and human services to provide experiences for real life leadership in those fields. We are the mission outpost that connects students to a local church by offering them opportunities for service. We continue to delve into the gospel by offering in depth discussion at our Tuesday Table Talk and in our small group studies.

We know that this generation is not about finding a set of beliefs and following those beliefs. We know there is a deep distrust of institutions, in the church, in people who claim to have the 'right' belief. What we offer is a relationship – first as friends, then as partners in a journey of faith that begins with a simple "Welcome to the Wesley House." For more information, visit www.wesleyhouseodu.org.

The Rev. John Haynes Jr., Campus Minister

United Campus Ministries at Christopher Newport University

United Campus Ministries (UCM) is a bold spiritual presence on the campus of Christopher Newport University, providing a house, a minister, and an opportunity to study, worship and serve God in an atmosphere of positive, accepting Christian love.

There are two basic arms of UCM: a core Student Discipleship group and my broader outreach to the campus at large.

The Core Discipleship group meets weekly for fellowship, a meal, worship and Bible study – all of which are led by students. I serve as mentor to the leaders and as pastor to all. We had a 100 percent turnover in student-participants this year, due to graduation and other new commitments of previous students, yet we have landed on our feet.

Most of the students in our ecumenical ministry are active participants in nearby Grace UMC, including four in their choir. They participate annually in the CROP Walk and in the Festival of Church Music, hosted by our board of directors. The students organized and hosted a Study Hall at the UCM house during the last exam period, with the effect that our ministry is better known and appreciated on campus, going beyond traditional Christian students. The students established an English tutoring program, which now meets each Sunday afternoon for “Conversational English” with non-native speakers.

Three UCM students attended the Montreat College Conference in January, and that resulted in increased faith commitment and understanding. They have greater confidence in leadership of Bible study and in organization now. One participant said, “What am I supposed to do with my life? Is my major the right one? What does God want me to do? Do I even have talents with which to serve him? ... I was able to go to a workshop on finding God’s calling. I learned that if you keep an open communication with God and regularly stay in the word, He will guide you. You may not realize it until after the fact, but He guides you through your passions and interests. If you do all things to the best of your abilities and to the glory of God, He will guide you to exactly where He wants you...” What a far-reaching blessing has been given through campus ministry!

As campus minister in the broader sense, I am called upon by the university to provide public prayers on numerous occasions and to be a member of faculty panels dealing with religion and various aspects of life. I meet with a number of non-religious students groups, often to provide them with opportunities for service within Christian organizations. The hope is to lead all members of the university community to become more aware of the spiritual aspect of all of life, and to incorporate their faith as an active part of all they do. UCM coordinates a Free Snacks ministry during exam week, which enables local congregations to make direct contact with 1,500 or more students, expressing the free grace that comes from God. As the congregation members offer the students words of encouragement and prayers, they become a witness to all others (faculty, staff, parents) who pass by.

Suzy Cothran, Campus Minister

ARISE - United College Ministries in Northern Virginia

This truly has been an exciting year filled with new life! Just outside of D.C., I have learned that George Mason University is culturally, politically and spiritually diverse. With more than 32,000 students enrolled – and 6,000 living on campus – George Mason has shifted from a commuter-driven student population to a large on campus community and is now the largest four-year university in Virginia. United College Ministries represents the combined efforts of the Christian Church (Disciples of Christ), Episcopal, Presbyterian (USA), United Church of Christ, United Methodist and interested individuals of many traditions.

As many of you know, at the beginning of the school year we changed our name to ARISE and updated our branding on campus. Our focus shifted toward providing excellence in worship, a strong commitment to mission/service opportunities and an emphasis on developing leaders. One of the first mission/service events was our Saturday of Service at the Lamb Center. The Lamb Center is a daytime shelter for the homeless and those living in poverty. It’s a safe place to grab a meal, a shower, print out a cover letter for a job, borrow nice clothes for an interview, do laundry, pray, have bible study, or just be with people who care. Here is how one student described the day: “So, with less than 3 hours of sleep, I successfully woke up at 7 am, walked to Starbucks (on campus) with Abby and waited to get picked up to go to the Lamb Center. Then I did laundry for people that needed help, I talked to them and learned so much! Makes me realize how much I truly do have and how much I would love to help people with no reciprocity involved. Just giving to give. Thank you Mark, for inviting us, it definitely opened my eyes to so much more.” – Alexa (a freshman).

This ministry makes a direct impact in the lives of the students who call ARISE home. I have witnessed first-hand how lives are changed, relationships formed, and faith is deepened when students have opportunities to explore their faith in places like the Lamb Center; its here that the thing they often find is grace.

I trust you will continue to keep the work of this ministry, myself, and especially all the students on campus in your thoughts and prayers.

The Rev. Mark Montgomery, Director

United Campus Ministries at Virginia State University

United Campus Ministries at Virginia State University is continuously thankful to the Virginia Conference and the James River District for the prayerful and generous support of the call to provide opportunities at VSU to make disciples of Christ through Christian worship and education, fellowship and community service!

The 2012-2013 year has been the season for ecumenism for our ministry. Our students involved in the Avodah music ministry and Chara performing arts ministry have experienced an unprecedented amount of opportunities to participate in a host of worship experiences in the communities surrounding VSU’s campus and beyond, in addition to our regularly scheduled weekly events. The year marked the two-year anniversary of Avodah and one year of existence for Chara. Among the host of churches visited by these teams were: St. Mark’s UMC, Faith and Hope Temple Church of God in Christ and Trinity Missionary Baptist Church of God in Christ in Petersburg; Wesley Chapel UMC and Community Independent Methodist in Chesterfield; The Baptist Theological Seminary in Richmond and the Church of Pentecost in Richmond; Chester Presbyterian and Real Life Ministries in Chester; Roberts Memorial UMC in Alexandria; Mount Olive Baptist in Centreville, Colonial Heights Presbyterian in Colonial Heights, Rocky Branch Baptist in Dinwiddie and Solid Rock Ministries in Crewe.

Sunday services remain intact at 2 p.m., with Bible Study held Wednesdays at 7 p.m. Among guest preachers for our services and supporters of our ministry were Virginia Conference members the Rev. Derrick Parson, director of Youth and Young Adult Ministries, the Rev. Gretchen Nelson of St. Mark’s, the Rev. Jan Prentace of Roberts Memorial, and Rev. Michelle Lindsay of Wesley Chapel. A number of Friday Night Fellowships including a fun-filled board game night called The Lord’s Table, and an open mic gospel music fest entitled Crazy Praise! Devotions were included in each of the gatherings adding a necessary component of spiritual engagement.

United Campus Ministries was welcomed by Communities In Schools at Ettrick Elementary for year three of the Men of Troy mentoring program. VSU men continue to mentor a dozen third, fourth and fifth graders as positive role models and guides on the quest to develop strong minds, bodies and spirits! A number of our students served as youth activity coordinators for a family retreat in Wakefield sponsored by Virginia One Church, One Child. In October, Avodah hosted residents of Riverside PACE for a worship service to honor the contributions of senior adults to society. In November, UCM once again organized participants for the annual Walk Against Hunger, hosted by Downtown Churches United, and raised \$525 in donations.

It is has been an exciting year! We continue to strive towards our mission due to your faithful efforts. We cannot thank you enough for your support.

The Rev. Delano Douglas, Director

The Wesley Foundation at the University of Virginia

I am continually amazed by the shape of campus ministry. A completely normal day can move from coffee and catching up with a student, to meeting with a professor or administrator, to trying to figure out the internet connection, to putting together this week's Bible study, to finding a distraught and teary-eyed student waiting outside the office door, to reaching out through Facebook to a student we haven't seen in a while, to pre-marital sessions with the couple whose wedding I'll celebrate next month, to making sure there will be food for the dinner next week, to mentoring a student headed for seminary, to meeting with another student who needs help figuring out how to lead the group discussion on capital punishment and faith, to writing the alumni fundraising letter, to writing the sermon, to hearing a visiting speaker on campus, to meeting with the interfaith clergy group, to preparing ecclesiastical reports like this one.

And even though the sheer randomness and all-over-the-placeness of this wonderful ministry helps to prepare us for anything, every once in a while something still surprises me.

This happened last summer, when the UVA Board of Visitors tried to oust President Sullivan (who was eventually reinstated), and I found myself in a new and unique place as a campus minister. I quickly understood my role to be that of a trusted source of information for our far-flung alumni and students, and for the Virginia Conference at large. In addition to attending protests, rallies and Faculty Senate meetings during the three-week series of events, I gathered information and sent out updates through our e-mail lists, website, Facebook groups and our conference ClergyNet and LaityNet. I also helped draft a letter from the interfaith group of religious leaders in the UVA community, which was distributed widely in the community. This was an unusual role to which I felt called and which I was thankful to be able to answer.

The situation was a striking example of the importance of our church's presence and involvement in the university community through campus ministry. Because we are here, on the ground, and regulars in the community, we are able to take part in and help lead in times of confusion and short fuses. Because we are invested in higher education and the people – students, faculty, staff, parents, alumni, townspeople – we also have "permission" to join the conversation and the authority to be heard. Because we value truth, relationship, and reconciliation, we can offer considered and healing words in the midst of rash and hurtful rhetoric – we embody another way. I hope that these events don't repeat themselves at UVA (or anywhere else) but I am thankful for the church's ongoing presence through campus ministry and for the many comments, questions, and supportive words you offered throughout the summer and since. It has been a blessing to hear from so many new-to-me conference friends who followed along through our Facebook and listserv updates, and who continue to root for us and pray for us.

The many other "regular" ways we live out our faith in community are alive and vibrant: Thursday night dinner and forum, Sunday evening worship, small groups, retreats, service projects and mission trips. We visited the Fluvanna women's prison again this year, spent a weekend at Shalom Farms, and sent 19 people to the Hinton Rural Life Center in North Carolina for our spring break mission trip. Law professor Doug Laycock spoke on "Religious Liberty & the Culture Wars" one Thursday night forum and we hosted the Muslim Student Association for a conversation about fasting in our two faith traditions. One of our students has the prestigious honor of living on the Lawn this year, and another one was just certified as a candidate for ordained ministry and will attend Duke Divinity School this fall.

You can keep in touch and follow along with all of our adventures through our website (wesleyatuva.org), which also has links to our Facebook groups. Thank you for supporting us as we invite and equip students to explore, engage and embody an active faith in God!

The Rev. Deborah Lewis, Campus Minister/Director

Wesley Foundation at Virginia Tech

After last year, the students at the Wesley Foundation at Virginia Tech asked themselves, "How can we continue to 'Love Out Loud,' but do so in a more transformational way?" The answer... by "Risking It All" for the One who risked it all on us.

This year has been a year of "Risking It All" in order to "invite and equip students to explore, engage, and embody an active faith in God." Whether it is through handing out 300-plus hot dogs to students downtown at bars, more than 2,000 grilled cheese sandwiches in the library during Finals week, leading worship at local churches and at the Fredericksburg District Youth Retreat, our spring break mission trip, an interfaith mission trip to the Dominican Republic, FUN143 (a tutoring/mentoring program at a local trailer park), or our regular weekly activities, the students at Wesley are truly "Risking It All" to "Love Out Loud."

Connecting to our neighbors through mission and worship is one way our students are "Risking it All" to "Love Out Loud." After an interfaith winter break trip to the Dominican Republic that Wesley was a part of, one student remarked, "I learned that education is a privilege and that opportunity is a blessing. I learned that suffering is an integral part of the human experience, and although it comes on different scales, it's suffering nonetheless. Most importantly, I learned and experienced how God is Love." – (Nancy '15) Our students were also able to "[make] the 2013 Fredericksburg Youth Retreat one for the record books! Every adult and youth I've spoken with has talked about how [it was] just a great big God-sized amazing WOW! As a participant this year I was touched by the stories, by the evidence of God's work in the lives of these college students, by the massive difference the Wesley Foundation is making for Jesus in the world." – (FDYC Youth Leader)

Through all of these ministries the Wesley Foundation at Virginia Tech is a place where students are being transformed as they discern how they will be in ministry throughout their lives. Some students are discerning calls into ordained ministry as they "realize through leading worship, participating in Bible study, going on mission trips, and being a student leader that I am not just called to be a preacher... I am called to be a pastor." – (Gennie '13) or they are discerning that "with the help of events through Wesley, I began to realize that ministry will be a part of my career, whether I work for a church or not. Instead of viewing ministry and the church as a possible vocation, I see it as a way of life." – (Lauren '15). A graduate discerned that, "the Wesley Foundation at Virginia Tech was a place where I could come to terms with my past experiences without ever feeling judged or like I had to struggle alone. It helped me to finally get to a point where I was comfortable in my faith and it gave me leadership experience through small groups, the praise band, and preaching. Wesley ignited a passion in me for leadership and ministry that I never had before. That has led me to a new church home where I am actively involved in leading worship and planning a small group designed to bring young adults in their 20s back to the church." – (Justin '12)

For all students, Wesley is an integral part of their faith journey. One student said, "Wesley is a place where I don't feel pressured to be someone I am not. Everyone who comes through the door is accepted no matter how far you are in your faith journey or if you have even started. I am so blessed to have a place where I can learn, mess up, and grow in the presence of grace and love." – (Nina '16) Another freshman wrote, "I feel a lot happier being involved in Wesley... it is a very important part of me. I believe Wesley is guiding me where God wants me to be in terms of my college experience." – (Riley '16)

The Wesley Foundation at Virginia Tech strives to be a vibrant part of our United Methodist connection in ways that students can passionately enter into fellowship, discipleship, worship and mission while being a faithful witness to the love of God for all of our neighbors. As you can see, campus ministry is vital to the lives of our young adults and, at Virginia Tech, we are committed to providing a space where doubt and struggle, hope and joy are a healthy and authentic part of students' faith journeys. Don't take it from me... just ask them!

The Rev. Bret Gresham, Campus Minister

Wesley Foundation at William and Mary

In campus ministry, each year brings new opportunities for mission and ministry. In following God's call to embody Christ's love, our community

lives out that love in the William and Mary community and beyond.

We continue to have Bible Study, small groups, mission projects, and outreach that nurture the spirits of young adults, as well as invite more into the love and grace of God. The students are committed to meaningful worship, fellowship, growth, service, and recreation. We are also committed to being a community where all are welcome.

In January, our new leadership team began their year of service. Marni Robins, president; Cara Dost, discipleship and service; Andrew Bresson, communications; Jannette Morris and Rachel Fugate, fellowship, lead and partner together in our ministry. It is a joy and a privilege to serve with such dedicated and compassionate persons of faith.

This year, we continued to invite the wider college community to join us in fellowship and service to God and one another. Our Sunday night dinner and program continues to be the mainstay of our programming ministry from 5-7. Programs range from “Can Jesus come to my dorm room?” to Taizé’ worship, to a discussion of Buddhism and Christianity in preparation for the Dalai Lama’s visit, to a discussion with faculty about the relationship between academics and faith. We led two workshops at our District mission event and that has resulted in a growing ministry partnering with local churches to help them build young adult ministries.

We welcomed author and blogger Rachel Held Evans to campus to share with students and the community for a couple of days about her most recent book, *The Year of Biblical Womanhood*, as well as talk about what it means to have faith in light of our doubts and questions. Highlighting our close partnership with local churches, Evans preached both services at Williamsburg UMC the Sunday she was here.

Also, we continue to expand our “Adopt-a-Student/Adopt a Family” programs with Wellspring and Williamsburg UMCs. We continue working to help feed the community with our annual potato drop, and each semester we offer the hospitality of lemonade and cookies, not only to the incoming freshmen and their families at move-in, but to the entire campus community at different times throughout the year. At the end of each year we carry out Operation Taco, to offer some food and grace to the students celebrating the end of the school year. In addition to our normal small groups, we developed a small group around Anne Lamott’s book on prayer, *Help. Thanks. Wow.* In addition, there was much reading and discussing of *The Year of Biblical Womanhood* among students too.

In addition to the events and projects that we do, we continue to partner with other campus groups as well. We participated in a discussion of faith and persons who are LGBT, an interfaith dinner to listen and learn from one another about our different faith traditions, as well as continuing to take the lead in planning the annual Service of Lessons and Carols.

We reach out beyond the campus to our local churches as well. In addition to the connections mentioned above, Williamsburg UMC continues to be a place of worship and community for many of our students, and there are strong bonds between the life of the church and Wesley, as evidenced by a covered dish luncheon that was an astounding success, and by students continuing to participate in the worship, Sunday School and mission projects. Wellspring UMC is another church where students have strong bonds. An Adopt-a-Student/Adopt-a-Family program continues to be an amazingly meaningful ministry for the church and the students, and Wellspring is a place of meaningful worship as well.

It is an honor and a privilege to serve as the campus minister here. The young adults and the entire Wesley community do an amazing job of living out the love and grace of God! It shows through the lives changed, the faith that grows, and the calls to ministry that are answered. We presently have one student entering into the candidacy process, and several more on the way.

The Rev. Max Blalock, Campus Minister

UNITED METHODIST-RELATED SCHOOLS

Ferrum College

Ferrum College is proud to be “Celebrating a Century” throughout 2013 and honoring in particular the visionary Methodist women who were responsible for our founding as a training school in 1913. Ferrum treasures this heritage, and continues to be blessed by our relationship with The United Methodist Church. For those who may not be familiar with our early history I would like to share the following words from a document that was prepared shortly after I became president of the College in 2002:

“Speaking before the Woman’s Home Missionary Society of the Methodist Episcopal Church, South, in 1910, a Virginia Annual Conference representative made a plea for the education of young people in the Blue Ridge foothills. There were 9,400 school-aged children in a three-county area but only 1,400 were enrolled in school. The women of Virginia’s Methodist churches accepted the challenge and worked with Conference personnel to make Ferrum Training School a reality. This missionary zeal has been the bedrock of Ferrum’s ethos since the training school opened in 1913, and has continued through its history as a high school, junior college, and four-year baccalaureate institution.”

We thank you for your continued support, inspiration and encouragement, and your generous financial assistance towards the scholarships for deserving young men and women that helps us sustain our historic mission of accessibility and affordability.

Our spring semester was productive, highlighted by the public launch of our “Centennial Campaign.” The success of this major fundraising effort will require engagement by the entire Ferrum community, and we will be working with our Board members and representatives from faculty and staff for different components of the campaign. We are especially excited that a major component of the Campaign is to build an endowment for our Dean of the Chapel position and worship and ministry programming. The Centennial Campaign will also focus on academic programs, additional classroom and science lab facilities, endowed professorships, and, of course, our all important scholarships.

Another notable week of the semester occurred during spring break when, under the leadership of Dean of the Chapel, Rev. Wes Astin, a Ferrum College team of eight students volunteered their time and energy to work at Robin’s Nest Orphanage in Jamaica. Upon their arrival on a Sunday the team worshipped at Bay Life Baptist Church then spent the afternoon with the children of Robin’s Nest at the beach. The next day, Monday, they began a week of work that included moving large stones to a site near the entrance that will be used to build a wall, patching the mile-long access road to the orphanage, removing embedded rocks from the earth to be crushed for use on building the entrance wall, and planning games and activities with the children. The work gave new meaning to the term “let’s rock!” The students were enriched by their service to the orphanage and returned to Ferrum not only strengthened in muscles but deepened in faith, character and patience.

We are pleased at this 100-year milestone to have continually increasing support from alumni, friends, and foundations who want to partner with us as we guide our young men and women to become “principled leaders for the future.” It takes each and every one of us to build a better college, a stronger community, and a world filled with opportunities. It is our steadfast prayer that Ferrum will thrive and succeed into the next century. We thank all members of the Virginia Conference who recommend Ferrum to potential students and ask you to continue to remember our campus community and our students in your prayers.

Jennifer L. Braaten, President

Randolph College

This year proved to be an outstanding year for Randolph College, which experienced its largest enrollment since 2008, including dramatic growth in the number of graduate students. Support from the college’s alumni has continued to increase, both in terms of actual dollars and the percentage of this group who give back to the college.

The year was marked by the continuing improvement of facilities. In February, we opened our newly renovated Student Center. A \$6 million

project funded entirely by alumnae, the Student Center will have a transformative impact on the lives of our students. It is complimented by new brick pathways in the rear of campus and a fountain plaza. Last August we completed the renovation of a residence hall, including air conditioning, new furniture and a new global community center.

Our faculty continues to strengthen the academic experience of our students. They have approved a new graduation requirement that will ensure that students participate in an intercultural experience during their time at Randolph College, as well as a new minor in Latin American Studies. The college has been awarded a \$600,000 grant (over five years) from the National Science Foundation's Scholarships in Science, Technology, Engineering and Mathematics (S-STEM) program which will allow us to be more accessible for physical science and math majors, primarily through scholarships. This grant is the largest in the school's history.

Year after year our faculty continues to receive significant national recognition. The Center for College Affordability and Productivity recently named our faculty 13th best in the country of all colleges and universities. This is a testament to the personalized educational experience that Randolph provides for our students. Other rankings have been kind to us as well, with the college being named a "best college" by U.S. News and World Report, Forbes, The Princeton Review, and The Washington Monthly. Most importantly, we provide this educational experience at an affordable cost to our students, thanks to providing more than \$11 million in institutional grants to students.

All of us remain thankful for the strong relationship that exists between Randolph College and the Virginia Conference. Over the past year, we have strengthened our involvement with the church and the spiritual development of our students. We have a larger campus presence of the chaplain, who has begun regular prayer times with students and a weekly service. As I leave the college at the end of the academic year, I am particularly thankful to Lynchburg Superintendent Larry Davies and the Rev. Lee Sheaffer for their counsel to the college, and to me, as we searched for ways to maintain the strong relationship between the college and the conference.

John E. Klein, President

Randolph-Macon Academy

Thank you for taking a few moments to read this report from Randolph-Macon Academy. As the only United Methodist Church-related secondary school in Virginia, we are very much aware of our obligations to the Virginia Association of Educational Institutions and to the Virginia Annual Conference. We trust that Randolph-Macon Academy is a school that fulfills the commitments and the values of The United Methodist Church. The Covenant and the *Book of Discipline* are taken seriously and significantly influence our behaviors.

During my time at Randolph-Macon Academy, we have sought to enhance the quality and the purpose of our school. This has meant not bowing to the chase for enrollment for numbers' sake. Our choice was to be better, not bigger. Thankfully, the church and our Board of Trustees, has strongly supported this philosophy – and it has resulted in a school of high standards and consistently good results.

During difficult economic times, our drive for quality was not always easy; however, it was right. We acknowledge the blessings of God during these financially difficult times. Today, are financially stronger than ever – our endowment has grown, our debt has been reduced and our cash posture is solid. Our endowment is still modest and its growth is important to our future. Thus, you will see Randolph-Macon Academy working to build the endowment in the time ahead.

Institutional quality is measured in many ways. In our case, we believe every child should go to a college or university upon graduation and be prepared to excel. Some should qualify for prestigious schools. Every child who wants a college education should earn sufficient scholarship assistance to make his/her dream a reality. My summary report to you is that Randolph-Macon Academy is fully meeting each of these quality criterion. Beyond that, our graduates receive a strong and purposeful character and value-based secondary education – one that will focus and sustain our graduates for a lifetime.

The Virginia Conference has been a wonderful partner with Randolph- Macon Academy. The financial support provided by the conference has been multiplied by gifts from Randolph-Macon alumni and from our own endowment fund. The result is that hundreds of deserving students have attended our institution that would otherwise not qualify. There are not many words to express our appreciation to the conference for supporting Randolph-Macon Academy over the years. The consistency of financial support, the love and the prayers of everyone have made a great impact on our students and our institution. We are eternally grateful.

I will retire on 1 July. My wife, Carolyn, and I have been blessed with your loyalty and your friendship. I have one request, please... I ask that you continue to support this wonderful values-based United Methodist prep-school and that you find it in your hearts to support my replacement, Maj. Gen. Maury Forsyth, and his wife, Tamara.

May God bless you, your families and the Virginia Annual Conference.

Maj. Gen. Henry M. Hobgood, USAF (ret), President

Randolph-Macon College

Randolph-Macon is a selective, co-educational, nationally recognized liberal arts college located in Ashland. The college achieves its mission of "developing the mind and character of its students" by balancing a demanding academic program with individualized attention or "moments of connection" between its exceptional faculty and students. The student-faculty ratio is 11:1 and the average class size is 15 students. R-MC has an outstanding reputation for its national and international internships, study abroad programs, undergraduate research opportunities and unique First-Year Experience (FYE) program. The FYE is designed to engage students from the moment they arrive on campus and help them discover connections between two seemingly unrelated academic disciplines. The program also includes writing and speaking components and community-service projects.

R-MC offers a Four-Year Degree Guarantee, which pledges in writing that freshmen who meet all necessary requirements will graduate within four calendar years. If not, Randolph-Macon will waive tuition costs for R-MC courses needed to complete the degree. Currently, 95 percent of Randolph-Macon graduates complete their degrees in four years or fewer.

The EDGE, a program within the innovative Center for Personal and Career Development, is aimed at helping students lead the pack when competing for jobs and applying to graduate schools. Through a four-year pathway beginning before the first semester, this program provides a broad perspective of life after R-MC by building partnerships with faculty, alumni, parents and the business community.

The 2012-2013 academic year began with a total enrollment of approximately 1,300 students. The Class of 2016 was the largest freshmen class in Randolph-Macon's history. The 414 freshmen represent 20 states and five foreign countries and is with 54 percent female, 46 percent male and 23 percent representing an ethnic minority group. In addition, 31 percent of the class received Presidential Scholarships, R-MC's signature scholarship that recognizes students who demonstrate the highest levels of academic achievement and leadership.

Randolph-Macon's Building Extraordinary capitol campaign is in high gear toward its \$100 million goal, with 85 percent of gifts raised.. The campaign, launched in April 2011, is designed to support facilities, greater opportunities for faculty and students, and programs that support the continued improvement of student outcomes through career and graduate school preparation. The goals for the campaign were set forth by the college's strategic and master plans.

The college is experiencing a renaissance, with new facilities, new academic majors, and new sports and co-curricular programs. Currently under construction is Brock Commons, a new student center, which is scheduled for completion in spring 2013. It will include a movie theater, an expanded

campus bookstore, dining services with an open café, a balcony, a portico with tables, a student mailroom and multi-purpose rooms and spaces. Construction of Brock Commons is made possible by a \$5 million gift from Joan and Macon F. Brock Jr. '64, and by the generous support from numerous alumni and friends of the college. During summer 2013, construction will begin on Birdsong Hall, a residence for upperclassmen. This three-story facility will provide state-of-the-art apartment-style housing, common areas, study rooms and a two-story 3,280-square-foot multipurpose room. Birdsong Hall, which will border the football/lacrosse field, is named for Constance and Thomas Birdsong '49 and The Birdsong Corporation; construction is made possible through their \$2 million gift.

Renovations of the Copley Science Center will also take place during summer 2013 with a new roof and window replacements. A new Neuroscience Institute will also be created in Smithy Hall where the psychology department is currently located. Fundraising is underway for a new science building, which will connect to the Copley Science Center on the northwest side. This three-story, 2,700-square-foot facility, with state-of-the-art teaching laboratories, classrooms, faculty offices, and the Office of Pre-Health Advising, will also house the biology, environmental science/geology, and chemistry departments. This project received a \$5 million challenge gift from Joan and Macon F. Brock Jr. '64. R-MC celebrated the dedication and opening of The John B. Werner Pavilion at McGraw-Page Library and the newly renovated Day Field (football/lacrosse field) in fall 2012. With the completion of Day Field, R-MC hosted its first night football game on Oct. 5, 2012 before a sold-out stadium. Other completed projects under the R-MC Master Plan include Andrews Hall, a freshmen residence facility named for the late Rev. Ira Andrews, The Hugh Stephens Field at Estes Park (baseball facility), a new Tennis Complex, and renovations to both Haley and Fox Halls.

Two new majors have been added to the Randolph-Macon curriculum: Archaeology and Engineering Physics. The Archaeological Studies program brings together knowledge from various disciplines to build an understanding of our human past. Students gain expertise in a wide range of subject areas including art, natural sciences, history and foreign languages. Engineering Physics blends courses from engineering, physics and math to prepare students for graduate studies in engineering as well as post-baccalaureate employment in many technical and applied-science jobs.

Women's golf is the newest intercollegiate sport at R-MC. The team began competing in fall 2012 under head coach and PGA professional Leighann Albaugh. Women's golf is the 17th sport at R-MC.

Five Randolph-Macon professors traveled to Japan during summer 2012 to explore study-abroad opportunities for students. The trip was sponsored through a grant R-MC received from The Japan Foundation Center for Global Partnership (CGP) to strengthen Japanese Studies, a part of the college's Asian Studies program. Two of these professors also led 21 students to Japan during R-MC's popular January Term (J-term). They studied historic and religious sites in Nara, Tokyo and Kyoto. J-term is an optional four-week session in which students can immerse themselves in other cultures, conduct a regional, national or international internship or take an on-campus course in a specific area of interest. Students studied abroad in one of 10 countries: Australia, United Kingdom, Japan, Tanzania, Hungary, China, Guatemala, Germany, Austria and New Zealand. This year, Randolph-Macon supplied video cameras to several of the classes so that students and professors could chronicle their time abroad. They returned with video blogs that we have launched at www.rmc.edu. J-term not only offers global educational opportunities, but life-changing experiences. Eighty-eight students participated in internships that provided unique opportunities that would not be possible without the support of Randolph-Macon alumni who offer students one-of-a kind experiences.

The Schapiro Undergraduate Research Fellowship program (SURF) is an endowment to support scholarly undergraduate research by students in all disciplines. SURF allows students the opportunity to conduct original research, under the guidance of a faculty member, and to be paid a stipend. Many students present their findings at academic and professional conferences both nationally and internationally.

The A. Purnell Bailey Pre-Ministerial Scholarship Program for Ordained Ministry, designed to support students who express an interest in a Christian vocation in ordained ministry, established in 2004, continues to flourish. A limited number of select students are awarded this scholarship each year and receive half-tuition for the first two years and full tuition for the junior and senior years; mentoring; and assistance in fulfilling the requirements needed for acceptance into seminary in the United Methodist Church. Two internships in a ministry setting are also mandatory during the students' college careers.

Student outreach through community service continues to be an important aspect of a Randolph-Macon College education. The SERVE program (Students Engaged in Responsible Volunteer Experiences), in the Office of Student Life, is an integral part of Randolph-Macon's Leadership and Service Initiatives. R-MC coordinates dynamic opportunities for service and service-learning to help students explore the root causes and contexts of social needs through connections with the greater community. Students are actively engaged in Habitat for Humanity and the American Cancer Society Relay for Life, and in April, students volunteered for "Macon A Difference Day," which is held annually in conjunction with Earth Day.

Robert R. Lindgren, President

Shenandoah University

Shenandoah University continues to strive to collaborate within The United Methodist Church's "Four Areas of Focus" to engage the church's mission "to make disciples of Jesus Christ for the transformation of the world,"

The JustFaith (Justice and Faith) Christian Leadership Program at Shenandoah has never been larger! A group from JustFaith attended General Conference last year and learned firsthand about leadership, polity, and enacting change. The group also travelled to The Justice Conference in Philadelphia to be educated and inspired as they heard stories of others who have made a difference for Christ. In addition, students take one class a semester, gather into small groups with a local clergy mentor, and sign a covenant of accountability. The relationship built within the JustFaith program strengthens each student individually as well as the collective whole.

In November, the entire JustFaith program was trained as an Early Response Team through the United Methodist Committee on Relief. Since then, two groups have driven to Staten Island to use their training and to engage a hurting community. Each time, they have come home more hopeful than when they left. Our JustFaith students are exemplifying the principled Christian life as they lead us beyond the confines of our university home to be in community with the neighbors we are called to love.

Shenandoah also continues to work with the Virginia Conference as college students from many universities discern their call through the Calling21 summer internship. Additionally, Launch, a youth retreat for those discerning a call to ministry, will occur on campus in July in partnership with the Virginia Conference. Finally, Connexions, a retreat for high school children of clergy, will kick off this July at Shenandoah. Our partnership with the Virginia Conference continues to strengthen as we develop principled Christian leaders for the church and the world together.

University Chapel is also at its largest as we continue to use the gifts and talents of our students to lead worship for the university and the Winchester community. This emerging congregation has seen a student tap dance to Grace Like Rain, multiple students use their theatrical gifts to act out scripture, and others use their musical talents to lead the congregation in traditional, contemporary, and other worship styles. Additionally, we have two choirs that join together Shenandoah Conservatory students with individuals who may have other majors, but enjoy lifting their voices in worship.

Students engage with the poor nearly every day of the week. A student group dedicated to easing the issues of hunger in our community, Hungry Hearts, takes food each weekday from the dining hall to the Salvation Army to serve the guests and build relationships. Additionally, students participate in the Winchester Area Temporary Thermal Shelter (WATTS) with local congregations. Each Sunday, our students serve food at WATTS, share a Bible study, and catch up with our friends after a week apart. This ministry with the poor enables our students to envision a future of hope as we seek justice with and for our guests at WATTS in collaboration with local faith communities.

Shenandoah students in its health professions majors – pharmacy, physical therapy, occupational therapy, respiratory care, and nursing – are constantly engaged with the community as we seek to improve health locally. However, it does not stop there. In concordance with Spiritual Life, many students travel to Nicaragua, Guatemala, Brazil, and Honduras annually to provide health care for those who may have never seen a health professional. As the lack of access can become deadly for some, we take those students who have the gifts and the passion to those in need. This opens the eyes of our students and reminds them that they can use their education to make a difference.

We are grateful for the continued relationship with the Virginia Conference as together we seek to impact our community locally, nationally and globally. I can assure you that Shenandoah University is embodying the mission of The United Methodist Church as we simultaneously seek to engage our calling to educate and inspire leaders for our church and world.

Tracy Fitzsimmons, President

Virginia Wesleyan College

The Trustees, faculty, staff and students would like to thank those in the United Methodist community for their leadership and support of Virginia Wesleyan College.

The 2012-2013 academic year has been one of continued achievement following the year-long celebration of our 50th anniversary as a liberal arts college that educates students and prepares them to meet the challenges of life and career in a complex and rapidly changing world.

Today Virginia Wesleyan College stands as a nationally recognized, independent, co-educational, liberal arts college that has graduated more than 8,300 men and women who have achieved success in fields as diverse as education, law, science, health care, social services and the ministry. Recent accolades have included inclusion by the Princeton Review in its 2013 edition of The Best 377 Colleges and a feature in CollegesofDistinction.com.

During the 2011-2012 academic year, 289 students graduated, earning their degrees in 34 different majors. Currently, the college has more than 1,400 undergraduate students with a student faculty ratio of 12.1 to 1. With an average class size of 12.4, our students receive individualized attention and are encouraged to grow, both as students and citizens of the world. They are challenged by talented, supportive professors, 89 percent of whom hold the highest degrees in their respective fields.

Since the fall of 2011, revolutionary new curriculum changes have guided students to become active learners by focusing on intellectual curiosity as a catalyst for acquiring knowledge and integrating that knowledge into real life experiences. The curriculum is based on a four-credit hour course rather than the traditional three-credit hour system. Students are using the fourth hour for in-depth, independent study which can include additional reading assignments, research or writing, community service internships, group projects and other activities. Whether it's keeping journals, journeying into the community or to a foreign country, the focus of "inquiry guided learning" is to make connections and to develop the critical thinking skills that will serve our students throughout their lives.

With the implementation of these curriculum changes, a number of milestones have occurred that are advancing the College's commitment to our students and to the principles of inquiry guided learning. The Council of Independent Colleges (CIC) selected Virginia Wesleyan as one of 25 institutions nationally for its Degree Qualifications Profile (DQP) Consortium, a two year study to better understand what knowledge and competencies a postsecondary diploma ought to mean and what students should be expected to know and be able to do once they earn their degrees. With a generous \$1 million gift from an anonymous donor, VWC has launched a dramatic expansion of its study abroad program. Under a three-year pilot project, 38 students will spend a semester-long experience at a foreign institution. In addition, the National Science Foundation has awarded the college a grant to support up to 30 need-based scholarships for academically talented students majoring in biology, chemistry, earth and environmental sciences, or mathematics. Finally, we acknowledge a gift from the Board of Missions of the Elizabeth River District to provide scholarships for 13 VWC students toward the Nicaraguan mission trip. They will be working with the House of Hope, a ministry to women and children who have been trapped in prostitution or human trafficking and with several local churches.

Marlin Ministry, our student leadership group, works with chaplain Greg West to pray, praise, plan and implement ministries and outreaches to the campus. Our LIFE groups are loosely based on the Wesleyan class meetings. In addition to Rev. West we also have students leading these groups, which bring them to the intersection of the scriptures and their lives. The worshipping community continues to grow in faith and numbers at our two weekly services.

Our commitment to social responsibility has been evident throughout the year in a variety of projects such as the 7th annual homeless shelter. Our students are also participating in projects such as the Empty Bowls fund-raiser and Marlins Read neighborhood tutoring projects. With the success of Marlins Read has come another opportunity for community service, Marlins Add, an expansion of the student-led mentoring program. The college once again hosted a continuing education series March 4-5, welcoming more than 65 clergy to the campus for a two-day seminar with Dr. John N. Oswalt, visiting professor of Old Testament at Asbury Theological Seminary.

Throughout the past year, the college has celebrated its Methodist heritage and its strong ties to the larger community, while continuing to reconfirm its aspiration to be a supportive community that is committed to excellence in our academic programs, higher learning, social responsibility, ethical conduct and religious freedom.

William Greer, President

SMALL CHURCH LEADERSHIP TEAM

The Small Church Leadership Team (SCLT), composed of both clergy and laity, began meeting in June 2012, to consider various aspects of the small church. Objectives of the team include developing a support structure to empower our congregations to reach their full potential in spreading the Gospel and making a difference in the name of Jesus. First, we need to realize that small churches (149 members or less) are in fact a majority. Approximately 84 percent of the churches in the Virginia Conference are in the small church category. The SCLT believes that we should celebrate the unique opportunities to serve God in a Christ-centered small congregation rather than worrying so much about the "if only's" (if only we had more members, if only we could attract young families, if only we had more resources, etc.) At the core of the team's purpose is the desire to encourage pastors and lay leadership in our small membership churches. This work will initially be focused on congregational health and identity through the development of strong ministry plans and strengthening our understanding of The United Methodist Church connection. We will identify new ways to support one another and give thanks for the important role of small membership churches in our conference.

We also invite you to stop by our display during Annual Conference. Team members will be available to talk with you and share information about the work of the group as well as resources focused on the small membership church.

Bobby Thompson, Chair

ALL THINGS NEW-EQUIPPING VITAL CONGREGATIONS TASK FORCE

In 2011, the Council of Bishops and the Connectional Table of The United Methodist Church discerned that our denomination should place a 10-year focus on congregational vitality. This focus, identified as "Vital Congregations," determined that the indicators of congregational vitality were worship attendance, professions of faith, small groups, money given to mission and members engaged in mission. Across The United Methodist Church, these indicators of congregational vitality resulted in the establishment of four-year goals for each area. In turn, these goals were presented at the May 2012 General Conference during a time of worship by the active bishops. While these goals reflected the dreams and prayers of faithful

disciples of Jesus across the connection, each annual conference had the task of determining how it would respond to Vital Congregations.

In 2012, Bishop Charlene Kammerer formed a task force (composed of the conference Lay Leader, two representatives from Common Table, two district superintendents, and conference staff representing Congregational Development, Lay Leadership and Connectional Ministries) to develop a Virginia Conference systemic response to Vital Congregations. Building upon the conference's priority of leadership development that began with the approval of "All Things New" in 2008, the task force was named the Bishop's All Things New—Equipping Vital Congregations Task Force.

In September 2012, Bishop Cho affirmed the work of this task force and its work teams that were focused on the areas of prayer, discipleship formation, data automation, communication, alignment of conference boards and agencies, and district processes.

The desired result of a conference systemic response through All Things New—Equipping Vital Congregations will be the development of a data system that will eliminate the replication of data entry while providing real-time data for use by congregations, a discipleship model for congregational leaders to connect with and resource each other across the conference, and the alignment of conference resources. The projected timeline for this systemic process to begin is January 2014.

The Rev. Larry Davies, Chair

BOARD OF GLOBAL MINISTRIES

The conference Board of Global Ministries is composed of clergy and lay people who are passionate about God's mission in the world and our participation in this mission. Our gathering times always include prayer and sharing stories of how this kingdom mission is breaking into the world even now. Korean UMC of Greater Washington hosted our spring board meeting, and it was a great blessing to receive their gracious hospitality and learn about the missional life of this vibrant congregation.

We continue to listen for the call of the Holy Spirit to revise the things we've always done and be attentive to new opportunities. One new ministry is: we are applying for a US-2 young adult missionary to come to the Virginia Conference and work with Caretaker's of God's Creation. We are excited about the many possibilities this creates, to inspire young people to mission service, to grow in our understanding and practice of creation care and to make connections between creation care and justice concerns on a global scale.

Our board has three major goals: to develop leaders, create opportunities and empower congregations to join in God's mission at local, national and international levels. We work toward these goals in all of our various teams, agencies, and initiatives as we seek to lead the Virginia Conference to be fruitful in our living out of God's mission. We continue to listen for the movement of the Holy Spirit, leading us to new adventures, possibilities, and ways of being God's mission people.

The Rev. Kristin M. Holbrook, Chair

MISSION INTERPRETATION TEAM

The Mission Interpretation Team (MIT) of the Board of Global Ministries is tasked with interpreting the mission outreach of The United Methodist Church to local congregations and districts. Two major tools that accomplish this are Mission Encounter 2013 (formerly called the School of Christian Mission) and Voices of Youth (VOY). Our team consists of elected clergy and laity as well as those persons who serve as district mission coordinators and United Methodist Women Education and Interpretation coordinators. Mission Mentors, trained and commissioned at the 2011 Annual Conference, are additional interpreters of mission available upon request.

Mission Encounter 2013 is a cooperative school offered by the Board of Global Ministries and United Methodist Women (UMW) to help us understand God's work in our world and our involvement as United Methodists. Mission Encounter 2013 "Learning Together for the Transformation of the World" offers two dates for study: July 26-28 and July 29-31 at Blackstone. Study opportunities include "Roma of Europe," "Poverty" and "Living Sacramentally, Walking Justly." The July 29-31 session also offers studies on migration for the Children and Youth component, with hands-on mission activities. In addition to these studies, workshops will be offered on "Volunteers in Mission," "How to Advocate," "How to Present a Mission Study" and more. The dean for Mission Encounter 2013 is Rev. Donna Mott, and the assistant dean is Gail Sutcliffe. CEUs will be available, as well as scholarships for recently ordained clergy. Visit the conference website at www.vaumc.org under "Events" and the date for registration.

Voices of Youth (VOY): "Awakening The United Methodist Church to Mission" is a mission program of the Virginia Conference designed to connect high school youth with those in need through music and mission. VOY has traveled every summer since 1985 far and near, including Virginia, Florida, Mexico, England and Brazil. The 2013 VOY "In Our Own Backyards" tour will take place June 27-July 14, with the choir travelling for 2½ weeks around the conference, participating in local mission projects during the day and presenting worship experiences in host churches in the evenings. Contact Jennifer Dixon via e-mail at coordinator@voyva.org, or visit the group's website at www.voyva.org.

The annual meeting of the MIT will be held on July 28-30 at the conclusion of the Mission Encounter 2013 weekend session.

Judy Fender, Chair

UNITED METHODIST VOLUNTEERS IN MISSION

United Methodist Volunteers in Mission (UMVIM) is a grass-roots movement of The United Methodist Church designed to provide an official channel whereby Christians, both lay and clergy, may offer their skills and talents for Christian service at home and around the world. In 2012, the Virginia Conference sent out 159 UMVIM teams domestically and internationally, and held 10 team-leader training classes, equipping 134 team leaders to share the love of Christ in a broken world. At the 2012 Annual Conference, the new conference UMVIM Guidelines were adopted in order to help us strengthen and grow the Volunteers in Mission movement in Virginia as it becomes a vital component of every church body. We are now looking at creative ways to encourage teams to embrace these Guidelines as together we celebrate and share all of our God given talents and gifts.

Julie Warren, Coordinator

MISSION RELATIONSHIP TEAM

The Mission Relationship Team of the Board of Global Ministries is tasked with educating and encouraging local congregations to find ways to be active partners in the mission programs offered throughout Virginia, the United States and around the world. Information and training regarding mission opportunities, both nationally and internationally, is provided to leaders, individuals and teams through the conference UMVIM coordinator.

Congregations are encouraged to offer "second mile" giving, beyond our apportioned giving, by supporting projects and the missionaries serving God through The United Methodist Church in mission fields far and near. Under the umbrella of the conference Board of Global Ministries, the Mission Relationship Team prayerfully discerns and compiles the Advance Projects that are listed in the Mission Opportunities booklet, which is published annually in the August issue of the Virginia United Methodist Advocate magazine. The booklet includes information about projects in Virginia and around the U.S., international, United Methodist Committee on Relief (UMCOR) and UMVIM information and tools, the conference Initiatives of Hope, and missionaries. This booklet also provides tools for developing and strengthening covenant relationships.

Encouraging congregations to become involved in these transformational relationships is an exciting element of our work. The Mission Opportunities booklet is an educational tool for laity and clergy alike. It is our hope that you will also acquaint yourselves and your congregations with the Advance Specials.

Erin McKenney and the Rev. Rebecca Rumburg, Co-Chairs

COMMITTEE ON MISSION PERSONNEL

The Committee on Mission Personnel (CCMP) is a committee of local church clergy and laity within the Virginia Conference that is committed to mission service. Our team members guide and mentor interested persons through the application and discernment process for mission service and assist them in identifying congregations within the annual conference for missionary financial support. Two interviews were held in April.

There is a specific process by which the Mission Personnel Unit of the General Board of Global Ministries receives applications for persons interested in full-time missionary service. Applicants can access the Personnel Information Form (PIF—Application for Missionary Service) and other application materials from the conference website under Ministries /Center for Justice and Missional Excellence/Committee on Mission Personnel (CCMP)/Related Documentation. For more information, call Glenn or Terri in the Center for Justice and Missional Excellence at (804) 521-1144.

We encourage all congregations and individuals in the Virginia Conference to help support a missionary. To learn more about becoming a covenant partner with a missionary, e-mail the office at mission@vaumc.org, or call 1-800-768-6040 or (804) 521-1100, ext. 144.

Joanne Maughlin, Chair

HEALTH AND RELIEF TEAM

The Health and Relief Team of the Board of Global Ministries continues to be involved in direct ministries to human need and to work with seven ministries and conference-related agencies. For 2013-2014, the team has established the following goals:

(1) World AIDS Day (Dec. 1) falls on a Sunday. We will be working to encourage every faith community in the conference to include observance of World AIDS Day as part of morning worship. We will be offering worship resources that lift up the continued call for support for those suffering AIDS locally and worldwide. Churches will also be asked to contribute to the Global AIDS Fund of The United Methodist Church.

(2) Our team will be giving extra promotion for One Great Hour of Sharing in support of the administration of the United Methodist Committee on Relief (UMCOR). We will be encouraging every faith community in the conference to raise their level of support for One Great Hour of Sharing and lift up the importance of that offering to the sustained efforts of relief work of UMCOR in local and national disaster relief as well as international disaster relief and recovery.

(3) Our team will be encouraging all short-term mission teams to follow the new conference United Methodist Volunteer in Mission policy, asking them to register online prior to departure with the Southeast Jurisdiction UMVIM office, as well as complete medical forms to assure information is readily accessible if there is a health emergency while on the trip. We also encourage all UMVIM teams to have liability insurance and medical coverage for team members if they are traveling outside the U.S.

The Rev. Donna Mott, Chair

HEART HAVENS

Expansion:

- The Lynchburg 2 home opened in May, 2012;
- The Charlottesville District has formed a committee that is meeting with Heart Havens to discuss a home in that area;
- Preliminary discussions have been held around another home in the Winchester District;
- One hundred percent participation in annual giving by the Board of Directors.
- Year one of three-year Strategic Plan completed with the following deliverables: Dashboard; Program metrics; Employee Satisfaction Survey (with follow-up plan for continuous improvement implemented); Comprehensive home maintenance book for all locations; Board matrix for future recruitment and sustainability; Board self-evaluation and satisfaction surveys; Established advisory board; and a comprehensive development plan.

Grants (total \$136,865):

- \$20,000 KOVAR (furniture and vans);
- \$3,000 The Minnie & Bernard Lane Foundation (Lynchburg 2 capital);
- \$6,600 The Andrew H. & Anne O. Easley Trust (Lynchburg 2 capital);
- \$225 Hands On Richmond (landscaping);
- \$76,513 Department of Rail & Transportation (2 vans);
- \$20,000 The Meador Foundation (Lynchburg 2 capital);
- \$10,277 Greater Lynchburg Community Trust (Lynchburg 2 capital);
- \$250 GTECH (operating).

Special Events:

- Motorcycle Rally/Ride for Independence – introducing Heart Havens to a new audience;
 - Celebrated “Sweet 16” birthday with parties across Virginia;
 - Lynchburg Open House;
 - Winchester Open House – 10th birthday celebration.
- Also earned BBB-Accredited Charity Seal.

Jennifer Boyden-Barrett, Executive Director

UNITED METHODIST FAMILY SERVICES OF VIRGINIA (UMFS)

Our Mission is “Touching lives. Creating futures.”

UMFS provided services in 2012 to more than 9,000 children and families throughout Virginia. With regional centers in Richmond, Northern Virginia, Tidewater, Fredericksburg and South Hill, Intensive Treatment Centers in Richmond and Centreville and offices in Farmville, Lynchburg, Charlottesville, Roanoke, Tazewell and Loudon counties, we reach across the conference. Our network of services includes Family CARE Services, Treatment Foster Care, adoption services which includes Adoptive Family Preservation, intensive treatment services, school-based services, Project LIFE, and Guardian Place.

Through our new minister for Youth and Church Relations, Joe Torrence (an ordained Deacon in the Virginia Conference), we have strengthened our intergenerational spiritual life and pastoral care on our Richmond campus, with our youth residents in the Child and Family Healing Center and senior residents at Guardian Place. We have also strengthened our connection with congregations and church leadership. With your partnership, we are helping to usher in the Kingdom of God by serving the most at-risk students and families in the Commonwealth. We are bridging the needs of the world with the gifts of the church by creating a new future for kids. We are taking a holistic approach to making families stronger and we believe generosity is the key to wholeness and healing.

We have created an agency-wide volunteer program, Child Advocacy Councils and church partnerships led by Angie Williams, who has 17 years experience in youth and young adult ministries in the Virginia Conference.

Continuing a partnership with Commonwealth Autism Services, UMFS and Charterhouse School, our educational services continue to be in high demand and we look forward to opening a new school in the Harrisonburg District in partnership with Shenandoah County Public schools.

At UMFS, we reaffirm our relationship with the Virginia Conference and ask for the continuing opportunity to collect the UMFS offering. We also

value our place in our connection with the church and feel privileged to be a part of the ministry of The United Methodist Church. We believe that as the church looks to its future UMFS can serve as a key partner and valuable resource to help the conference remain relevant, move into a broader perspective of outreach ministry in a rapidly changing culture, and serve those most at risk in our world.

John Brenneke, Chair of the Board, and Greg Peters, Chief Executive Officer

VIRGINIA UNITED METHODIST HOMES, INC.

The mission of Virginia United Methodist Homes, Inc. (VUMH) is to provide facilities, services and programs to enhance the quality of life for older adults. Since our founding in 1947, VUMH board of directors, staff, volunteers and donors have worked diligently to fulfill this mission. Today, through the dedicated efforts of nearly 900 employees and countless volunteers, VUMH provides services to nearly 1,200 residents in seven communities.

VUMH strives to continuously meet the expectations of current and future residents in each community. To that end, we committed nearly \$5.5 million on capital improvements in the communities in fiscal year 2012. VUMH anticipates it will spend a similar amount on additional capital improvements in the current fiscal year.

On March 1, the Williamsburg community, WindsorMeade of Williamsburg, (a separate legal entity known as Virginia United Methodist Homes of Williamsburg, Inc.) filed a consensual plan of reorganization with the U.S. Bankruptcy Court in Richmond. This plan, agreed to in advance by two-thirds of the affected creditors, will significantly reduce WindsorMeade's overall debt, will strengthen the overall financial opportunities for the community and will insure the delivery of quality services to WindsorMeade residents. It will have no negative impact on WindsorMeade's operations or residents, the operation or residents of any of the other VUMH communities, nor the financial strength of VUMH.

The WindsorMeade restructuring will not impact the long-standing relationship VUMH has with the Virginia Conference. It is important to note the conference and the VUMH Samaritan Program will not be impacted financially by this debt restructuring plan.

On March 5, VUMH unveiled an updated website (www.VUMH.org) and a new name, logo and tag line for our Roanoke community, formerly known as the Roanoke United Methodist Home. The new name is "Hermitage in Roanoke" and the new tag line is "A link to the past, a bridge to the future." The long-standing Hermitage name, and the new tag line, reflects the history and tradition of this wonderful community and its focus on the future.

Christopher P. Henderson, President and CEO

WESLEY HOUSING DEVELOPMENT CORP.

Wesley Housing develops, owns, operates, preserves and maintains affordable housing and sustains quality Northern Virginia communities for low- and moderate-income families, seniors and individuals, including those with chronic diseases or disabilities. Since 1974, we have developed 25 communities in six Northern Virginia locations to provide more than 20,000 residents with affordable, stable, quality housing. We currently manage 19 properties (with approximately 2,200 residents, most of whom might otherwise be facing homelessness), plus four Community Resource Centers and four special needs Resident Services Centers.

Real estate activities and pipeline projects:

- Colonial Village (Courthouse/Arlington): With the completion of a \$13.7 million renovation in 2012, residents of Wesley Housing's Colonial Village Apartments are enjoying their newly renovated homes in Arlington. One-hundred-twenty-nine affordable units have been preserved while creating 17 new ADA-compliant apartments and 14 larger three-bedroom family-sized units. The rehabilitation included a complete gut of the interiors with new windows, plumbing, kitchens, baths, HVAC systems, and roofs, along with energy efficient and water conservation improvements.
- Pierce Queen Apartments (Arlington): Wesley Housing continues to work towards final County approval to create new affordable units at the Pierce Queen Apartments. The redevelopment project will preserve and renovate two garden apartment buildings and construct a new 12-story residential tower with 191 new units, for a total of 193 apartments, increasing the number of affordable units by 52 percent. Pierce Queen is located in the Fort Myer Heights North area, where gentrification is threatening affordability.
- Wesley Housing is committed to expanding the supply of affordable housing in Northern Virginia. The development team continues the lengthy process of identifying potential projects, negotiating with sellers, submitting proposals for local government sponsored developments, and seeking approvals for renovation and expansion of existing communities.

Resident services/special projects:

- Our new Housing Stability Initiative, implemented in all Community Resource Centers, continued to grow in 2012. The program helps residents avoid eviction and increases self-sufficiency through resources, classes, and linkages to community resources. As part of the Initiative, a Community Resource Center was built at Colonial Village to offer educational and supportive services for children and adults.
- Wesley Housing's Thresholds program was named the Best Community Life Program by the Housing Association of Nonprofit Developers. Offered at our Lincolnia Community Resource Center (LCRC), the program provides a quality after-school tutoring and enrichment experience for middle and high school students focusing on academic achievement, leadership development, and college preparation.
- Wesley Housing's educational programs and supportive services assisted residents and neighbors at our four Community Resource Centers while social/recreational activities, needs counseling, and linkage to community resources served residents at our four special needs Resident Services Centers.
- Wesley Housing joined with local United Methodist churches, businesses and individuals on several initiatives:
 - Adopt-A-Family Program volunteers donated, wrapped, and delivered an estimated 650 gifts to 145 our neediest residents in 48 households. Child participants in our CRC programs received toys from Toys for Tots and teens received donated gift cards.
 - More than 300 students from low-income families in Southeast D.C. and Northern Virginia were given a better chance to succeed in the 2012-2013 school year with the gift of school supplies.
 - Almost 200 coats and other warm things were collected, organized and delivered to Wesley Housing residents and school children in our Southeast D.C. partner schools.
 - More than 1,500 books were collected for our Community Resource Centers.

Shelley S. Murphy, President/CEO

INITIATIVES OF HOPE

Brazil: Our partnership between the Virginia Conference and the Methodist Church of Brazil continues to grow. In 2012, four teams of Virginia United Methodists traveled to Brazil in support of construction and programming for the national Shade and Fresh Water Project, and two teams worked on the John Wesley Medical Boat on the Amazon River. We plan to increase these numbers over the coming years, with teams specifically designed for musicians and liturgical artists, senior adults, and other groups.

We are especially excited about the relationship between young adults in Virginia and Brazil. In July, a team of 18 young adults from Curitiba will visit our conference to participate in Project SPY at Fieldstone UMC in Christiansburg and in retreats, visioning sessions and worship services in the Arlington and Alexandria districts. This will build on the relationships established when Virginia young adults visited Curitiba and Itapoa in 2011.

The president of young adult ministry in Brazil has invited another young adult delegation to attend "Young Train 2014," a leadership conference to be held in Belo Horizonte next spring. The Initiatives of Hope committee will work in partnership with our Young Adult Council to publicize and support this opportunity.

Our relationship with the Methodist Church of Brazil is truly a mutual partnership, and to this end, Initiative co-chairs Dot Ivey and the Rev. David Vaughan met with church leaders in Belo Horizonte and Sao Paulo this spring to begin to discern future projects and next steps for the partnership.

Mozambique: Initiatives of Hope hosted an International Consultation on Mozambique in Tampa in May, with representatives from 5 U.S. conferences, Brazil, Germany and Mozambique attending. During 2012, five Virginia VIM teams traveled to Mozambique focused on leadership development, medical training, support for widows and orphans, education and construction. The overarching goal of these trips was to cultivate and grow relationships with our Mozambican brothers and sisters.

January brought tremendous flooding to the southern part of Mozambique. In early February the Virginia Conference sent \$10,000 of Initiatives of Hope reserve funds to help with the immediate crisis to provide food, clean water and mosquito nets. In support of our partnership and Bishop Nhanala's priority of leadership development, there are currently four Virginia UVMIM teams preparing to journey to Mozambique.

This year's Annual Conference special offering for Mozambique will go toward classroom construction and building repairs for the Janene Pennel Secondary School.

In an effort to promote conversation and the sharing of information between and among Mozambique and partner conferences, we are helping to establish a website called "Mozambique Partners."

Cambodia: The Methodist Church in Cambodia is the Virginia Conference's newest partner. A Cambodia consultation was held in September and the first Virginia Conference UVMIM team traveled to Cambodia in January. Priority areas of focus of the Methodist Church in Cambodia are:

Ministry with street children works in the capital Phnom Penh with street children and families living and working in dump site areas, with women and children in resettlement areas, with children in orphanages, and with HIV-AIDS victims.

Vocational training programs including:

1. Community Health and Agricultural Development (CHAD) works with villagers to establish rice banks and raise livestock, chickens, pigs, vegetable gardens, mushrooms and other food products, similar to Heifer International.

2. The Women's Livelihood Projects empowers women to see themselves as created in the image of God and become leaders in the family, church, and society. It also provides scholarships for needy children and youth. Projects include raising vegetables and fruits, livestock, fish, silk weaving, basket and hammock weaving, noodle making, and sewing. Empowerment programs include leadership training and conflict resolution, as well as Bible training.

3. Faith Engine Ministry: Students master basic safety and tool-use guidelines and learn automotive and motorbike repair and maintenance skills. Driving instruction, welding and basic computing are also taught. Upon completion students can go into business for themselves or obtain employment with repair shops in the cities, helping to support their families. Graduates also receive a gift of a set of tools.

Christian Education/Higher Education: Curriculum particular to the culture and needs is being developed for Sunday school and Bible study to serve the growing number of Cambodian Christians. The potential for carrying out Jesus' command to go forth and make disciples is unlimited. Children and youth outnumber the adults at worship services by ratios of as much as four or five to one!

Leadership Training: UVMIM teams are needed to model leadership through partnering with Cambodian churches to teach Vacation Bible School, Bible study, pastoral training and a host of other needs, including conflict resolution and medical training.

The Rev. David Vaughn, Brazil Initiative Co-Chair; Molly Wilmarth, Mozambique Initiative Chair; Juanita Csontos, Cambodia Initiative Chair

RECOMMENDATIONS

1. That the Relationship Agreements as presented to the Health and Relief Team between the Virginia Conference and Heart Havens, Inc.; United Methodist Family Services (UMFS) of Virginia; Virginia United Methodist Homes, Inc.; Virginia United Methodist Housing Development Corp. and Wesley Housing Development Corp. be continued.

2. That the three following special offerings be designated: February, Heart Havens month; December, UMFS; and May 12–June 16, Virginia United Methodist Homes (Samaritan Fund).

Advance Specials 2013-2014

INTERNATIONAL

Adding:

Mozambique: Chicupe Rural Hospital, Advance #09734A
 Mozambique: Cambine Agriculture Program, Advance #3020561
 Congo: North Katanga Wings of the Morning, Advance #08597A
 Chile: Methodist Construction Projects, Advance #3020485
 Liberia: Ganta United Methodist Hospital, Advance #15080N
 Haiti: Haiti Emergency Projects, Advance #418325
 Cambodia: Mission Initiative, Advance #00230A
 Cambodia: Street Children Ministry, Advance #14921A
 Macedonia: Macedonia in Mission Together, Advance #00220A
 Brazil: Ministry with Children, Shade and Fresh Water Project, Advance #11580A
 Israel: Bethlehem Bible College, Advance #12017A
 Russia: Russia Mission Initiative, Ukraine, Moldova, Advance #14053A
 Sierra Leone: Child Rescue Program, Advance #14377A
 Sudan: Sudan Emergency, Advance #184385
 Global: Anti-Human Trafficking, Advance #333615
 Global: The Medicine Box, Advance #982630
 Global: Sustainable Agriculture, Advance #982188
 Guatemala: Highland Support Project, Advance #15022A
 Mexico: Give Ye Them To Eat, Advance #07629A
 Mozambique: Evangelization and Church Expansion Ministry, Advance #12580A

NATIONAL

Adding:

Mississippi: Choctaw United Methodist Mission, Advance #761544

USA: Project Crossroads, Advance #781380
 District of Columbia: Christ House, Advance #381215
 Kentucky: Red Bird Mission, Inc., Beverly, Advance #773726
 Kentucky: Henderson Settlement, Frakes, Advance #773365
 Florida: Cornerstone Family Ministries, Advance #751202
 South Dakota: Tree of Life Ministry, Advance #123615
 Tennessee: Jubilee Project, Inc., Sneedville, Advance #781350
 Virginia: Justice for Our Neighbors Immigration Ministry, Advance #901285
 USA: Volunteers in Mission, Southeastern Jurisdiction, Advance #901875
 USA: Society of St. Andrew, Advance #801600
 USA: Response and Recovery to Natural Disaster, Advance #901670

VIRGINIA

New Advances:

Shalom Zone: Grace Ministries, #5046
 Tuesday's Table, #5036
 Jackson Street UMC Community Revitalization Ministry, #5028
 Disciple Bible Outreach Ministries of Virginia, #5029
 Henry Fork Service Center, #5008
 United Methodist Community Outreach Program of Roanoke, #5004
 Virginia Conference Disaster Response and Recovery, #5037
 Caretakers of God's Creation, #5016
 Agape Christian Children's Community Center, Inc, #5020
 GRACE Ministries of The United Methodist Church, #5035
 ESL and Immigrant Ministries Childcare Support, #5036
 United Methodist Urban Ministries of Richmond, #5001
 Teens Opposing Poverty, Inc. (TOPS), #5010
 Crossroads College Ministry, #5030
 Summer Project Youth (SPY), #5018
 Heart Havens, #6442
 Park View Community Mission, #5019
 Wesley Community Center, #5025
 Helping Hands Mission Camp, #5026
 Just Neighbors Ministry, Advance #803002
 Pathways Virginia Advance #5045

BOARD OF CHURCH AND SOCIETY

This year the Board of Church and Society has been working hard reinterpreting our role and identity in the conference. We have also been seeking the best way to integrate our vision with the missional vision of the conference Board of Global Ministries. To this end both boards now live and breathe under the banner of the conference's Center for Justice and Missional Excellence.

As we move into the future we continue to see our primary role to be advocating justice. We seek to lift up the prophet's understanding that seeks to speak truth to power for the common good even as we continue to seek God's revelation of that truth. Thus do not be surprised to see your Board of Church and Society take on an even greater prophetic voice, because we continue to believe this is the core of our work, and we believe it is this important task of the prophet that redeems the work of mission bringing compassion into the world.

To assist our efforts we have decided to organize and focus our vision of justice around three major social concerns: 1) Address the extreme violence that poverty visits upon God's people; 2) the violence that greed and denial exacts upon the environment that exacerbates the evil of poverty; and 3) our human fascination with weapons now and everywhere available that contributes to worship of violence. We believe these three are the real forces of evil that prophetic voices of the church must lift up. While we have chosen to focus on these three areas, we have not forgotten previous social concerns such as advocating for human rights for the incarcerated and repatriated as well as other social action initiatives. The board still raises these concerns as deserving of our faithful and prayerful attention and action.

During the coming year we celebrate our Disciple University initiative, designed as the education arm of our work seeking to help local faith communities and districts become better informed of ways to address their specific ministries on justice matters. As we grow into understanding of our board's vision, we dedicate ourselves to finding new ways we can better serve the local church.

This past year of discernment has not diminished our justice work, nor will it affect it as we continue forward. One example of this is the successful facilitation (through the conference Legislative Network Team) of the United Methodist Day at the Virginia General Assembly, which continues to grow in numbers and influence. We have seen record attendance of people whose voices have been heard by our elected commonwealth representatives.

In the years ahead your board looks forward to its work with local congregations helping the conference reveal where Christ's light of justice is needed.

The Rev. John Bright, Chair

VIRGINIA UNITED METHODIST COMMUNICATIONS, INC.

"The mission of Virginia United Methodist Communications, Inc. is to assist faith communities in communications and related technologies, empowering their mission to make disciples of Jesus Christ."

As we continue to live out the work of "Vital Congregations," a large piece of that focus is being able to tell the church's story and your church's story, more specifically. "Your church wants to impact lives, helping people know Christ and engaging them through Christian discipleship and outreach marketing. The way you can accomplish this is through your Church Marketing Plan." (Visit www.umcom.org for details.)

People connect to and relate to a story of faith more so than any other way. We do so many amazing things to reach out to our community, but we do not always know how to share what we are doing with others, or invite them to partner with us. So the primary work of the Board of Communications is to help churches be able to tell their stories to the communities where they are located.

This fall we decided to ask the faith communities of the Virginia Conference to tell us their greatest needs for communications outreach support. And we were a bit surprised by the results. We were pleased to receive 175 responses to our online survey. The top request for support and assistance

was website design. This answer surprised us given the number of workshops we have hosted and led through the last 10 years on this subject. Yet it reminded us of one of the fundamental elements of technology: that it is constantly changing. As more things become available to make a website more dynamic, it also becomes more confusing for those who are maintaining websites for churches.

We are, in fact, in the process of updating our own conference website so that it can do things that were not possible just five years ago.

The second most often requested need was for continued education about the use of social media to share what is happening in local churches. Again, as new social media options become available, churches must decide what will get them the most bang for their very little bucks. From Facebook groups and pages, to a church Twitter account, from Pinterest to Foursquare and everything in between, we will seek to help churches connect what is happening inside the church building with those outside the building.

With that in mind we are offering some workshops in these areas during this year's Annual Conference session to help resource our churches. If you are not able to attend the workshop, just stop by the Communications display, as we have some information sheets to help in this process. Or, if you have a need that you think we should be offering more resources and training in, please let us know.

Last October our board hosted the United Methodist Association of Communicators annual meeting in Arlington. What a great opportunity to show off some of the great things we are doing across our conference, but more than that, to hear what is happening in other parts of our connection in the area of communications. The highlight of the event was the induction into the United Methodist Communicators' Hall of Fame of our own Rev. Al Horton, former editor of the Advocate and director of Communications. Our current editor, Neill Caldwell, and graphic designer, Cathryn Wooton, received multiple awards for our conference magazine, the Virginia United Methodist Advocate.

This spring the Communications Board's Brand Management Committee and the Communications office staff introduced a new logo for the Virginia Conference, which will visually connect all parts of the conference ministries.

Lastly, it is with a bit of sadness that on March 15 we said farewell to our Administrative Secretary Peggy Cribbs, who has been the foundation that supports so much of the work of the board and the Communications office. By the time you read this, Peggy will be fully enjoying retirement and travels with her husband, Jeff Cribbs.

We look forward to partnering with all the work areas of the Virginia Conference as we seek to "Change the World" by sharing the good news.

The Rev. Bill McClung, President

COMMISSION ON DISABILITIES

The Commission on Disabilities (COD) is the conference's advocate and educator for the full inclusion of the children of God with disabilities in all congregations. Ministry with all persons regardless of their physical and/or mental conditions is the responsibility of the church. The COD is the resource group for the conference, and our goal is to make worship and spiritual formation available to all persons regardless of their disabilities or challenges in life.

The COD has been busily working. We have and will continue to provide materials for disability awareness throughout the year, making Disability Awareness Sunday not only an annual celebration, but a continual call for education. We continue to encourage all churches to celebrate the gifts and graces of those who live with disabilities, at the least, one Sunday in their calendar each year. The Commission envisions the day when congregations will not wait to have a person needing accommodations to be provided, but will be forward-thinking and proactive in their support. We also ask that each congregation look into their communities to touch the lives of those who have disabilities of all types. To assist congregations in raising awareness, a "Presentation in a Box" has been developed. This "Presentation in a Box" uses props to help people without disabilities to get a sense of what it might be like for someone with a disability to participate in the life of their church. Contact the COD for more information.

The commission continues to issue grants to churches for accessibility, programs and respite care. These grants are funded through donations from individuals, churches and church groups such as United Methodist Men and Women. The COD encourages local churches to complete accessibility audits so that all churches, parsonages and ministry buildings will be as accessible as possible.

Camp Rainbow Connection continues to provide a week of fun and fellowship for youth and adults with intellectual disabilities. In the summer of 2012, a total of 118 campers between the ages of 20 and 82 attended and were assisted by 112 volunteer staff buddies. The two separate weeks of camp provide a much needed respite for the families and care givers. Camp Rainbow Connection remains in need of volunteers. Please give your time and talents to touch the life of a very special camper. Visit the conference website at www.vaumc.org for more details and an application.

Our great commission from Christ calls us to make disciples of all people across all nations. Christ has set His table for all those who love Him. May we be as welcoming and by our example and intentional efforts, encourage full participation in the life of the church for everyone, no matter what our ability levels.

Douglas E. Hollenbeck, Co-Chair

BOARD OF DISCIPLESHIP

The Directing Board of the conference's Board of Discipleship (BOD) spent the last year concentrating on connecting to the regional areas within the conference. Our regional team leaders have been in direct contact with selected district superintendents to help make connections to local churches who seek specialized support in reaching Vital Congregation goals. The main focus of the BOD is to work with smaller churches and offer support and coaching to them at a very minimal cost.

As the BOD made more connections within the various regions, we turned our attention to improving and refining the work of our Connecting and Best Practices teams. We are working toward a list of resources (written materials, training events, experts, and local church successes) that we can make easily accessible to our congregations. This list will include local, regional and national resources.

A great example of moving into a regional approach was through the success of the annual School of Children's Ministries. Instead of having a typical two-day event in Blackstone that drew about 40 participants, the team took to the road and held four separate one-day events in four different regions. The average attendance was 50 per event.

Youth Ministry

We are trying to address the issue of dwindling participation by securing the expertise of nationally, renowned leaders who are progressive, sharp and on the top of their game. We are proud to offer what the local church and districts are not able to present to their churches. For example, we had Rachel Held Evans (nationally known writer and blogger) who served us very well in challenging our youth to go to God with their questions. She says, "The same God who is in the answers is the same God who is in the questions. It is OK to doubt for many have been rescued in times of doubt."

Our speaker for the fall youth retreats will be Margot Starbuck, also a writer and blogger. Margot's book list includes "The Girl in the Orange Dress" and "Searching for a Father Who Does Not Fail" (awarded Best Nonfiction Book of the Year 2011 from the Advanced Writers' and Speakers' Association). Other books include "Unsqueezed," "Small Things with Great Love" and "Adventures in Loving your Neighbor." Starbuck is a graduate of Princeton Theological Seminary. She served with Urban Promise Ministry in Camden, N.J., before being ordained in the Presbyterian Church. She served as a chaplain among people with physical and intellectual disabilities. Her hope is that readers and listeners who are ambivalent, either about God's great love for them or for those who live on the world's margins, are challenged and transformed by the good news.

Young Adult Ministry

The Young Adult Council is thinking bigger than ever before. This year we took 20 young adults from across the conference on an international mission trip to Nassau, Bahamas. There, the young adults served in three different orphanages, a rehabilitation center and an AIDS camp. This was a life-changing venture. We thank all of the churches who participated and assisted in making this trip possible. On March 23, we asked 25 young adult clergy and 25 young adults laity who are on the cutting edge of ministry to help us think through the signs and times of our day in a "Think Tank" event.

Older Adult Council

Five people from Virginia, one participating in the professional track, attended the 2012 Southeastern Jurisdiction Association of Older Adults Festival of Wisdom and Grace held at Lake Junaluska. The new council chair, with the conference staff person, attended the quadrennial training in Nashville which provided many resources for our use in the Conference.

Members of the Older Adult Ministries Council have again produced a worship service guide for recognizing Older Adult Sunday in May. The Young Adult Ministries Council and Older Adult Ministries' leaders worked together to produce a Lenten Devotional. This is an effort recognizing that each area has their specific age-related concerns but together reach a larger audience for the work of God's Kingdom; each are part of the "Body of Christ." Other conversations, relative to future collaborative efforts, are in exploring a possible intergenerational worship workshop recognizing why we are different and what brings us together.

The Rev. Beth Christian, Chair

RECOMMENDATIONS

- The Board of Discipleship recommends that each church in the Virginia Conference observe a Christian Education Sunday in the fall of 2013, and promote and receive a Christian Education offering (50 percent of which will remain in the district for teaching ministries while the other 50 percent will support teaching ministries through the conference).

- The Board of Discipleship continues to recommend and endorse Gregory B. West as a General Evangelist according to the standards set by the General Board of Discipleship.

VIRGINIA CONFERENCE HISTORICAL SOCIETY

All Virginia United Methodists are the beneficiaries of the generations before us who have initiated congregations and perpetuated the faith. We find purpose and motivation in their stories, and many of their efforts are documented in the Conference Historical Society journal, *Heritage*, which is observing its 40th year of information- and- inspiration- sharing during 2013. Much work also continues to take place within the Society-related foundations. A major Society initiative this year is to expand the resources of the Patti B. Russell Archives Endowment in order to make possible the continued efforts of the Conference Archivist, who processes and preserves records of the Conference and draws upon those materials in responding to inquiries from many local congregations.

The following lay and clergy representatives have been endorsed by the Conference Historical Society and are presented to the Annual Conference for election as trustees for 2013-2014: Clergy: Roger C. Balcom, Paul Allen Beighley III, Steve Bradley, Michael Browder, Carlton D. Casey, Robert T. Casey, William F. Freeman, H. Hasbrouck Hughes Jr, James M. John, John T. Martin Jr., Reginald H. Potts III, Henry Riley, Karen Sandoval, Lee B. Sheaffer, Carl O. Stewart, Elizabeth W. Taylor, Kenneth S. Waclo, J. Brooke Willson, Roy P. White, Raymond F. Wrenn, Elizabeth A. S. Wright, Gary A. Ziegler; Lay: Beatrice Bennett, Marcella Bullock, Neill Caldwell, Thelma Crowder, Jesse H. Fanshaw III, Queen Green, Deedie Kagey, June Landrum, Mark Leep, L. Boyd Lucas, Stephen Mansfield, Harold "Rockie" McKee, Catherine D. Morgan, Brenda NeSmith, William Olson, Nan Pointer, Laurie Preston, Ann P. Shappell, Darrell F. Shepherd, Frank Vetting, James Wall, Charles Williams.

The Historical Society has created three foundations which provide preservation and interpretation of sites and structures significant for Virginia and American United Methodism. The foundations and the scope of their efforts are outlined below.

Dr. Stephen Mansfield, President

Old Brunswick Circuit Foundation

The Old Brunswick Circuit Foundation has been eagerly moving forward with the work of preservation and interpretation of the projects given to its care. One project now completed is the Ebenezer Academy Park, accomplished through the guiding efforts of Foundation board members Nathaniel Neblett, of Lawrenceville, and Dr. William Olson, of Occoquan, and a member of Grace UMC in Manassas. The Ebenezer Academy site near Warfield in Brunswick County is open to the public for self-guided tours. The Academy, established by Bishop Francis Asbury, is believed to be the first Methodist School in America and is the forerunner of Randolph-Macon College, which was originally located in Boydton. Planning for the Academy was initiated in 1780, with the work being completed sometime shortly after 1787.

A number of improvements have been made at the site, including opening an access road from Boydton Plank Road (Route 1), just north of Warfield. A Virginia State Historical marker is on the East side of Boydton Plank Road, and the entrance road to the site is just a few feet north of the historical marker, clearly marked with a new entrance sign. While the school is no longer standing, visitors to the site will see the foundation of the original building, within which a 12-foot high obelisk, i.e., an ebenezer in the biblical sense, was constructed a number of years ago utilizing stones from the building. A new wooden plaque has been installed on the obelisk with the words, "EBENEZER ACADEMY MEMORIAL, 1 Samuel 7:12."

The site has been designated Ebenezer Academy Park, and will be open daily until dusk. Parking is nearby the obelisk. An information stanchion will hold leaflets for visitors. (Note: The OBCF cares for the Ebenezer site on behalf of the Virginia United Methodist Historical Society.)

The second project of the OBCF has been taking place at the Rev. Edward Dromgoole house, located just south of Valentines, Virginia, near the North Carolina border on Route 46. It is believed that the Dromgoole house is the only existing circuit rider home within the Virginia Conference. Dromgoole, an Irish-born circuit rider, hosted Bishop Francis Asbury on his many visits to the Brunswick Circuit and was in partnership with him in the establishment of the Ebenezer Academy.

Through several generous donations of Board members and the skills of Tom King, an expert in historical restoration, efforts are well underway to preserve the house from further deterioration and ready it for visitors. The installation of a French drain was the first effort, designed to solve a water problem; then began the work of shoring up the foundations. Tom describes his work as follows:

"For the most part, the Edward Dromgoole house is in pretty remarkable shape. It's not only rare; you just don't find 18th century houses in the original condition like it is.

The worst damage has come from water entering the basement, and as a result of the water, the foundation has done a lot of tumbling, and termites ate the main structural support beam under the center of the house. (I) designed and installed a waterproofing system, and now the basement is bone dry. Since the termites no longer had a source for water close enough to the wood in the house, they have left with no signs of any remaining.

The termites destroyed the support beam enough that both the front and back floors attached to it also fell. The front floor did not fall quite all the way to the ground, and it was jacked back into place with little damage.

The back floor joists went all the way to the ground, and one end of each joist was in the standing water under the basement. Termites took most of the structure of those too, but the floor detached from the joists when it went down, and the flooring is fine.

(My men and I) hewed, and installed a new beam to replace the destroyed one. It is now in place, and holding the floors up. (We) are almost finished fixing the floors, but are waiting for a change in weather to be able to get back into the house.

In the process of fixing the floors, (we) also cleaned out most of the house, and dug out a significant part of the dirt that water had washed into the basement. By removing this dirt, (we) also found out how the foundation was originally built, and devised a plan to fix the foundation.”

The third project of the OBCF is the reinforcing of standing walls by steel banding at the old Randolph-Macon College campus in Boydton, an important effort that is presently on hold until adequate funding can be found. Future uses of the property and its several remarkable original buildings are under review.

The OBCF encourages interested persons to attend their quarterly board meetings and to visit these important sites. [Annual meeting: September 14, 2013; fall meeting: Nov. 16, at Lawrenceville UMC]. For more information, visit www.oldbrunswick.org.

Rev. Dr. John T. Martin Jr., President

Old Stone Church Foundation

The Old Stone Church Foundation was incorporated in 1974 to promote, interpret and preserve the Old Stone Church site in Leesburg, the first Methodist-owned property in America. Members of the Foundation contributions and service help to support this mission.

The Old Stone Church Foundation annual dinner meeting was held on Sept. 11, 2012, at Leesburg UMC. The 2013 Board of Directors for the Old Stone Church were presented and accepted. The board members listed below were forwarded to the Virginia Conference Historical Society: Michael Browder, Ralph Carver, John Creamer, Lou Legard, James Roberts, Carole Poland, Shirlita West, Charles E. Williams and Marjorie S. Williams.

The next annual membership meeting is scheduled for Sept. 14 at 2 p.m. on the Old Stone Church site. A tour of the site will follow the membership meeting.

We are grateful for the support of the Old Stone Church pray/memorial garden , We invite you to continue your membership and invite others to join us as a member in telling the story of Methodist beginnings in America.

Visitors are welcome to the Old Stone Church site every day during the daylight hours. Interpretive materials at the site make self-guided tours possible.

Charles E. Williams, President

William Watters Foundation

The William Watters Foundation was established by the Virginia Conference Historical Society in 1996 to protect and preserve the small Adams-Wren-Watters Cemetery where William Watters, the first American-born itinerant Methodist Minister, and his wife are buried. The cemetery, a circular plot 90 feet in diameter and one-quarter acre in area located at 6430 Linway Terrace (off Old Dominion Drive) in McLean, Virginia has been registered as the United Methodist Historical site #7 since 1970. For additional information write The William Watters Foundation, P.O. Box 6144, McLean, Virginia 22106-6144.

E. Jean Balcom, President

RESOLUTIONS

Resolution 1 — “Defeat Poverty with Wages”

In our 21st Century of affluence, there is no justification for the curse of poverty. Yet poverty persists; 40 percent of the world’s population survives on less than two dollars per day; 48.5 million people in the United States live below the federal poverty line; 12 out of every 100 Virginians live in poverty.¹ How can we move from commiserating about the poor to overcoming poverty?

For Christians, vital guidance is provided by our basic biblical and theological affirmations — such as Genesis 1:27, which declares that all persons are created in the image of God and therefore have inherent dignity; Jeremiah 22:13-16, which declares that we cannot claim to know God and not give poor workers their due wages, and Mark 12:31, which testifies to Jesus’ teaching that the second greatest commandment is “You shall love your neighbor as yourself,” a teaching that includes loving those living in poverty as much as we love ourselves.

We receive important guidance also from our United Methodist heritage: From John Wesley who showed concern for the physical and spiritual welfare of persons, emphasized social holiness, initiated social reform and brought hope to the working class; from our social creeds dating from 1908 which have advocated a living wage; from our Social Principles which affirm the right of every person “to a job at a living wage” and call us to support the poor, challenge the rich, and advocate policies that will alleviate poverty,² and from our General Conference resolutions in which The United Methodist Church has adopted “the living wage as a model for justice in the world and in the household of faith” and pronounced support for efforts “to raise the minimum wage to a living wage and index it to inflation.”³

In addition, we receive important guidance from an analysis of contemporary realities. Amid an economic recession, our church pantries, community food banks and several anti-hunger organizations have received unprecedented requests for food and basic household supplies. Our churches have responded with extraordinary generosity. Yet we know that these much needed mercy ministries, which help to meet urgent immediate needs, do not address the root causes of poverty and therefore do not provide long-term solutions.

Hunger, perhaps the most urgent manifestation of poverty, is caused not by the lack of food in our society but by the lack of economic democracy. According to the latest available national data, in 2010 there were 10.5 million persons in the U.S. classified as ‘working poor’ — persons who worked but whose income fell below the official poverty level.⁴ In Virginia, in 2011, in addition to the 265,000 who were unemployed, there were 126,000 ‘working poor’, 47 percent of whom earned the minimum wage of \$7.25/hour, and 53 percent of whom earned less than this minimum wage. This is nearly twice the number of ‘working poor’ in 2000. Virginia is now tied with Missouri for having the seventh-highest rate of hourly-paid workers earning at or below the federal minimum wage among the 50 states and the District of Columbia.⁵

Nevertheless, these figures understate the number of persons living in poverty. A worker earning the current minimum wage and working full time will earn only \$15,030 a year. With only this level of income, a two-person family will be living in poverty as defined in the federal Poverty Guidelines used to determine financial eligibility for federal assistance. Minimum wage income is also far below the living wage of \$21,927 required to cover typical expenses for just one adult for food, medical needs, transportation and taxes, and only about one-third of the income needed to cover such expenses plus child care for a family of two adults and two children.⁶

The growth of poverty is largely due to the current minimum wage of \$7.25/hour having less buying power than the minimum wage of 45 years ago. If the minimum wage of \$1.60/hour in 1968 had kept pace with the cost of living, the minimum wage today would be \$10.56/hour, providing an annual income of \$21,964.80 — which would be nearly \$7,000 more than provided by the current minimum wage. Our nation’s failure to keep the minimum wage tied to the cost of living has resulted in millions of families now being mired in poverty. In view of the obvious inadequacy of the current federal minimum wage, 19 states have raised their minimum wage beyond the federal level to help struggling workers, boost consumer spending and expand business operations. Proposals to raise the minimum wage are under consideration in several other states. In addition, nine states have now indexed their minimum wage to keep pace with the cost of inflation. A recent study by the non-partisan Economic Policy Institute has concluded that the indexing of the minimum wage that took effect in these states this January has boosted pay for nearly one million workers and

generated more than \$183 million in new consumer spending.⁷ Such policies are helping to lift families out of poverty and strengthen our economy.

The issue of inadequate minimum wages is an issue of injustice. We must seek to abolish poverty by paying adequate wages so that no one is condemned to the despair, tension and bitterness of slavery to poverty. Policies and systems that perpetuate poverty must be changed.

Therefore, in view of the above and in affirmation of the justice ministry to which we are called, this 231st Session of the Virginia Annual Conference of The United Methodist Church hereby:

1. Resolves, as a first step toward addressing the inadequacy of the current minimum wage, that the Virginia Conference (a) take steps to ensure that our own house is in order by making an internal study, within the next 12 months, of wages paid to employees by the conference, districts, local churches and conference institutions to identify any areas where less than a living wage is being paid to employees and what steps are being taken to provide a living wage to such employees, and (b) requests the Board of Church and Society to develop a procedure for conducting this study and present a progress report at the 2014 Annual Conference.⁸

2. Calls upon our federal and state governments to begin an immediate and significant phased increase in the minimum wage for adult workers, indexed to inflation, with the goal of the minimum wage being a living wage by or before 2018.⁹

3. Urges our federal and state governments to create and implement 'works projects administration' types of programs that will address urgent needs such as upgrading and expanding our transportation and communications infrastructure, and building, repairing and maintaining our public institutions such as schools, health centers, post offices, libraries and parks, by providing employment for one adult, who possesses the needed skills or willingness to learn such skills in on-the-job training, in families where the main breadwinner has suffered long-term unemployment, and thereby help to strengthen both our families and our economy.

4. Requests Bishop Cho to communicate adoption of Nos. 2 and 3 above to President Obama and members of the Virginia Congressional delegation, and to the Virginia Governor and members of the Virginia General Assembly.

5. Encourages our clergy and lay members to join in this justice mission by contacting their congressional and state legislators, urging implementation of points Nos. 2 and 3 above, and requests the Board of Church and Society to provide appropriate assistance that will facilitate prompt and effective communication with these public officials.

Footnotes:

1) *Global Issues: Facts and Stats, January 2013*. globalissues.org/article/26/poverty-facts-and-stats (28 Jan 2013) and "Poverty: 2010 and 2011", American Community Survey Briefs, U.S. Census Bureau, September 2011 www.census.gov/prod/2012pubs/acsbr11-01.pdf (28 Jan 2013).

2) *Social Principles of The United Methodist Church 2009-2012*, ¶163/IV/c, e.

3) *Book of Resolutions of The United Methodist Church 2008*, #4101 (p.608) and #4135 (p.629).

4) Bureau of Labor Statistics. www.bls.gov/opuh/ted/2012/ted_20120405 (25 Jan 2013).

5) "Minimum Wage Workers in Virginia 2011", Bureau of Labor Statistics, U.S. Department of Labor. www.bls.gov/mw_va.htm (25 Jan 2013). The states having a higher rate of hourly-paid workers earning at or below the federal minimum wage were Georgia, Mississippi, Texas, Louisiana, South Carolina and West Virginia. Currently, the minimum wage in Virginia is the same as the federal minimum wage of \$7.25/hour.

6) <http://livingwage.mit.edu/states/51> (26 Jan 2013).

7) "It pays for states to raise bar on minimum wage," Politico (3 Jan 2013). www.politico.com/story/2013/01/it-pays-for-states-to-raise-bar-on-minimum-wage-85735.html. The 9 states that now index their minimum wage to the cost of living are: Arizona, Colorado, Florida, Missouri, Montana, Ohio, Oregon, Vermont and Washington.

8) The proposed study would update a somewhat similar 2002 study which found, on the basis of incomplete returns, that 9.7 percent of full-time employees and 45.6 percent of part-time employees did not receive a living wage. See the report, "Results of Conference-Wide 'Living Wage' Survey" by the Board of Church and Society, *Journal of the Virginia Annual Conference of The United Methodist Church 2003*, 191.

9) The current living wage required to support one adult in Virginia is \$10.54/hour, and to support a family of two adults and two children is \$20.88/hour. But regional variations in the cost of living need to be taken into account in determining what constitutes a living wage for a particular locality — e.g., the living wage required to support one adult in Fairfax is \$13.22/hour and \$7.73/hour in Danville; for a family of two adults and two children, \$24.49/hour in Fairfax and \$17.92/hour in Danville. <http://livingwage.mit.edu/states/51> (26 Jan 2013).

Submitted by the Rev. Dr. Hunter Mabry

Resolution 2 — "Bulletin Statement"

Whereas Jesus stated his purpose and mission in Luke 4:43:

"I must proclaim the good news of the Kingdom of God to the other cities also, for I was sent for this purpose;"

And whereas Jesus sent out his 12 disciples with the following instructions:

"As you go, proclaim the good news, the Kingdom of Heaven has come near;"

And whereas God created the Christian church for the risen Jesus to use to continue his mission on earth;

Therefore be it resolved that every United Methodist church in the Virginia Conference print in bold letters on the front cover of the bulletin the following statement: "We are people called by God, prompted by the Holy Spirit to gather around the risen Jesus to be signs of God's Kingdom on earth."

Submitted by Hilary "Pete" Costello, Certified Evangelist

Resolution 3 — "Predatory lending practices"

Whereas the Hebrew Scriptures and New Testament bear witness to God's strategic concern for the poor, the vulnerable, and the needy, (e.g., God intervened on behalf of the Hebrew slaves and Mary proclaims, "He has put down princes from their thrones and has exalted the lowly. He has filled the hungry with good things and has sent the rich away empty." Luke 1:52-53 NRSV)

Whereas the prophets teach that the nation will be judged on how it treats the poor, "Woe to those who make unjust laws, to those who issue oppressive decrees, to deprive the poor of their rights and withhold justice from the oppressed of my people, making widows their prey and robbing the fatherless. What will you do on the day of reckoning, when disaster comes from afar?" Is. 10:1-3 (NIV)

Whereas each of the Abrahamic faiths (Judaism, Christianity, and Islam) condemn usury, especially lenders who prey on the poor:

Judaism: Exodus 22:25 (NRSV) — "If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them."

Christianity: "from at least 1150 to 1550, seeking, receiving, or hoping for anything beyond one's principal—in other words, looking for profit—on a loan constituted the mortal sin of usury. The doctrine was enunciated by popes, expressed by three ecumenical councils, proclaimed by bishops, and taught unanimously by theologians."¹

Islam: "O you who believe, you shall not take usury, compounded over and over. Observe God, that you may succeed." (Al-'Imran 3:130)

Whereas, in response to unethical lending practices, the 2012 General Conference of the United Methodist Church added this statement to the Social Principles: "Financial institutions serve a vital role in society. They must guard, however, against abusive and deceptive lending practices that

take advantage of the neediest among us for the gain of the richest. Banking regulations must prevent the collection of usurious interest that keeps people in cycles of debt. Personal credit issuing institutions must operate with responsibility and clarity that allow all parties to understand the full terms of agreements.”

Whereas, Virginia has become the “east coast capital of predatory loans, as many surrounding states have barred or severely limited predatory lending practices.”²

Whereas, payday lenders paid out \$4.5 million to lobby Congress in 2011³ and \$220,000 to lobby legislators in Virginia in 2011⁴;

Whereas, Virginia passed positive payday loan reforms in 2008 in the Payday Lending Act, but these have largely been replaced by triple digit car title loans and largely unregulated open end loans that range from 250-360 percent.⁵

Whereas, payday lenders as well as major banks are making large profits at the expense of the poorest and most vulnerable in our communities;⁶

Whereas, these loans deepen the poverty of the poor, including depriving some of essential transportation when their cars are repossessed,

Therefore, be it resolved that the Virginia Annual Conference of the United Methodist Church take the following actions:

1) Encourages members, congregations, United Methodist Men’s and United Methodist Women’s groups to study Biblical teaching on lending and our obligation to the poor.

2) Asks the Board Church and Society to work with other faith groups and the Virginia Interfaith Center for Public Policy to create an online study guide on predatory lending (including Biblical and theological grounding) for congregational use.

3) Commends the Virginia United Methodist Credit Union for establishing the Jubilee Assistance Fund as an alternative to payday and car title loans and encourages congregations to establish a fund for its members.⁷

4) Encourages members and congregations to work with others in their communities to explore options for creating low interest micro-loan alternatives to payday and car title loans.

5) Requests Virginia United Methodists to (a) find out if the bank(s) where they do business help to finance predatory lending; (b) request those banks that do participate in financing predatory lending to cease doing so, and (c) inform banks that do not respond or respond negatively that as customers they will look for other financial institutions to handle their accounts.

6) Calls upon Virginia United Methodists to work with other groups (Virginia Interfaith Center for Public Policy, the Virginia Council of Churches, Virginia Organizing, and Virginia Partnership to Encourage Responsible Lending) to urge the General Assembly to pass legislation putting a cap of 36 percent APR on all loans.

7) Urges the governor, and state senators and delegates to support a 36 percent APR cap on loans and to refuse campaign contributions from payday and car title lenders, and requests Bishop Young Jin Cho to communicate this resolution to the governor and members of the General Assembly.

submitted by John D. Copenhagen Jr., Winchester District, on behalf of the Virginia Chapter of the Methodist Federation for Social Action (MFSA).

Footnotes:

1) John T. Noonan Jr., “Development in Moral Doctrine” *Theological Studies* 54 (1993) p. 662.

2) “Predatory Lending in Virginia,” Virginia Interfaith Center for Public Policy. http://www.virginiainterfaithcenter.org/Portals/3/Documents/2012/2012%20Predatory%20Lending_One%20Pager.pdf (accessed March 3, 2013)

3) “Payday Lenders Up Their Contributions to Candidates” *Washington Post Politics*. http://www.washingtonpost.com/politics/payday-lenders-up-their-contributions-to-candidates/2012/04/18/gIQAziioRT_story.html (accessed March 3, 2013)

4) “Payday lenders add cash to Virginia campaign war chests” in *Watchdog.org*. <http://watchdog.org/30980/shno-payday-lenders-add-cash-to-virginia-campaign-war chests/> (accessed March 3, 2013)

5) *Ibid.*

6) “major banks like Bank of America, JPMorgan Chase, and Wells Fargo finance about 42 percent of the entire payday loan industry in the U.S. Those loans strip \$3.1 billion in wealth from low-income, working poor who are literally trying to pay bills from paycheck to paycheck.” From “How payday lenders are making billions by fleecing Americans in Poverty” *ThinkProgress: Economy*. <http://thinkprogress.org/economy/2012/01/19/407365/report-how-payday-lenders-make-billions-by-fleecing-americans-in-poverty/> (accessed March 3, 2013)

BISHOPS’ FOUNDATION

The Bishops’ Foundation was created by action of the 2011 Annual Conference to provide training for leadership development of both laity and clergy in the areas of evangelism and preaching in the Wesleyan spirit. Funds previously associated with the three predecessor organizations – the Goodson Foundation, the Stockton Endowment for Evangelism, and the Bishop Pannel Endowment – form the assets of the Bishops’ Foundation. The foundation is led by a board of directors (five clergy and four laity) nominated by the Cabinet with endowment funds invested with the Virginia United Methodist Foundation.

The Bishops’ Foundation is not a funding source for scholarships or financial assistance, but is an event-sponsoring or co-sponsoring organization. “Event” must be broadly defined to include various ways that the Foundation can fulfill its stated purpose of providing training for leadership development for both clergy and laity in the areas of evangelism and preaching in the Wesleyan spirit, particularly addressing “gaps” in current Conference ministry programming.

During the year, the board has affirmed its intent to provide training events that will benefit both clergy and laity of the conference, particularly in keeping with the goals of The United Methodist Vital Congregations initiative and conference strategic plan, clarified the foundation’s funding guidelines and established an investment policy. In keeping with its purpose, the board has actively engaged partnerships with other conference entities such as Lay Servant Ministries and 5 Talent Academy to assist in providing uniquely focused training programs for leadership development. The board remains interested in addressing the “gaps” that may exist in current conference ministry programming to foster opportunities for young adults to help the church in reaching their generation.

Kevin W. Bruny, Chair

COMMITTEE ON EPISCOPACY

The Committee on Episcopacy is similar to a Staff Parish Committee in the way we function. Our responsibilities are found in ¶637 in the *2012 Book of Discipline*. The primary purpose is to support the bishop of the area and to be available for counsel. The committee also has the responsibility to assist in determining the episcopal needs of the area and also to advise the bishop of conditions within the conference as they affect relationships between the bishop and people of conference agencies.

The committee meets three or four times per year so that we may develop a relationship of trust with our bishop. The bishop always gives us a report as to his work in the conference.

The episcopal residence also comes under the Committee on Episcopacy. The Episcopal Residence Committee consists of the chair of the Committee on Episcopacy, chair of the conference Trustees and the chair of Council on Finance and Administration. We are responsible for a yearly inspection of the Episcopal Residence.

This year for the first time ever the General Council for Finance and Administration included a training session for chairs of Committees on

Episcopacy. I joined 14 others in Jacksonville the end of January for three days of fellowship, training and sharing of ideas.

It is a joy and privilege for me to work with Bishop Cho as he leads our annual conference. I want to thank the members of the committee for their faithful service.

Shirley Cauffman, Chair

VIRGINIA CONFERENCE WELLNESS MINISTRIES

On July 1, 2012, Virginia Conference Wellness Ministries (VCWM) began administering a new wellness services contract between Virginia United Methodist Pensions, Inc. (VUMPI) and Health Advocate, Inc. Under the terms of this agreement, VCWM devised and implemented a program through which active clergy and lay employees and their spouses were offered the means to reduce their personal health plan costs. Approximately 25 percent of eligible plan participants took advantage of this opportunity, and managed to reduce their out-of-pocket costs during Church Year 2013 by either \$180/year (single) or \$360/year (family).

Effective Jan. 1, VCWM inaugurated "Wellness 100," a point-based system program through which VUMPI active plan participants can earn points to qualify for reduced personal premiums during Church Year 2014. Participants undergo a complete physical examination and specified blood panel, and complete an online Health Risk Assessment; each of these two procedures earns 25 points. Both the physical examination and corresponding blood work are fully covered by all VUMPI-sponsored health plans; there is no cost to participants for either of these medical procedures. Participants then choose from 19 ways in which to accrue their remaining 50 points. "Wellness 100" also offers points for successful completion of a variety of online courses administered by Health Advocate. Clergy participants can receive Continuing Education equivalency for each course completed. Earning wellness points and qualifying for CEU is what VCWM calls "double-dipping," and is something we heartily encourage!

In support of Bishop Cho's emphasis on the spiritual disciplines, VCWM collaborated with our bishop to identify 10 spiritual disciplines which qualify to earn points toward health plan premium reductions. In what may well be the first program of its kind, "Wellness 100" encourages active health plan participants to track and report time spent attending to their spiritual health – and to receive wellness points for doing so!

In partnership with the General Board of Pension and Health Benefits' (GBPHB) Center for Health, and Duke University's Clergy Health Initiative, VCWM helped fund the second year of a three-year Longitudinal Research Survey. This survey, administered annually to several thousand United Methodist clergy across the United States, is designed to collect data to help guide denominational, jurisdictional, and conference-level programming, while facilitating efforts to improve the health and wellness of clergy and their families.

In the Commonwealth, VCWM continues its participation in interdenominational dialogue through LARCUM (Lutherans, Anglicans, Roman Catholics, United Methodists), and actively and routinely shares in ecumenical and mutually supportive ministry efforts with the Virginia Synod of the Evangelical Lutheran Church.

Looking forward to 2014 and beyond, VCWM is hopeful that all eligible health plan participants and their families will take full advantage of the broad range of advocacy services provided by Health Advocate. All these services are available, at no cost, to plan participants, their spouses, children to age 26, parents and in-laws. Whether assisting itinerating clergy with finding a physician in their new home community, aiding families with the transfer of medical records, scheduling appointments, providing personal coaching, resolving claims issues, or offering elder care assistance and Medicare interpretation, Health Advocate is an established wellness partner our health plan participants – and their families – can count on!

For information on Health Advocate and VCWM's wellness efforts, visit our website at www.VCWMministries.org; e-mail us at VCWM@VCWMministries.org; or call (540) 946-6885/6544. VCWM remains committed to helping our Virginia Conference clergy, laity, and their families "have life, and have it abundantly" (John 10:10b). As always, we request your prayers and welcome your feedback.

Donald C. Yesukaitis, President

AFRICA UNIVERSITY ENDOWMENT FUND

Africa University is celebrating its 20th anniversary in 2013. The university has been a great gift to the continent by providing a solid education for leaders throughout their part of the world. This university exists because The United Methodist Church made a commitment to establish this as a place of transformation and change for the people of Africa. The 2012 Annual Conference approved a goal to raise \$1 million for the Africa University Endowment Fund to secure this as a solid institution of higher learning with a long future. The strength of colleges and universities is often judged by the strength of management and commitment to its endowment fund. It is crucial for the growth and stability of Africa University that it grow its endowment to develop the university for the 21st century. (World Service Special Gift #03-01-88).

The goal would be for us to raise \$1 per member per year or \$3 per average worship attendee per year. Many of you and your churches have responded in a faithful way. I pray that you will continue to support the university and consider making this endowment a part of your special Advent and Lenten offerings in the coming years.

Since I will be relocating, I pray that someone from the Virginia Conference will step forward and lead this effort in the future.

The Rev. Stephen C. Hundley

ASSOCIATION OF RETIRED MINISTERS AND SPOUSES

The Association of Retired Ministers and Spouses, Widow and Widowers (ARMS) continues to strive to reach its goal to "provide a voice and fellowship for persons in the retired relationship while maintaining a vital connection with the Virginia Conference." It helps maintain a sense of continued value for those in the retired relationship by providing opportunities to utilize time, talents and abilities to pursue common interests.

Founded in 2003 with the support and encouragement of the conference Board of Pensions, the ARMS board is working to strengthen its annual retreat, which will be held Oct. 8-9 at Blackstone. The retreat this past year was well done by coordinators David and Lieu Lewis and had an attendance of more than 100. One of the greatest values of the retreat is the rich fellowship it affords retirees and spouses as they "catch up" with all that is taking place in the lives of each other and in the life of the conference. The 2013 retreat will be coordinated by Larry and Gale Kennon. Expect even greater opportunities for fellowship and relaxation.

The board, elected each year at the annual meeting, is grateful to John Fuller, new director of Virginia United Methodist Pensions, Inc. He and the dedicated staff of Patricia Hutchinson, Nancy Blair and Judy Astrella are always available for the financial support provided to help cover operating expenses for the ARMS retreat.

One of the significant events for ARMS members is the banquet sponsored by the Board of Pensions given during Annual Conference. This special afternoon together continues to grow and provide ARMS with the opportunity to honor our new retirees. We are grateful to the Board of Pensions for this generous gift.

To ARMS, a quarterly newsletter written, edited and published by Pat and Dick Faris, is sent to all retirees/spouses/widows/widowers for whom addresses are available. To ARMS is designed to maintain contact with members and provide an opportunity to share news. We encourage all members to send short items for consideration by the editors for publication. The newsletter is provided online unless specifically requested.

The ARMS board solicits suggestions and thoughts for consideration in future planning. Remember, all retirees/spouses/widows/widowers are automatically members of ARMS. However, to help ARMS provide a broader range of opportunities, it is imperative for retirees to contribute an annual membership fee.

Mike and Joyce Payne, Co-Presidents

VIRGINIA UNITED METHODIST HOUSING DEVELOPMENT CORP.

The Virginia United Methodist Housing Development Corp. has the mission to provide affordable housing for low income seniors and the disabled. We own 15 facilities on behalf of the Virginia Conference. In relationship with other housing development groups, we are a partner in another 14 affordable housing projects. Through this ongoing work, almost 1,500 units of affordable housing are being provided throughout the Commonwealth. All of this was accomplished without any financial outlay or obligation by the Virginia Conference.

Through the leadership of our chief executive officer and president, Dr. J. "Mal" Malinowski, Virginia United Methodist Housing Development uses a shared leadership model to develop new projects and manage existing properties. Recognition is offered for the additional service provided by board members. Officers make up a very active executive committee and streamline the work of the whole board. The Virginia Conference, through the nominations process, is answering the board's request for specific talent to be elected to fulfill our mission. The board continues to look for expertise in the following areas: construction, finance, project management, grant writing and property oversight.

To make this ministry sustainable, the full board has been involved in contract review, document access, information sharing, as well as project oversight decisions. Over the last conference year, the directors engaged in rigorous "cross training" with the goal that each director could carry forward the work of the organization. Participation by the directors has dramatically improved. The management companies are doing a better job of reporting to the board of directors. The overall result is that the organization is more effectively oversees current projects and is better prepared to enter into new ventures.

Future goals include the development of new properties, including the purchase of existing facilities which will be part of our mission to offer affordable housing. The corporation will continue in its previous steps with the involvement and training of the directors and officers of the board. The executive committee will continue to evaluate, update and make uniform policies and procedures for each facility, as well as review corporate bylaws. We will strengthen our connection with the Virginia Conference so that each congregation and pastor can celebrate what is being accomplished in this work.

The Rev. James G. O'Quinn, Vice President

VIRGINIA CHAPTER, PROFESSIONAL ASSOCIATION OF UNITED METHODIST CHURCH SECRETARIES

The purpose of the Professional Association of United Methodist Church Secretaries (PAUMCS) is to provide a supportive base for the unity and fellowship of its members in order to provide individual growth, professional development, continuous education and spiritual enrichment. PAUMCS promotes and encourages the training and support of United Methodist church secretaries; serves as an advocate for emerging concerns that affect church secretaries; encourages and assists in the establishment of chapters of church secretaries, within or across jurisdictional and annual conference boundaries, and assists in coordinating the program and work of these chapters.

The Virginia Chapter of PAUMCS was established in 1999. Since that time, membership has grown to as many as 90 members and an all-time high of 130 attendees at a fall event at the United Methodist Center in Glen Allen. The chapter sponsors two meetings each year: normally, a one-day fall training event and a two-day spring spiritual growth retreat. Members are persons presently or previously, full-time or part-time, paid or volunteer, engaged in administrative work in any local church or agency of the United Methodist church.

During the past conference year, Virginia PAUMCS:

- Distributed a six-page mailing to the administrative staff of the 1,200 charges of the Virginia Conference in August.
- Presented the "Experience Your Conference Connection" event, normally held in the fall. (It was postponed until January due to the possibility of inclement weather from Hurricane Sandy, but most of those registered for the fall event made it a priority to attend in January, in addition to new registrants.) The 58 in attendance at the Center were greeted by Bishop Cho, heard from the new executive director of VUMPI, John Fuller, and from Dr. Sandra Gramling they learned new strategies for "Dealing with Difficult People."
- Sponsored a spring training/spiritual growth retreat on May 5-6, led by Martha Stokes, director of the conference Center for Inclusivity and Lay Leadership Excellence. She helped us reflect on how we can be "the best lay person we can be," both through our work and in our home churches.

If you have administrative staff in your church, either paid or volunteer, we encourage you to help them become a part of Virginia PAUMCS for their professional growth, to the benefit of your church!

Beverly Myers, President

JOSEPHUS DANIELS PELL FOUNDATION

The Josephus Daniels Pell Foundation continues to award grants to individuals who are attending United Methodist-related seminaries in preparation for the ordained ministry through the Virginia Conference. Over the past years the Pell Foundation has distributed nearly \$1 million defray the cost of a seminary education.

This year seven students benefited from the grants that averaged \$5,000 per student. Students in seminary should contact our conference Board of Ordained Ministry to submit an application for a grant.

We continue to take a prudent and long-term view of our investments portfolio as well as the distribution of the income. It is amazing what Mr. Pell accomplished through his one-time enduring gift to assist students preparing for the ordained ministry.

I want to thank our current directors for their diligent attention to the management of this gift. They include: Roger Amole (secretary/treasurer), Jim Branscome, Peter Clements, Betty Forbes, the Rev. Sylvia Meadows, The Rev. Steve Summers and William Young Jr. (vice president).

As I or any member of the Board can be of further help with the purpose of the Josephus Daniels Pell Foundation, please contact me directly through the conference directory at Fairlington UMC.

The Rev. Dr. Gregory L. Adkins, President

PREACHERS' RELIEF SOCIETY

The Preachers' Relief Society stands ready to assist not only clergy who have emergency financial needs, but also their families, widows, widowers and orphans who are similarly distressed. The Society gives aid in the form of grants, not loans, according to the needs of those making the request and the financial resources of the Society. Those needing help must make their requests through their district superintendent.

The Society is supported by contributions, bequests and returns on its investments. Those interested in supporting the Society should contact one of the board members or send their contributions directly to Larry Field, Scott and Stringfellow, 2101 Parks Avenue, 402 Pavilion Center, Virginia Beach, VA 23541.

The members of the board are: Robert Baker, Jim Bergdoll (secretary), Salleye Bowen, Robert Cofield Jr. (vice-president), Katherine Kidwell, Dane Mills (treasurer), Harold E. White Sr. and myself.

The Rev. Robert T. Casey, president

RETIRED CLERGY HOUSING CORP.

Eighty-one years ago, lay persons and clergy of the Virginia Conference began a program to help needy retired clergy with housing. Over the years, hundreds of these needs have been provided. A number of changes have been made which included not only retired clergy, but also retired

local pastors and retired deacons. All must have served in the Virginia Conference for at least 10 years to be eligible. In addition, we have been helping the conference by providing facilities for those who have to take early retirement because of health reasons.

Today we own 124 homes, all of which are occupied. Predictions concerning our future needs are extremely uncertain. We do understand, however, that perhaps the pension benefits will be less rewarding than in the past few years. If so, this could mean we will receive more requests than we can accommodate.

Over the past 10 years we were fortunate in selling some of our older homes and buying new facilities. The market favored our efforts in this process. That good fortune is no longer available. Insufficient funds keep us from purchasing additional properties. Therefore, we have to rely on the gifts that come to us through the members of the conference. When lay and clergy combine to become members of the Covenant of Gratitude, our financial picture is much improved. Sharing with the Retired Clergy Housing Corp. \$1 per person who is ordained a provisional elder and deacons means more than just a gift to us. It represents one's gratitude to God for new elders, who are called into God's service, plus a caring attitude toward our brothers and sisters who are serving the causes of Christ in the Virginia Conference.

My prayer includes the hope that you will become a member of this Covenant so you can share with others the joy of helping those in our conference who have served faithfully through the years but have reached a time in their lives when help is needed. If we truly care for each other in ministry, we will take the opportunity to become members of the Covenant of Gratitude.

It would be my privilege to share our mission and goals at some meeting in your church or district. There would no cost to your church or district. To share this story is imperative to the future of our Corporation and I sincerely hope you will include us at some function this coming year.

The Rev. Thomas L. Coffman, President

SOCIETY FOR WESLEYAN STUDIES

The Society for Wesleyan Studies (SWS) was established in 1983 to renew Wesleyan themes in the life of the Virginia Conference and The United Methodist Church. For 30 years, the society has sponsored events devoted to the study of issues related to the history, theology, practice and mission of John and Charles Wesley and the Wesleyan tradition. We seek to understand more thoroughly the richness of our unique heritage, and to do so with an eye toward applying those resources in the service of the contemporary church in its ongoing mission and ministry. We welcome all interested laity and clergy at our events and to contribute to the mission of the society. Continuing education credit is available at all our events.

Typically the SWS sponsors two events annually, in spring and fall. In recent years, we have given special attention to introducing the Virginia Conference to some of the younger and most promising of a new generation of Wesleyan scholars/church-persons. In an effort to bring our unique Wesleyan heritage to bear upon our current denominational challenge to grow "Vital Congregations," the society hosted a well-attended event in spring, with Dr. John Wigger, noted Francis Asbury biographer. Dr. Wigger engaged us in considering the remarkable success of early American Methodism, and especially Asbury's uncommon but profoundly effective leadership style that fueled Methodism's growth.

In the same spirit of equipping today's United Methodist Church with the resources of our rich Wesleyan heritage, on Oct. 7 the SWS will host Dr. Lacey Warner, associate professor of the Practice of Evangelism and Methodist Studies at Duke Divinity School. Dr. Warner will address us on the topic of "Spreading Scriptural Holiness: Wesleyan Evangelistic Practices for the 21st Century." We hope you will join us for this and all our events as we explore together our living Wesleyan legacy.

The Rev. R. Bruce Johnson, President

SOCIETY OF ST. ANDREW

Even in the midst of a weak economy, Society of St. Andrew (SoSA) had its best year ever in 2012. New records were set in almost every important metric that we track. Millions of additional people were blessed by this ministry of saving and distributing highly nutritious food to our brothers and sisters in need. Tens of thousands of volunteers and supporters were able to "live their faith" by joining in this vital and successful ministry.

The Gleaning Network, in particular, had a spectacular year while setting new records in pounds of food gleaned, number of gleaning events and number of volunteers. The ancient Biblical practice of "gleaning" is alive and well and proving extremely effective in today's world.

SoSA not only provides food to those in need, we provide the highly nutritious fresh fruits and vegetables so important in any diet. For many of the poor in America, SoSA is their only source of fresh produce. At a time when the number of hungry in the U.S. has grown significantly, the need for this ministry has never been greater. The last 12 months have been marked by huge successes and challenges met.

- All three programs, the Potato and Produce Project, the Gleaning Network and Harvest of Hope, experienced strong program performance in 2012
- SoSA saved and distributed 33.6 million pounds of fresh produce, setting a new historical record and an increase of 24.6 percent over last year. All of this food would have otherwise gone to waste.

- The Potato Project distributed over 9.8 million pounds of produce.

- Over 40,310 volunteers put their faith into action by volunteering in SoSA's Gleaning Network, which is also a new record increase of 31.2 percent.

- More than 6,500 separate gleaning events were conducted setting yet another record; an increase of more than 43.8 percent.

- Food was distributed nationwide including in every county in the Virginia Conference area.

- Hundreds of churches across the country joined in our ministry for the very first time.

- SoSA's influence has played a key role in national associations such as the Alliance to End Hunger, NAHO (National Anti-Hunger Organizations), the Congressional Hunger Center and others. SoSA's voice is now heard in national hunger policy discussions.

- SoSA's Harvest of Hope program continued to have over 500 participants in a dozen work/study/mission retreats.

- SoSA hosted a "Day of Gleaning" on behalf of the Governor and First Lady, who both participated. Gleaning events were held all across the Commonwealth.

- More than 100 million highly nutritious servings of fresh food at a cost of about two cents a serving! This set another new record for our ministry.

- Our belief in good stewardship of all resources resulted in a total overhead of less than 3.5 percent.

SoSA's board adopted a new Strategic Plan that calls for SoSA to increase its food distribution by an additional 20 million pounds over the next three years and then be able to sustain that new level of program activity. This is a huge step-out in faith and represents the most important decision that SoSA has made since its founding.

We are called to love "in deed and in truth" and that has been SoSA's ministry for more than 34 years. It happens because many others take that calling to heart. Volunteers, churches, individuals, farmers, feeding agencies, transporters, board members, staff and financial partners all comprise a thriving network to feed the hungry in our land. The leadership demonstrated by the Virginia Conference continues to be a blessing to this ministry and to all those in need of food, for the body and the spirit.

Steven M. Waldmann, Executive Director

VIRGINIA UNITED METHODIST CREDIT UNION

John Wesley was among the first to organize financial cooperatives among the faithful in the Methodist movement, and it is in the spirit of Wesley that in 1952 the Virginia United Methodist Credit Union was established by a group of clergy who pooled their financial resources to help each other. As we celebrate 61 years of service in 2013, our membership has grown to include United Methodist churches, church members, clergy, organizations, agencies and institutions within the Virginia Conference.

We are a full-service financial institution and we operate solely to serve the financial needs of our member owners. Our all volunteer board of directors is comprised of lay and clergy. We help our members by providing quality financial products and services, including savings and checking accounts, loans, VISA credit cards, online services and resources to assist our members with personal financial management. We sponsor scholarships for college-bound students and have partnered with several conference churches to establish Jubilee Assistance Funds, a program that assists churches with short-term help for persons in need during a financial crisis, as well as financial management tools to guide them toward long term financial stability.

Our church loan program helps conference churches with the refinance of current loans, loans for parsonages, renovations, and vans and buses. We also offer project loans (up to \$50,000 unsecured) and VISA credit cards for church business.

Our goal is to be the premier financial institution and primary resource for encouraging sound stewardship principles and helping Virginia United Methodist churches, individuals and institutions “to earn all they can and save all they can so they can give all they can” as servants of Christ in the world.

The Rev. Alvin J. Horton, Chair

CHAPLAIN SERVICE PRISON MINISTRY

This past year was a year of changes and challenges for Chaplain Service Prison Ministry of Virginia. Foremost is the fact that our ministry’s president of 17 years, the Rev. Cecil E. McFarland, passed away in April at the age of 81. Cecil was a beloved figure and had certainly become the public “face” of our ministry, speaking in churches across the Commonwealth. He was a Methodist minister, a Navy chaplain (having served on the U.S.S. Intrepid and having won the Purple Heart during his service in Vietnam), a Goodwill Industries executive (having started or managed stores all over the country and then serving at their national offices), and finally he was the leader of our unique prison ministry. He is dearly missed. Rev. McFarland left behind quite a legacy of passionate caring for incarcerated men, women and youth.

In May, I was elected as the new president of Chaplain Service. I am a Baptist minister who grew up in a “prison family”: both parents worked for more than 30 years at the Virginia Correctional Center for Women (VCCW) in Goochland County – my father in security and my mother in inmate payroll/accounts. After they married, my parents rented half of an old farmhouse on the prison grounds as their first home, so I actually lived the first year of my life on the grounds of a prison! What’s even more amazing is that my only sibling – my little sister – was actually the child of an inmate at VCCW that our parents adopted. I worked for 16 years for the Virginia Department of Corrections (serving as a Case Management counselor, a Substance Abuse therapist, a Treatment Program supervisor, and finally for nearly a decade as the Statewide Training and Development Coordinator for DOC Counselors). In 2006 I was employed by Chaplain Service to serve as vice president and as the contracted religious advisor to the Virginia Department of Corrections.

This past summer, Chaplain Service was blessed to have Joyce Minor come on board as our new vice president. For many years, Joyce served as the Virginia field representative for the national Prison Fellowship ministry. She had overseen important programs like Angel Tree (providing gifts for the children of incarcerated men and women). She also established and oversaw two Faith-Based Re-entry (FBRE) programs in Virginia prisons – one for men and one for women. These two exciting programs have now come under the auspices of Chaplain Service. Minor continues to hold ultimate responsibility for these programs, though we have hired a new FBRE Program Manager, Colette Shepherd, to oversee the day-to-day operations.

Chaplain Service currently has 30 chaplains serving at 30 state prisons across the Commonwealth. Unfortunately, nearly all of our chaplains had their work hours and wages cut dramatically effective Jan. 1. (We also had to – at least temporarily – cut our three remaining chaplain positions at the state juvenile correctional centers.) Due to the economic downturn of the past four to five years, many of our denominational founders/partners have had to make some deep cuts in their giving to our ministry. It has also become increasingly difficult to obtain grant monies from foundations. This means that it will now become very challenging for the chaplains to provide effective ministry at the prison facilities, and it will also be hard for them to provide a living wage for their families. Our goal is to restore full-time chaplaincy at all of the major state prisons, to restore chaplains to the juvenile correctional facilities, and (as finances allow) to restore the chaplains’ wages. We are so very grateful for the ongoing, generous support of the Virginia Conference. May God bless you for sharing His love with those behind bars!

The Rev. J. Randy Myers, President

BLACKSTONE CONFERENCE AND RETREAT CENTER

The Blackstone Conference and Retreat Center (BCRC) has changed names but is still the Virginia Conference’s retreat center. On April 11, 2011, the deed was conveyed from the conference Trustees to the center’s own Board of Directors. The decision to convey was made by the Trustees so the facility would have every opportunity to move forward and become financially stable. The board pledged to take good care of the facility and to equip it to serve the entire conference. Sam McCracken was hired as the new executive director in 2011.

This past year was filled with wonderful events and many changes at BCRC. Directors approved a biomass boiler and heating system that is under construction. This new system will burn wood chips, sawdust, saw-grass and most anything else that can be put in it. It will save us from purchasing the \$90,000 worth of fuel oil that the Center normally uses. The boiler will pay for itself in 8.8 years. This new system will heat all the water for the building, including the swimming pool. It will also be “zoned,” so groups will now be able to use one floor or one part of a floor without having to heat the entire facility.

A generous gift was given in memory of Nell Ruth Clay Blanton by her son, Reuben L. Blanton Jr. and her daughter and son-in-law, Mary Nell Blanton Tatum and Rev. Gene C. Tatum. This gift and memorials made by friends at the time of Mrs. Blanton’s death kicked off extensive renovations to the first floor, which has new carpeting. The Carroll Room has been completely remodeled, the first floor lobby and grand staircase has new chandeliers and the large crystal chandelier has found a new home at Ferrum College. The parlor has been completely restored and the board room restored and furnished. The Cabinet room has also been restored. The four bedrooms behind the Carroll Room are being re-carpeted and restored and they will become the models of what we hope floors two and three will look like.

In 2012 the Center hosted 12,969 overnight guests, 201 meetings and events. BCRC employs 12 full time employees and 24 part-time employees, and has an annual operating budget of \$1.1 million. In addition, BCRC has a new coffee shop and WiFi center, The Acorn. Owned and operated by the night watchman Edward Stokes, The Acorn is located in the former Cokesbury shop.

In March BCRC was awarded a \$20,000 grant from the Birdsong Foundation to assist in stabilization of the Center. This gift was preceded by another gift of equal amount given in 2011. The Virginia United Methodist Clergy Spouses’ Retreat celebrated 50 years of continuous Virginia United Methodist Clergy Spouse Retreats at BCRC.

When approached by the Virginia Tourism Commission and Virginia Sesquicentennial of the American Civil War Commission to host the Civil War HistoryMobile July 20-22. This event was held in conjunction with the second in a series of faith symposiums titled “Faith of the Civil War Soldier.”

Last July youth and adult leaders from Capron Charge United Methodist Youth Fellowship made a tremendous contribution as they volunteered time and donated material to construct a double-tiered deck between the auditorium and The Acorn. The contribution was in memory of Jackson Fox, who was very instrumental in forming that youth group. In October, The Titmus Foundation awarded BCRC a \$50,000 matching grant to assist in restoration of the historic building's front portico. This challenge gift enlists the financial support of individuals, businesses and churches in order for BCRC to receive the full \$100,000. For more than 20 years, Blackstone has celebrated the Christmas season. This year more than 250 guests attended the performance of Richmond dance group His Handmaids followed by renowned fiddlers, the Hunts. The Hunts are confirmed for the 2013 "Evening at Blackstone" on Dec. 8.

The center stands ready to host your next meeting or over-night event. To make BCRC financially stable and to continue upgrades, we need more events held here. Contact Cyndi Schnell at (434) 292-5308 to get your name on the calendar. Or contact McCracken or any board member if you would like your church or group to have a program on what is happening at Blackstone.

We have a new mission statement: "Let every soul be Jesus' guest!" This is not new, but we're bringing it back because it describes the purpose of BCRC.

The Rev. Tommy Herndon, Chair

INDUSTRIAL & COMMERCIAL MINISTRIES

Are you interested in missions but can't leave home? The answer to both of these questions is Industrial & Commercial Ministries (ICM). Two hundred ICM chaplains, all volunteers, men and women, lay and clergy, reach thousands of working men and women right where they work each day. Most of these working people do not have a church, do not know that God loves them. Many feel that no one cares them and the problems they face: job insecurity, family, financial, drug abuse and stress. The ICM chaplain is "a caring presence" at their workplace, not judging, but listening and providing effective referrals to help.

The financial support that individuals and churches give goes toward training ICM chaplains within their own communities. For 40 years the Virginia Conference has supported ICM through prayers and financially, which enables us to train and place volunteer chaplains in many businesses, industries and public safety organizations. We need your support, prayers and dollars. You may want to join our "Caring Presence Club," where individual donations of at least \$25 a month (\$300 annually) are recognized in print and on our website. Please promote ICM's Labor Day Offering on Sunday, Sept. 1, within your local church.

Forty years ago, dedicated Christian individuals, with guidance from God, determined that the cross and Jesus should not be left at the church, but rather shared in the workplace that others might know the love of God. Each week ICM chaplains are doing as Jesus said, "feed my sheep." Want to learn more? Visit www.iCMAmerica.org, call (540) 432-1919 or e-mail icmmin@aol.com.

The Rev. Wayne Wright, Executive Director

VIRGINIA COUNCIL OF CHURCHES

Even as we face tight economic times, your Council of Churches remains strong, but on very fragile financial footing. Continuing declines to revenue have created the need to reduce our staff to part-time and cut all areas of our budget in an effort to control expenses.

The Council continues to support LARCUM, the National Workshop on Christian Unity and other expressions of ecumenism within the Commonwealth. Our 2012 Annual Meeting, Recognizing 50 years of Refugee Resettlement, was held on the campus of Bridgewater College. We elected Bishop James Mauney as president and Rev. Jenee` Gilchrist as vice president. Our new president began immediately to call for a renewal of ecumenism within the Commonwealth, challenging all denominations to identify and send six new persons under the age of 35 to the Council in 2013.

We continue to work with Virginia VOAD, VDEM, and the Department of Homeland Security in helping the faith-based community prepare for and respond to disasters. During 2012 resources were stretched in the Commonwealth and voluntary organizations as we responded to tornados, hurricanes and flooding. The Council continues to play a vital role on the Disaster Fund created by Governor Bob McDonnell to respond to the variety of events that have impacted the Commonwealth.

We continue to stand with our Native American brothers and sisters of the six Virginia Tribes as they continue to seek federal recognition. Our partnership with the VICPP and the Virginia Catholic Conference helps give voice to our shared concerns for justice on the floor of the General Assembly.

For information, contact Virginia Council of Churches, 1214 West Graham Rd., Richmond, VA 23220-1409, phone (804) 321-3300. Our website, www.vacouncilofchurches.org, has information about the council and links with member denominations.

The Rev. Jonathan M. Barton, General Minister

Virginia United Methodist Pensions, Inc.

Section I: Reports

Report 1: Role & Responsibilities of Virginia United Methodist Pensions, Inc.

The Book of Discipline of The United Methodist Church directs each annual conference to establish a conference board of pension, auxiliary to the General Board of Pension and Health Benefits of the United Methodist Church (GBOPHB), to have charge of the interests and work of providing for and contributing to the support, relief, assistance, and pensioning of clergy and their families, other church workers, and lay employees of the United Methodist Church, its institutions, organizations, and agencies within each annual conference except as otherwise provided for by the GBOPHB. On June 22, 1965, the Virginia Annual Conference of The United Methodist Church (VAUMC) established and incorporated the Virginia Methodist Pensions, Incorporation, (subsequently renamed on February 2, 1971 to Virginia United Methodist Pensions, Inc.), or "VUMPI," as its conference board of pension.

VUMPI, in conjunction with the GBOPHB, develops and administers the numerous employee pension and benefit plans sponsored by the Virginia Conference. Some plans are employer-paid, while others are voluntary and 100 percent participant-paid:

<p><u>VUMPI Plans</u> Health Prescription Dental Supplemental Life Voluntary Life Long-Term Care Medical Spending Account Daycare Spending Account</p>

<p><u>GBPHB Plans</u> Ministers Reserve Pension Fund (Pre-82) Ministerial Pension Plan (MPP) Clergy Retirement Security Program – Defined Benefit (CRSP-DB) Clergy Retirement Security Program – Defined Contribution (CRSP-DC) United Methodist Personal Investment Plan (UMPIP) Comprehensive Protection Plan</p>
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Report 2: Impact of Health Care Reform

The federal Patient Protection and Affordable Care Act (“PPACA”), signed into law in 2010, includes numerous provisions that are intended to make health care coverage more accessible and affordable for most Americans. Several provisions of PPACA have already become effective, but the law’s most significant impact will be seen in 2014, when the individual mandate begins and health care Exchanges become operational.

Under the law’s individual mandate, beginning in 2014, all individuals will be required to obtain “minimum essential” health insurance coverage through an employer-sponsored plan, Medicare, Medicaid, or an Exchange. Those who do not obtain health insurance coverage will be subject to a financial penalty.

The establishment of health care Exchanges will represent a significant change in the health insurance marketplace. Exchanges are new competitive insurance marketplaces where individuals will be able to purchase health insurance. Subsidies intended to make Exchange-based coverage more affordable will be available to certain individuals based on household income. The Exchanges are scheduled to be operational on January 1, 2014, with initial enrollment periods beginning in October of 2013. Under PPACA, each state must elect to establish its own state-based Exchange, form a state-federal partnership Exchange, or defer to the federal government for establishment and administration of the Exchange. Virginia is one of 25 states that have elected to allow the federal government to establish and administer the Exchange in the state.

Exchange-based coverage has the potential to play a future role in the broad health care coverage strategy for the Virginia Conference, and VUMPI intends to monitor the development and operation of the federal Exchange in Virginia very closely during 2014. To the extent that strategies involving Exchange-based coverage emerge, VUMPI will give such strategies close consideration, and will develop recommendations for any strategies that help support VUMPI’s goal of making available adequate and affordable health care coverage to Virginia Conference clergy and lay employees.

Report 3: Denominational Average Compensation

Several of the pension and welfare plans incorporate the Denominational Average Compensation (“DAC”) into the formula for determining the plan benefit. The formula VUMPI uses for funding those plans relies on the DAC, as well.

As reported by the GBOPHB, the DAC is projected to increase from 2013 to 2014, as follows:

Denomination Compensation Average	
2013	\$63,867
2014	\$65,186

Report 4: Pension Plan Structure

There are four components to the Clergy Retirement Security Program (CRSP):

- A. Ministers Reserve Pension Fund (Pre-82) for service and benefits accrued on and/or prior to December 31, 1981.
- B. Ministerial Pension Plan (MPP) for service and benefits accrued on and/or after January 1, 1982 through December 31, 2006.
- C. Clergy Retirement Security Program - Defined Benefit Plan (CRSP-DB) for service and benefits accrued on and/or after January 1,

2007.

- D. Clergy Retirement Security Program - Defined Contribution Plan (CRSP-DC) for service and benefits accrued on and/or after January 1,

2007.

The GBOPHB refers to plans A – C above as defined benefit (“DB”) pension plans. That is, each year an eligible clergy member of the Virginia Conference served/serves and received/receives pension credit, the applicable plan will pay a certain benefit, or “defined” monthly income during retirement. Hence, the term “defined benefit.” Defined benefit plans do not maintain participant account balances since the employer, or in our case, the GBOPHB, has the responsibility to manage the funds in a manner sufficient to pay the monthly defined benefit.

Simultaneous to the GBOPHB calculating each participant’s defined benefit, it calculates each annual conference’s cost to provide these defined benefits. The GBOPHB bills each annual conference the amount due. Each annual conference, or in our case, VUMPI, then in-turn bills and apportions our local churches for the cost of these plans.

In addition to these defined benefit plans, annual conferences provide their clergy pension benefits from the CRSP-DC, a defined contribution (“DC”) plan. Each year an eligible clergy member of the Virginia Conference serves and receives pension credit, the Virginia Conference determines how much pension contribution each clergy participant will receive in his/her pension account. Hence, the term defined contribution. VUMPI bills local churches for the required amount of pension contribution, then in-turn, makes monthly contributions into the clergy CRSP-DC accounts.

Report 5: Welfare Plans Structure

The welfare plans made available to Virginia Conference clergy include the Comprehensive Protection Plan (“CPP”) sponsored by the General Board, as well as supplemental benefits sponsored independently by VUMPI. The CPP disability benefits are as follows:

- For Clergy disabled on or after Jan. 1, 2002, the 2014 CPP disability benefit equals 70 percent of Plan Compensation, with compensation capped at 200 percent of the DAC.
- For Clergy disabled prior to Jan. 1, 2002, they will continue to receive the same CPP disability benefit and conference disability supplement per the plan document in-force at the time their disability claim originated.

The following generally describes the death benefit amounts payable under the CPP to eligible participants and their beneficiaries:

Active Participant Death Benefits: payable upon the death of an eligible active CPP participant, as follows:

- Participant: \$50,000, payable in 12 monthly installments or one lump sum
- Spouse of active participant: 20% of DAC in the year of death
- Surviving spouse of active participant: 15% of DAC in the year of death
- Child of active participant: 10% of DAC in the year of death
- Annual surviving spouse annuity benefit of 20% of DAC, less the annuity benefit payable from CRSP and other Church-related sources
- Annual surviving child benefit of 10% of DAC, payable in 12 monthly installments (for those age 17 and younger; benefits are paid through the month in which the child attains age 18)
- Annual surviving child educational benefit up to 20% of DAC, payable in equal installments (for those age 18 through 24 and attending school full-time)

Retired Participant Death Benefits: to be eligible for death benefits in retirement, a clergyperson must have been covered in CPP for a specified number of years. The 2012 General Conference approved a change to the CPP program which increases the length of service requirement for retirees. The eligibility change is phased in with one-year increments, as detailed in the table below:

Retirement Year	CPP Enrollment Requirement for Death Benefit Eligibility
2013	6 of last 10 years
2014	7 of last 10 years
2015	8 of last 11 years
2016	9 of last 12 years
2017	10 of last 13 years
2018	11 of last 14 years
2019+	12 of last 15 years

The death benefit amounts associated with retired participants are detailed in the table below:

Plan Provision	Clergy Who Retired Before January 1, 2013	Clergy Who Retire January 1, 2013 or Later
Death of retired participant	30% of DAC in the year of death	\$20,000
Death of retiree's spouse	20% of DAC in the year of death	\$15,000
Death of retiree's surviving spouse	15% of DAC in the year of death	\$10,000
Death of retiree's child	10% of DAC in the year of death	\$8,000
Annual surviving child benefit, payable in 12 monthly installments	10% of DAC	10% of DAC
Annual surviving child educational benefit, payable in installments	20% of DAC	20% of DAC

The Conference Supplemental Death Benefit for all active full-time clergy under Episcopal appointment, and who are enrolled in CPP, is \$25,000. This Conference Supplemental Death Benefit is payable in addition to the CPP death benefit. During retirement, a \$5,000 Conference Supplemental Death Benefit will be payable to CPP participants, in addition to the CPP death benefit. The beneficiary will receive the Conference Supplemental Death Benefit payable in one lump sum. The Conference pays the entire cost of this Supplemental Death Benefit.

In combination, the CPP and Conference Supplemental Death Benefit provide total death benefits as follows:

- \$75,000 to beneficiaries of active clergy participants
- 30% of the DAC + \$5,000 (or \$25,000 for those retiring January 1, 2013 or later) to beneficiaries of retired clergy participants

Gift Benefit

VUMPI currently elects to provide a \$1,500 gift at the time of retirement or disability (once awarded disability benefits under the Comprehensive Protection Plan) to each clergyperson who has served at least ten years of service in a full-time Virginia Annual Conference Episcopal appointment in the Virginia Conference with pension credit. Further, a gift to the family of each clergyperson who dies in active service is paid in the same amount as the gift to retired or disabled clergypersons.

Report 6: General Conference Changes to Clergy Retirement Plans

The 2012 General Conference approved several changes to the clergy retirement plans. Following is a summary of the changes that become effective January 1, 2014:

- **MPP Annuity Conversion Percentage:** Currently, MPP requires participants to convert at least 65% of their MPP account balance into a monthly annuity payment at or after retirement. Participants who begin their MPP benefits on or after January 1, 2014 must convert exactly 65% of their account balance to an annuity. The remaining 35% is paid as a lump sum and may be invested through the United Methodist Personal Investment Plan (“UMPIP”).
- **CRSP Eligibility:** Full time clergy are eligible to earn benefits under the CRSP pension program. Clergy appointed to one-quarter time appointments will no longer be eligible to earn benefits under the program, but will retain any credits earned through the end of 2013. Each Annual Conference was granted the authority to determine the eligibility of clergy appointed half time or three-quarters time. As is being recommended in Recommendation 3, VUMPI recommends that Virginia Conference clergy appointed half time or three-quarters time remain eligible to earn benefits under the CRSP program.
- **CRSP DB Benefit Formula:** Under the current CRSP program, the formula for determining the defined benefit payment is 1.25% of the Denominational Average Compensation (“DAC”), multiplied by years of service since January 1, 2007. The multiplier is being reduced to 1.00% for years of service beginning in 2014, but the 1.25% multiplier remains effective for all service prior to January 1, 2014.
- **CRSP DC Contribution:** Beginning January 1, 2014, 2% of clergy compensation will be contributed to his or her CRSP DC account. In addition, up to 1% of compensation will be deposited into the participant’s CRSP DC account, if the participant contributes at least 1% of compensation to his or her UMPIP account. Therefore, if a participant contributes at least 1% of compensation to UMPIP, his or her CRSP DC contribution will be 3%, as is the current CRSP DC contribution structure.
- **CRSP Surviving Spouse Benefits:** Beginning January 1, 2014, the initial dollar amount of the benefit paid to a married participant will be reduced to offset the value of spousal benefits. This change only applies for benefits based on service on or after January 1, 2014. Benefits earned under CRSP prior to January 1, 2014 are not affected.
- **CRSP Disabled Adult Child Benefits:** Currently, CRSP benefit payments cease upon the death of the participant and spouse. Beginning

January 1, 2014, participants may designate a disabled adult child as a secondary contingent annuitant. After the participant and his or her spouse die, the disabled adult child would continue to receive CRSP DB benefits for life. The initial participant benefit payment would be reduced to pay for this extra benefit.

Report 7: General Conference Changes to Clergy Welfare Plans

The 2012 General Conference approved several changes to the Comprehensive Protection Plan (“CPP”), which includes the mandatory long-term disability (“LTD”) and death benefit plan for eligible clergy. Following is a summary of the changes that became effective January 1, 2013:

- **Limit on Mental Nervous Benefit:** LTD benefits for “treatable” and “returnable” mental nervous disorders (as defined by the American Psychiatric Association) are limited to 24 months. LTD benefits will end June 30 following the end of the 24-month period. LTD benefits for clergy currently receiving disability benefits due to treatable/returnable mental nervous disorders will cease June 30, 2015.
- **Return-to-Work Program:** The CPP program will provide financial incentives to annual conferences to help disabled clergy find part-time, non-appointed positions, if they have their physician’s consent to work. CPP will reimburse the conference for the clergyperson’s salary up to the lesser of 50% of pre-disability compensation or 40% of the DAC. In addition, the program implemented a disincentive in the form of a 10% reduction in benefits for eligible clergy who do not participate in the return-to-work program and are otherwise eligible to return to work with a release from their doctor. Finally, after the first 24 months of disability, the program’s other-income offset provisions change to allow disabled clergy to retain \$0.50 for each \$1.00 earned, up to 100% of their pre-disability compensation.
- **Disability Benefit Duration Schedule:** Duration of LTD benefits are reduced on a graduated scale that is aligned with the Social Security Normal Retirement Age. The maximum benefits duration decreases for clergy who become disabled at age 62 or older. The new benefit duration schedule applies to clergy who became disabled January 1, 2013 or later.
- **Retiree Death Benefit Eligibility:** The length of service requirement is increased for clergy retiring between 2013 and 2019, ultimately requiring enrollment in CPP for 12 of the last 15 years of service before retirement. Retired participants remain eligible if they were enrolled in CPP for a total of 25 years or more.
- **Retiree Death Benefit Amount:** The CPP death benefit amount is changed from a percentage of the DAC to a fixed dollar amount, which may be increased up to 2% each quadrennium to account for inflation. Death benefit amounts approved by General Conference in 2012 are as follows:
 - \$20,000 for death of retiree
 - \$15,000 for spouse of retiree
 - \$10,000 for surviving spouse of retiree
 - \$8,000 for child of retiree

Report 8: Voluntary Transition Program

The new Voluntary Transition Program (“VTP”) provides eligible clergy with a financially supported method for a grace-filled exit from the ministry. The program was adopted at General Conference 2012, and is effective from January 1, 2013 to December 31, 2020.

The program provides an eligible participant a career transition package that includes the following:

- Severance benefit based on current compensation and years of service
- Continuation of health benefits through the Conference plan
- Continuation of active participant death benefit through the CPP, if applicable, during the transition period
- Access to outplacement services
- Moving expenses, subject to Conference policy

The following criteria are required for VTP eligibility:

- Clergyperson must be in good standing
- At least five years of service in full connection
- Active participation in CPP for five years immediately preceding separation from service
- Not being within two years of eligibility to retire under *The Book of Discipline* ¶358.2(b) (30 years of service or age 62)
- Conference approval of participation in the program
- Withdrawal and surrender of credentials

As is detailed in Recommendation 5, VUMPI does not plan to reimburse or otherwise fund the moving expenses of clergy exiting the ministry under the VTP. In addition, VUMPI plans to cease billing the local church for CPP premiums upon the clergyperson’s exit from the ministry (rather than continuing to bill CPP premiums during the transition period). Finally, VUMPI does not anticipate seeking recovery of the cost of health care coverage provided during the transition period to a clergyperson exiting the ministry under the VTP, but subsequently returning as clergy in the Virginia Conference.

Section II: Recommendations for Annual Conference Approval

Recommendation 1: 2014 Pension and Health Plan Apportionment Recommendations

For 2014, VUMPI recommends a total Clergy Benefit Apportionment of \$17,395,000. This total includes funding for the Pre-1982 pension, the Active Clergy Health Plan (which includes health care coverage for eligible clergy on medical leave and widowed spouses of active clergy) and the Retired Clergy Health Plan. The apportionment total is allocated among these components as follows:

Clergy Benefits Apportionment Recommendations - 2014

Active Clergy Health	\$9,425,000
Retired Clergy Health	\$5,880,000
Pension Liability Assessment – Pre-1982	\$2,090,000
Total Clergy Benefit Apportionments	\$17,395,000

VUMPI recommends the above Active Clergy Health and Retired Clergy Health apportionments as part of its broad strategy focused on maintaining adequate health plans for Virginia Conference active and retired clergy, while moderating the financial impact on local churches and individual participants to the extent possible. Increases in Clergy Health apportionments that would otherwise be needed due to increasing health care costs are mitigated, in part, by the combination of plan design changes and increases in participant contributions.

VUMPI will continue to bill Conference-responsible salary-paying-units (such as Extension Ministries or new start appointments) in 2014. The amount billed will be \$11,331 for each eligible clergyperson, plus their applicable Participant Contributions for active clergy as noted in Recommendation 6: 2014 Participant Contribution Recommendations.

The Pension Liability Assessment associated with the Pre-1982 pension program is calculated by the General Board of Pension, and represents the

projected funding liability that VUMPI is required to meet in 2014. Changes in each year’s assessment are driven by multiple factors, including actual and projected investment earnings on pension assets held on behalf of the Virginia Conference at the General Board of Pension. The relatively higher apportionment in 2014 associated with the Pre-1982 pension is the result of a combination of factors, including poorer than expected investment returns in prior years, and a recommended increase in the Past Service Rate.

Recommendation 2: 2014 Pre-1982 Pension Past Service Rate

The Pre-1982 pension provides a benefit to all eligible clergy who have served in the Virginia Conference prior to 1982. This program pays the greater of the following:

- An annual benefit equal to the Past Service Rate (PSR) time years of pre-1982 service, or
- An annuity amount based upon the participant’s cash balance in his or her Defined Benefit Service Money Account

The Virginia Annual Conference establishes the PSR each year. For 2014, VUMPI recommends that the PSR be increased from \$560 to \$561.

Recommendation 3: 2014 CRSP Eligibility

As was indicated in Report 6 above, a change to the CRSP program made by General Conference 2012 gave authority to each Annual Conference to determine whether clergy appointed half time or three-quarters time retain CRSP program eligibility after January 1, 2014. VUMPI sponsored a Study Group, which included representation from the Cabinet, the Council on Finance & Administration, the Board of Ordained Ministry and the Board of Pension. The Study Group’s recommendation was adopted by VUMPI. Accordingly, VUMPI recommends that Virginia Conference clergy appointed half time or three-quarters time remain eligible to earn benefits under the CRSP program on and after January 1, 2014.

Recommendation 4: 2014 CPP Eligibility

Closely associated with the issue of CRSP eligibility is the CPP eligibility of part time clergy currently eligible for CPP benefits under special arrangements. VUMPI recommends that part time clergy currently eligible for CPP benefits retain eligibility on and after January 1, 2014.

Recommendation 5: Voluntary Transition Program Provisions

VUMPI recommends approval of its intended approach to provisions of the Voluntary Transition Program, as follows:

- not to reimburse or otherwise fund the moving expenses of clergy exiting the ministry under the Voluntary Transition Program
- to cease billing the local church for CPP premiums upon the clergyperson’s exit from the ministry (rather than continuing to bill CPP premiums during the transition period)

Recommendation 6: 2014 Participant Contribution Recommendations

As part of the broad strategy intended to ensure the long-term viability of adequate and affordable health care plans, VUMPI is recommending the following monthly participant contribution rates for 2014:

Active Clergy:

	Medical			Dental		
	HMO	PPO	CMCP		Core	Major
Individual	\$110	\$99	\$87	Individual	\$13	\$33
Family	\$341	\$309	\$285	Family	\$54	\$102

Note: active clergy have the opportunity to earn a \$15 reduction in Individual contribution rate or \$30 reduction in Family contribution rate through participation in the Virginia Conference Wellness Ministry’s wellness program.

Clergy on Voluntary Leave and Sabbatical:

	Medical		Dental		
	HMO	PPO		Core	Major
Individual	\$667	\$608	Individual	\$30	\$58
Family	\$1,798	\$1,611	Family	\$56	\$127

Clergy on Medical Leave with CPP Benefits & Under Age 65 Surviving Spouses of Clergy

	Medical		Dental		
	PPO (\$500 Deductible Plan)			Core	Major
Individual	\$109		Individual	\$13	\$33
Family	\$175		Family	\$54	\$102

Clergy Retired Under ¶358.2.a (With 20 Years of Service) or ¶358.3 (Prior to Age 62 With Fewer Than Thirty Years of Service)

	Medical		Dental		
	PPO (\$750 Deductible Plan)			Core	Major
Individual	\$608		Individual	\$30	\$58
Family	\$1,611		Family	\$56	\$127

Retired Clergy Under Age 65 – Retired Under ¶358.1, ¶358.2b, ¶358.2c, or ¶358.3

Medical - PPO (\$750 Deductible Plan)						
Total Years of VAUMC Service	0-9	10-14	15-19	20-24	25-29	30+
Individual	N/A	\$678	\$550	\$420	\$292	\$162
Family	N/A	\$1,560	\$1,263	\$966	\$670	\$370

Dental		
	Core	Major
Individual	\$30	\$58
Family	\$56	\$127

Retired Clergy Age 65 or Over – Retired Under ¶358.1, ¶358.2b, ¶358.2c, or ¶358.3

Medical - Medicare Supplemental Plan Plus Prescription Drug Plan						
Total Years of VAUMC Service	0-9	10-14	15-19	20-24	25-29	30+
Individual	N/A	\$475	\$386	\$294	\$204	\$113
Family	N/A	\$948	\$765	\$583	\$406	\$226

Virginia Conference clergy members earn a year of service towards his or her Total Years of VAUMC Service as indicated in the coverage options above for each year that Virginia Annual Conference health plan eligibility is met.

If an eligible clergyperson does not elect coverage options during the annual open enrollment period, the default enrollment option of the PPO plan (with \$750 deductible) will automatically be selected, with enrollment as an individual, and subject to the associated individual personal contribution rate.

If not selected during the open enrollment period, no Flexible Spending Account contributions can be made during 2014, in accordance with federal laws.

All who are eligible to enroll in a Virginia Conference health plan are strongly encouraged to participate in online open enrollment in the fall of 2013. Details will be distributed through normal annual open enrollment means.

Active clergy with at least ten consecutive full time years of VAUMC service, and who are going on approved leave or taking an Extension Ministry appointment, can “freeze” those consecutive years of service until such time as they return to full time service or retire from the Virginia Conference. Clergy desiring to freeze their years of service under this provision are required to pay a Clergy Retiree Health Plan Monthly Access Fee. As part of the recommended participant contributions for 2014, VUMPI recommends that the Clergy Retiree Health Plan Monthly Access Fee remain at \$20 per month for 2014.

Recommendation 7: Retention of Retiree Plan Eligibility When Enrolled in Exchange-Based Coverage

Under current policy, a pre-Medicare-eligible Virginia Conference retired clergyperson who neither selects Virginia Conference retiree health coverage nor provides proof of coverage through a spouse’s policy loses eligibility for the Virginia Conference Medicare Supplemental health plan. Coincident with the establishment of Health Care Exchanges under PPACA, VUMPI recommends that, beginning in 2014, Exchange-based coverage be treated similarly to spousal coverage, and that pre-Medicare-eligible retirees enrolling in Exchange-based coverage instead of Virginia Conference retiree coverage retain eligibility for the Virginia Conference Medicare Supplemental health plan.

Recommendation 8: 2014 Health Plan Design Change Recommendations

VUMPI monitors federal and state laws and regulations pertaining to the health plans made available to Virginia Conference clergy and lay employees, and recommends any changes necessary to ensure compliance with such laws and regulations. With the ongoing implementation of the Patient Protection and Affordable Care Act, as amended, VUMPI will maintain close oversight over regulatory developments impacting the Virginia Conference health plans, and will make adjustments to the plans as required to maintain compliance with emerging regulations.

In addition to plan changes intended to maintain compliance with pertinent laws and regulations, from time to time VUMPI recommends changes to the design of Virginia Conference health plans in order to balance the simultaneous goals of adequate coverage and overall affordability. As plans which are funded through a combination of apportionments and participant contributions, modest plan design changes represent an opportunity to reduce the total projected plan costs, with a resulting mitigation of the increase in apportionments or participant contributions that would otherwise be required.

For 2014, VUMPI recommends the Virginia Annual Conference adopt the following changes to its health plans:

HMO-POS health plan:

- Increase PCP copay from \$15 to \$20
- Increase specialist copay from \$35 to \$40
- Increase the out of pocket maximum (“OOP Max”) from \$2,500 to \$3,000 for individual coverage
- Increase the OOP Max from \$5,000 to \$6,000 for family coverage
- Increase prescription drug copays from \$12/\$25/\$40 for first tier/second tier/third tier prescription drugs, respectively, to \$15/\$30/\$50

PPO health plan (with \$750 deductible):

- Increase PCP copay from \$15 to \$20
- Increase specialist copay from \$25 to \$30
- Increase OOP Max from \$2,500 to \$3,000 for individual coverage

- Increase OOP Max from \$5,000 to \$6,000 for family coverage
- Increase prescription drug copays from \$12/\$25/\$40 for first tier/second tier/third tier prescription drugs, respectively, to \$15/\$30/\$50

PPO health plan (with \$500 deductible):

- Increase PCP copay from \$10 to \$15
- Increase specialist copay from \$10 to \$15
- Increase OOP Max from \$1,500 to \$2,000 for individual coverage
- Increase OOP Max from \$3,000 to \$4,000 for family coverage
- Increase prescription drug copays from \$12/\$25/\$40 for first tier/second tier/third tier prescription drugs, respectively, to \$15/\$30/\$50

Clergy Managed Care Plan:

- Increase OOP Max from \$2,500 to \$3,000 for individual coverage
- Increase OOP Max from \$5,000 to \$6,000 for family coverage

Health and Prescription Drug Plan available to Medicare-eligible Retired Clergy:

- Incorporate \$200 deductible on Medicare Supplemental plan
- Increase prescription drug copays from \$12/\$25/\$40 for first tier/second tier/third tier prescription drugs, respectively, to \$15/\$30/\$50

Recommendation 9: 2014 CRSP/PPP/Supplemental Plan Funding Recommendations

Clergy Retirement Security Program (CRSP)

The 2014 CRSP Contribution from the local churches and/or salary-paying-units for each appointed eligible clergy member under Episcopal appointment at that location shall be:

- For the Defined Contribution component of CRSP: Plan Compensation (base salary plus housing allowance or parsonage rate in accordance with the Internal Revenue Service), times 3%.
- For the Defined Benefit component of CRSP: Plan Compensation (base salary plus housing allowance or parsonage rate in accordance with the Internal Revenue Service, up to 135% of the Denominational Average Compensation ("DAC")) times 9%.

Local churches and salary-paying units are to make their monthly CRSP payments to VUMPI.

Comprehensive Protection Plan (CPP)

The 2014 CPP Contribution from the local churches and/or salary-paying-units for each appointed eligible clergy member under Episcopal appointment at that location shall be:

Plan Compensation (base salary plus housing allowance or parsonage rate in accordance with the Internal Revenue Service, up to 200% of the Denominational Average Compensation) times 4.4%.

Local churches and salary-paying units are to make their monthly CPP payments to VUMPI.

If, for any reason, CPP contributions are more than 30 days in arrears, participation in the CPP is suspended. If contributions are more than six consecutive months in arrears, participation in the CPP is terminated. For terminated participants, readmission into the CPP requires payment of seven months of contributions and submission of medical statement of good health.

Erroneously enrolled clergy who are ineligible to participate in the CPP have no right to benefits under the CPP. Eligible clergy who have not been properly enrolled in the CPP have no rights under the CPP until after proper enrollment.

Recommendation 10: 2014 Comprehensive Funding Plan

VIRGINIA ANNUAL CONFERENCE 2014 COMPREHENSIVE BENEFIT FUNDING PLAN TEMPLATE

The Virginia Conference has the following benefit obligations:

Clergy Retirement Security Program (CRSP) Defined Benefit (DB) and Defined Contribution (DC)

The total liability for CRSP DB annuities as of 1/1/2012 is \$737 million, the total plan assets are \$744 million, and the current funded ratio for the plan is 101%.

The Virginia Conference's portion of the total liability is 3.94%, and the conference has elected to include 50%+ for FTE eligibility for 2014. As a result, the required contribution due as of 12/31/14 is \$4,456,476.

It is anticipated that the amount will be funded from Future Incoming Money totaling \$4,456,476.

The total account and/or future incoming money covers the required contribution.

Additional comments around payment of CRSP-DB: Full value of required contribution to be direct billed to local churches.

The contribution for 2012 CRSP DC is anticipated to be \$1,624,258 and will be funded by direct billing to local churches.

It is anticipated that increases for future years will be 2.00% (anticipated increase %). This increase is anticipated because of the expected rate of salary increases.

Ministerial Pension Plan (MPP)

The total liability for MPP annuities as of 1/1/2012 is \$2.538 billion, the total plan assets are \$2.639 billion, and the current funded ratio for the plan is 104%.

The conference's percentage of the total liability is 3.25%. There is no required contribution for 2014.

Future MPP annuitants have a total account balance of \$4.324 billion as of 1/1/2012. The conference's portion of this account balance at 1/1/12 is \$155.106 million or 3.59% of the total.

Supplement One to the Clergy Retirement Security Program (Pre-82)

For 2013, the PSR is \$560.00. For 2014, the conference is increasing its PSR to \$561.00. On average, the conference expects future increases to be approximately 1%. The rationale for our expectation is:

The recommended rate of 0.5% recognizes the reality of inflation while demonstrating appropriate stewardship of the conference's financial resources.

We have changed our estimate of future increases to the PSR for the following reason(s): To address the increasing burden of pension apportionments on local churches, while maintaining a commitment to the ongoing, sustainable support of this pension program for Virginia conference retired clergy.

Key assumptions: 7.0% discount rate, using the RP2000 mortality table with a AA generational projection.

The conference does not intend to increase its contingent annuitant percentage from 70%.

Funding Plan Liability as of 1/1/2012	\$67,837,272
Plan Assets as of 1/1/2012	\$53,670,597

The current funded status is \$(14,166,675) with a 79% funded ratio.

It is anticipated that the unfunded portion of the liability will be paid with funds in the superannuate endowment fund.

Sources of Future Incoming Money:

	<i>Amount of New Money</i>	<i>Number of Years to be Paid</i>	<i>Present Value of New Money</i>
Apportionments	\$2,046,963	8	\$12,223,027
Apportionments	\$39,486	1	\$39,493
Other			
--	\$0	0	\$0

Non-Plan Account Information:

	<i>Current Value</i>	<i>Other Liabilities Against this Account</i>	<i>Value Available for Pre82</i>
Virginia SEF	\$440,795	\$0	\$440,795
CPP Premium Holiday Fund	\$187,397	\$0	\$187,397

The Total Balance is positive, all liabilities have been accounted for.

Post-Retirement Medical Benefit Program

The Post Retiree Medical Plan currently offered and anticipated for 2014 can be described as: Insurance

A more detailed description of this plan is: Medicare coordinating plan

Strategic plan for funding obligation is as follows: Apportionments and direct bill participants

The conference intends to retain the plan on an ongoing basis. The following is based on the most recent actuarial valuation dated as of 01/01/2011, prepared by Aon Hewitt:

Total value of assets assigned to the PRM program is unknown. The source of additional funds to pay for this program is: Apportionments and direct bill participants.

The most recent PRM valuation showed the following liabilities:

Accumulated Post Retirement Obligation (APBO) (net conference cost)	\$73,417,883
Expected Post Retirement Obligation (EPBO) (net conference cost)	\$90,927,709
Service Cost (SC) (net conference cost)	\$1,631,244

Key assumptions: 5.70% discount rate, 7.0% return on assets, 8.0% trend rate, ultimately going to 5.0% trend rate in the year 2017.

Source for paying for obligations: Apportionments and direct bill participants

Active Health Benefit Program

The Virginia Conference offers the following active health program to its participants: Self-funded.

During the calendar year 2012, the total cost for the active health program was \$10,304,202. The active health program was funded from Apportionments and direct billed to local churches. Future increases are expected in the range of 5.0%.

Rationale for anticipated increases to this obligation: Plan design strategies to mitigate trend increases in order to maintain increase at approximately 5%

Comprehensive Protection Plan

Currently (for 2012), the Virginia Conference has an annual required contribution to the Comprehensive Protection Plan of \$1,533,200.

The anticipated increase in obligation for future years will be approximately 2.0% per year. This expected increase is due to: Rate of increase in overall compensation

It is anticipated the unfunded obligation will be funded as follows: Direct bill to local churches

Other Conference Benefit Obligations to Clergy and Staff

The Virginia Conference has the following other benefit obligations:

Section A. Other Benefit Obligations

Currently (for 2012), the Virginia Conference has an annual estimated contribution of \$240,000. This benefit obligation can be described as Supplemental life insurance (DC-type obligation).

The anticipated increase in obligation for future years is 0% per year. This expected increase is due to: No change in expected mortality. This will be funded by: Direct bill to local churches.

Section B. Other Benefit Obligations

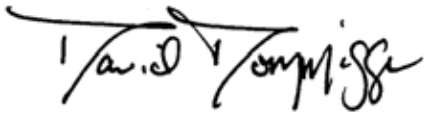
The Virginia Conference has a benefit obligation that can be described as UMPIP – DC-type obligation

For this obligation the annual estimated contribution is \$2,170,400. This obligation is funded: fully funded by participants and local churches

The anticipated increase in obligation for future years will be approximately 2.0% per year. This expected increase is due to the following assumptions: Contributions dictated by plan participants, and expected to increase consistent with the assumed rate of increase in compensation.

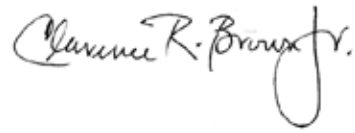
This funding plan incorporates, to the best of our understanding, the conference’s obligations and funding of the following benefits provided to clergy and laity. Signatures included below are: Conference Benefit Officer (or equivalent), Conference Treasurer (if separate) and the Conference Board of Pension Chair, and others as appropriate.

X	CRSP DB	X	Active Health
X	CRSP DC	X	CPP
X	MPP Annuities	X	Other Obligations Section A
X	MPP Future Annuities	X	Other Obligations Section B
X	Pre 1982		Other Obligations Section C
X	Post-Retirement Medical		Other Obligations Section D
			Other Obligations Section E



David Domisse

Treasurer, Virginia Annual Conference
March 20, 2013



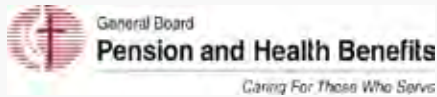
Rev. Dr. Clarence R. Brown, Jr.

Chairman, Virginia United Methodist
Pensions, Inc.
March 20, 2013



John W. Fuller

Executive Director, Virginia United Methodist Pensions, Inc.
March 20, 2013

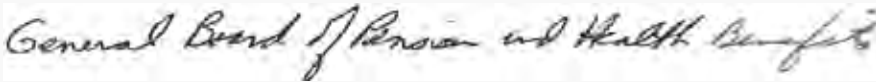


Opinion on Virginia Comprehensive Benefit Funding Plan

This Funding Plan meets the minimum standards for a Pre-82 funding plan as established by the General Board, and the requirements for a favorable opinion of a Funding Plan.

Note: The statement above and any written opinion provided by the General Board do not imply any representation as to the ability or probability of the applicable Conference to fulfill the obligations included in the Funding Plan.

General Board of Pension and Health Benefits



Glenview, Illinois
March 27, 2013

Recommendation 11: 2014 Housing Allowance/Exclusion
Resolutions Relating to Rental/Housing Allowances for Retired, Disabled, or Former Clergypersons of the Virginia Conference

The Virginia Conference (the "Conference") adopts the following resolutions relating to rental/housing allowances for active, retired, terminated, or disabled clergypersons of the Conference:

WHEREAS, the religious denomination known as The United Methodist Church (the "Church"), of which this Conference is a part, has in the past functioned and continues to function through ministers of the gospel (within the meaning of Internal Revenue Code section 107) who were or are duly ordained, commissioned, or licensed ministers of the Church ("Clergypersons");

WHEREAS, the practice of the Church and of this Conference was and is to provide active Clergypersons with a parsonage or a rental/housing allowance as part of their gross compensation;

WHEREAS, pensions or other amounts paid to active, retired, terminated, and disabled Clergypersons are considered to be deferred compensation and are paid to active, retired, terminated, and disabled Clergypersons in consideration of previous active service; and

WHEREAS, the Internal Revenue Service has recognized the Conference (or its predecessors) as an appropriate organization to designate a rental/housing allowance for Clergypersons who are or were members of this Conference and are eligible to receive such deferred compensation;

NOW, THEREFORE, BE IT RESOLVED:

THAT an amount equal to 100% of the pension, severance, or disability payments received from plans authorized under *The Book of Discipline* of The United Methodist Church (the "*Discipline*"), which includes all such payments from the General Board of Pension and Health Benefits ("GBOPHB"), during the period January 1, 2014 through December 31, 2014 by each active, retired, terminated, or disabled Clergyperson who is or was a member of the Conference, or its predecessors, be and hereby is designated as a rental/housing allowance for each such Clergyperson; and THAT the pension, severance, or disability payments to which this rental/housing allowance designation applies will be any pension, severance, or disability payments from plans, annuities, or funds authorized under the *Discipline*, including such payments from the GBOPHB and from a commercial annuity company that provides an annuity arising from benefits accrued under a GBOPHB plan, annuity, or fund authorized under the *Discipline*, that result from any service a Clergyperson rendered to this Conference or that an active, a retired, a terminated, or a disabled Clergyperson of this Conference rendered to any local church, annual conference of the Church, general agency of the Church, other institution of the Church, former denomination that is now a part of the Church, or any other employer that employed the Clergyperson to perform services related to the ministry of the Church, or its predecessors, and that elected to make contributions to, or accrue a benefit under, such a plan, annuity, or fund for such an active, retired, terminated, or disabled Clergyperson's pension, severance, or disability plan benefit as part of his or her gross compensation.

NOTE: The rental/housing allowance that may be excluded from a Clergyperson's gross income in any year for federal (and, in most cases, state) income tax purposes is limited under Internal Revenue Code section 107(2), and regulations thereunder, to the least of: (a) the amount of the rental/housing allowance designated by the Clergyperson's employer or other appropriate body of the Church (such as this Conference in the foregoing resolutions) for such year; (b) the amount actually expended by the Clergyperson to rent or provide a home in such year; or (c) the fair rental value of the home, including furnishings and appurtenances (such as a garage), plus the cost of utilities in such year. Each clergyperson or former clergyperson is urged to consult with his or her own tax advisor to determine what deferred compensation is eligible to be claimed as a housing allowance exclusion.



The Rev. Dr. Clarence Brown Jr., Chair

VIRGINIA UNITED METHODIST PENSIONS INC. AUDIT REPORT

L.P. MARTIN & COMPANY

1

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

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

Independent Auditors' Report

To the Board of Directors
Virginia United Methodist Pensions, Inc.
Richmond, Virginia

We have audited the accompanying statements of net assets available for collective plan benefits of Virginia United Methodist Pensions, Inc. (the "Plan") as of December 31, 2011 and 2010, and the related statements of changes in net assets available for collective plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2011 and 2010, and the changes in its financial status for the years then ended in conformity with accounting principles generally accepted in the United States.

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

November 21, 2012

VIRGINIA UNITED METHODIST PENSIONS, INC.

STATEMENTS OF NET ASSETS AVAILABLE FOR COLLECTIVE PLAN BENEFITS

DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<u>INVESTMENTS, At Fair Value:</u>		
Investments held by the General Board of Pension and Health Benefits of the United Methodist Church	\$ 16,701,207	\$ 19,848,905
Investments held by Wilmington Trust, Including Cash Equivalents of \$118,007 in 2011 and \$200,505 in 2010	16,886,957	16,712,126
Investments held by Private Advisors	2,053,158	2,044,078
Real Estate	<u>4,000</u>	<u>4,000</u>
TOTAL INVESTMENTS	35,645,322	38,609,109
Cash	<u>521,701</u>	<u>1,049,310</u>
TOTAL CASH AND INVESTMENTS	36,167,023	39,658,419
<u>RECEIVABLES:</u>		
Employer Contributions - Virginia Annual Conference	1,528,881	2,085,715
Participant Contributions	137,095	148,547
Medicare Retiree Drug Subsidy	152,297	609,400
Other	47,619	-
Prepaid Expenses	13,938	14,974
Property and Equipment, less Accumulated Depreciation of \$32,749 in 2011 and \$37,416 in 2010	<u>14,119</u>	<u>19,174</u>
TOTAL ASSETS	38,060,972	42,536,229
<u>LIABILITIES</u>		
Benefits and Administrative Expenses Payable	<u>135,421</u>	<u>206,659</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 37,925,551</u>	<u>\$ 42,329,570</u>

The accompanying notes are an integral part of these statements.

VIRGINIA UNITED METHODIST PENSIONS, INC.STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR COLLECTIVE PLAN BENEFITSYEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ADDITIONS:</u>		
Contributions:		
Participating Employers	\$ 13,429,593	\$ 12,729,454
Participants	6,792,000	6,605,972
Clergy Retirement Security Program and Comprehensive Protection Plan Direct Bill	<u>7,298,943</u>	<u>7,458,020</u>
TOTAL CONTRIBUTIONS	<u>27,520,536</u>	<u>26,793,446</u>
Investment Income (Loss):		
Net Appreciation (Depreciation) in Fair Value of Investments	(927,677)	4,541,370
Interest and Dividends	376,207	370,135
Less: Investment Expense	<u>(99,965)</u>	<u>(107,138)</u>
TOTAL INVESTMENT INCOME (LOSS)	<u>(651,435)</u>	<u>4,804,367</u>
 TOTAL ADDITIONS	 <u>26,869,101</u>	 <u>31,597,813</u>
<u>DEDUCTIONS:</u>		
Benefits Paid to or on Behalf of Participants:		
Health Care	17,853,857	16,842,105
Clergy Retirement Security Program and Comprehensive Protection Plan Direct Bill	8,800,966	7,158,825
Pre-1982 Pension Plan	3,071,107	414,038
Medical Reimbursement Account	576,225	554,008
Disability and Death	220,615	244,993
Group Life Insurance	94,334	111,634
Dependent Care Spending Account	40,447	77,006
Clergy Retirement Gifts	54,000	43,500
Comprehensive Protection Plan	<u>6,820</u>	<u>7,693</u>
TOTAL BENEFITS PAID	<u>30,718,371</u>	<u>25,453,802</u>
Administrative Expenses	<u>554,749</u>	<u>604,276</u>
 TOTAL DEDUCTIONS	 <u>31,273,120</u>	 <u>26,058,078</u>
 NET INCREASE (DECREASE) IN PLAN NET ASSETS	 (4,404,019)	 5,539,735
<u>NET ASSETS AVAILABLE FOR BENEFITS:</u>		
BEGINNING OF YEAR	<u>42,329,570</u>	<u>36,789,835</u>
END OF YEAR	<u>\$ 37,925,551</u>	<u>\$ 42,329,570</u>

The accompanying notes are an integral part of these statements.

VIRGINIA UNITED METHODIST PENSIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF PLAN

The following description of the collective employee benefit plans provided by Virginia United Methodist Pensions, Inc. (the "Plan") provides only general information. Participants should refer to the summary plan description published in the Journal of the Virginia Annual Conference for a more complete description of the Plans' provisions. These benefits are determined by an adoption agreement between the Virginia Annual Conference and the General Board of Pension and Health Benefits of the United Methodist Church (GBOP).

General - The Plan provides health and other benefits to all eligible pastors and lay employees of the Virginia Annual Conference. The Plan is exempt from the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The health and other benefits may be terminated at any time by the Virginia Annual Conference and GBOP in accordance with the various plan documents.

Benefits - The Plan provides medical, dental, prescription drug, and other benefits to all eligible pastors, including retired pastors and their spouses who are under age 65, disabled and widowed spouses of active pastors, and lay employees of the Virginia Annual Conference. The Plan provides a Medicare supplement and a prescription drug card to retired pastors and their spouses who are over age 65. The Plan provides life and disability benefits to ministers who are members of the comprehensive protection plan offered by GBOP.

The Plan also provides for a \$1,500 gift benefit at the time of retirement to each ministerial member, full-time local pastor or diaconal minister who has served at least ten years in the Virginia Annual Conference with pension credit. The gift benefit is also paid to the families of ministers who die in active service.

Virginia United Methodist Pensions, Inc. is responsible for funding the past service costs of the Pre-1982 Ministers' Pension Plan of Virginia Annual Conference (the Pre-1982 Plan). The Pre-1982 Plan is a separate and distinct pension plan. Neither its assets nor its benefit obligations (with the exception of those arising from past service costs) are included in these financial statements. These past service requirements are being funded over 40 years. Related contributions to the Pre-1982 Plan totaled \$3,071,107 in 2011 and \$414,038 in 2010. Future contributions are projected to be substantially higher than the 2010 amount.

The Plan funds contribution arrearages of certain churches to the Comprehensive Protection Plan and the Clergy Retirement Security Program. These plans are also separate and distinct plans; neither their assets nor their benefit obligations are included in these financial statements. Related arrearage contributions amount to \$0 for the Clergy Retirement Security Program and \$6,820 and \$7,693 for the Comprehensive Protection Plan for the years ended December 31, 2011 and 2010, respectively.

Vesting - Participants are 100% vested upon entry into the various benefit plans.

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.NOTES TO THE FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2011 AND 2010NOTE 1 - DESCRIPTION OF PLAN, (Continued)

CRSP/ CPP - On behalf of GBOP, effective April 1, 2006, the Plan started billing Clergy Retirement Security Program and Comprehensive Protection Plan participants and remitting contributions collected to GBOP.

Contributions - Participant contributions, which vary based on class of employee, are determined by the Virginia Annual Conference each year. The employer contribution is in the form of local church apportionments that are also determined by the Virginia Annual Conference each year. Post employment benefits are funded by local church and retiree contributions, which are also determined by the Virginia Annual Conference.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates. Estimates of benefit obligations are critical in relation to these financial statements.

Valuation of Investments and Income Recognition - The Plan's 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.

Appreciation and depreciation on assets held for investment during the year are based on the fair value at the end of the Plan year as compared to the fair value at the beginning of the Plan year for investments acquired in a previous Plan year. For investments acquired during the year, appreciation and depreciation are calculated by determining the difference between fair value at the end of the Plan year and the cost basis of the investments. Gain or loss on investments disposed of (realized) during the year is calculated by comparing the sales proceeds with the cost basis for all investment disposals.

Health Claims Incurred But Not Reported - The Plan's benefit obligations for current benefit coverage include estimated amounts for health claims incurred but not yet reported at year-end. Such estimates are based on historical experience of the Plan. Claims above \$150,000 per participant during 2011 and 2010 through December 31, 2011 are covered by the insurance carrier.

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Receivables - Receivables primarily represent benefit contributions due from participants and participant employers. The Plan bills participants and participant employers, substantially all of whom are individuals or local United Methodist churches, located throughout the Virginia Annual Conference. The Plan 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 participant or participant employer. Due to uncertainties in the receivables collection process, it is at least reasonably possible that management's estimate of its allowance for doubtful collections will change within the near term.

Property and Equipment - Office furniture and equipment is stated at cost. Office furniture and equipment is depreciated over lives ranging from five to ten years using the straight-line method. The costs of major improvements are capitalized, while costs of maintenance and repairs, which do not improve or extend the lives of the respective properties, are expensed currently.

Income Taxes - Management of the Plan believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the Plan is qualified and the related trust is tax-exempt as of the financial statement date.

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.NOTES TO THE FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2011 AND 2010NOTE 3 - CASH AND INVESTMENTS

The Plan's cash and investments are summarized as follows:

	2011 <u>Fair Value</u>	2010 <u>Fair Value</u>
Held by GBOP:		
Domestic Stock Fund	\$ 5,598,166	\$ 7,472,642
Domestic Bond Fund	5,475,378	5,138,324
International Stock Fund	4,836,877	6,442,029
Short-Term Investment Fund	220,824	220,133
Multiple Asset Fund	569,962	575,777
Held by Wilmington Trust:		
Common Stocks and Convertibles Portfolio:		
Energy	80,599	45,632
Consumer Staples	40,606	56,681
Health Care	143,988	159,668
Consumer Discretionary	384,233	493,511
Industrials	208,949	192,081
Information Technology	208,596	201,730
Materials	57,022	67,231
Financials	366,646	351,874
Utilities	29,025	-
Miscellaneous	143,598	110,399
Vanguard Bond Index Fund	3,625,700	3,366,946
Vanguard Emerging Markets Fund	542,849	684,010
Vanguard Large Cap Index Fund	10,491,044	10,325,948
Vanguard Small Cap Growth Fund	446,095	455,910
Cash Equivalents	118,007	200,505
Held by Private Advisors:		
Private Advisors Stable Value Fund	2,053,158	2,044,078
Real Estate	4,000	4,000
TOTAL INVESTMENTS	<u>35,645,322</u>	<u>38,609,109</u>
Deposited with Virginia United Methodist Credit Union	513,090	798,241
Deposited with First Community Bank	5,560	250,869
Deposited with Union First Market Bank	2,851	-
Petty Cash	200	200
TOTAL CASH AND INVESTMENTS	<u>\$ 36,167,023</u>	<u>\$ 39,658,419</u>

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.NOTES TO THE FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2011 AND 2010NOTE 3 - CASH AND INVESTMENTS, (Continued)

GBOP investments represent funds managed by the General Board of Pension and Health Benefits of the United Methodist Church.

Net appreciation (depreciation) in fair value is as follows:

	<u>Year Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Investments Held by the GBOP	\$ (771,136)	\$ 2,536,655
Investments Held by Wilmington Trust	(165,621)	1,857,367
Investments Held by Private Advisors	<u>9,080</u>	<u>147,348</u>
TOTAL	<u>\$ (927,677)</u>	<u>\$ 4,541,370</u>

The Plan's investments are reported at fair value in the accompanying statements of net assets available for collective plan benefits.

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2011</u>			
Mutual Funds	\$ 31,806,895	\$ 31,806,895	\$ -
Common Stock	1,663,262	1,663,262	-
Hedge Fund	2,053,158	2,053,158	-
Cash Equivalents	118,007	118,007	-
Real Estate	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total	<u>\$ 35,645,322</u>	<u>\$ 35,641,322</u>	<u>\$ 4,000</u>
<u>December 31, 2010</u>			
Mutual Funds	\$ 34,681,719	\$ 34,681,719	\$ -
Common Stock	1,678,807	1,678,807	-
Hedge Fund	2,044,078	2,044,078	-
Cash Equivalents	200,505	200,505	-
Real Estate	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total	<u>\$ 38,609,109</u>	<u>\$ 38,605,109</u>	<u>\$ 4,000</u>

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.NOTES TO THE FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2011 AND 2010NOTE 3 - CASH AND INVESTMENTS, (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 Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Plan, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair values of mutual funds and the hedge fund are based on quoted net asset values of the shares held by the Plan at year-end. The fair values of common stock and cash equivalents are based on quoted market prices.

Level 3 Fair Value Measurements

The real estate is not actively traded and significant other observable inputs are not available. Thus, the fair value of the real estate is determined by using the most recent real estate tax assessed value less estimated cost to dispose of the real estate.

The following table provides further details of the Level 3 fair value measurements.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

December 31, 2011

Beginning Balance	\$ 4,000
Total Gains or Losses (Realized and Unrealized) Included in Changes in Net Assets Available for Collective Plan Benefits	-
Purchases, Sales, Issuances, and Settlements (Net)	-
Ending Balance	<u>\$ 4,000</u>

December 31, 2010

Beginning Balance	\$ 4,000
Total Gains or Losses (Realized and Unrealized) Included in Changes in Net Assets Available for Collective Plan Benefits	-
Purchases, Sales, Issuances, and Settlements (Net)	-
Ending Balance	<u>\$ 4,000</u>

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Plan to concentrations of credit risk consist principally of cash and investments. As of December 31, 2011, the Plan has \$219,848 of cash deposits in excess of federally insured limits being held by a federally insured financial depository institution. All of the investments of the Plan are held by Wilmington Trust in a custodial investment account, the General Board of Pension and Health Benefits of the United Methodist Church and Private Advisors in an offshore hedge fund.

The Plan'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 net assets.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Plan rents its office facilities from the Virginia Annual Conference on a month-to-month basis. Related party rent amounted to \$23,100 in 2011 and 2010. The General Board of Pension and Health Benefits of the United Methodist Church maintains investments for the pension plan and provides actuarial information.

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.NOTES TO THE FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2011 AND 2010NOTE 6 - BENEFIT OBLIGATIONS (CONFERENCE AND RETIREES' HEALTH, DISABILITY AND LIFE INSURANCE PLANS)

Benefit obligations and changes therein are summarized as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Amounts Currently Payable to or for Participants, Beneficiaries, and Dependents:		
Health Claims Payable (Receivable)	\$ 155,620	\$ (56,271)
Disability Claims Payable	<u>56,073</u>	<u>60,255</u>
TOTAL AMOUNTS CURRENTLY PAYABLE	<u>211,693</u>	<u>3,984</u>
Other Obligations for Current Benefit Coverage, at Present Value of Estimated Amounts:		
Claims Incurred but not Reported	1,351,966	1,120,087
Retiree's Gift Benefit	<u>423,530</u>	<u>423,530</u>
TOTAL OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE	<u>1,775,496</u>	<u>1,543,617</u>
TOTAL BENEFIT OBLIGATIONS	<u>\$ 1,987,189</u>	<u>\$ 1,547,601</u>
Amounts Currently Payable to or for Participants, Beneficiaries, and Dependents:		
Balance, Beginning of Year	\$ 3,984	\$ 1,242,253
Claims Reported and Approved for Payment	18,338,589	16,041,867
Claims Paid	<u>(18,130,880)</u>	<u>(17,280,136)</u>
BALANCE, END OF YEAR	<u>211,693</u>	<u>3,984</u>
Other Obligations for Current Benefit Coverage, at Present Value of Estimated Amounts:		
Balance, Beginning of Year	1,543,617	1,421,002
Net Change During the Year:		
Claims Incurred but not Reported	<u>231,879</u>	<u>122,615</u>
BALANCE, END OF YEAR	<u>1,775,496</u>	<u>1,543,617</u>
TOTAL BENEFIT OBLIGATIONS, END OF YEAR	<u>\$ 1,987,189</u>	<u>\$ 1,547,601</u>

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.NOTES TO THE FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2011 AND 2010NOTE 6 - BENEFIT OBLIGATIONS (CONFERENCE AND RETIREES' HEALTH, DISABILITY AND LIFE INSURANCE PLANS), (Continued)

The Plan provides post retirement health and life insurance coverage to eligible pastors and lay employees of the Virginia Annual Conference. In the latest actuarial valuations as of January 1, 2012 and 2011, the consulting actuaries, AON Hewitt, reported the expected post retirement benefit obligation (EPBO), net of the Medicare Part D.1 subsidy, as of December 31, 2011 and 2010 as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Clergy & Lay	\$ 99,412,019	\$ 90,927,709

Using various actuarial assumptions, the expected number of retired participants is projected for each year into the future. Costs are projected for each future year at each age using trend and aging assumptions. The projected costs are multiplied by the expected number of retirees in each future year to produce expected benefits payments and retiree contributions. These payments are then discounted using an assumed discount rate of 5.7% (same as in prior year) to determine the EPBO. The trend rates for medical benefits, including prescription drugs, are 8% for 2011, 7.5% for 2012, 7% for 2013, 6.5% for 2014, 6% for 2015, 5.5% for 2016, and 5% for 2017 and thereafter. The effect of a 1% increase in the trend rates would result in an increase in the EPBO as of December 31, 2011 in the amount of \$20,817,325.

NOTE 7 - PENSION PLAN BENEFIT OBLIGATIONS

The Plan is responsible for funding the past service costs of the Pre-1982 Plan. Plan management's current policy is to fund payment of prior service cost payments from each year's apportionment (employers' contributions).

The related benefit obligation as of December 31, 2011 and 2010, and the changes therein for the years then ended are summarized as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Accumulated Plan Benefits:		
Vested Benefits:		
Participants Currently Receiving Payments	\$ 51,649,242	\$ 53,113,511
Other Participants	<u>15,687,051</u>	<u>17,679,520</u>
TOTAL ACCUMULATED PLAN BENEFITS	67,336,293	70,793,031
AMOUNT FUNDED	<u>(53,670,597)</u>	<u>(57,861,870)</u>
NET ACCUMULATED PLAN BENEFITS	<u>\$ 13,665,696</u>	<u>\$ 12,931,161</u>

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.NOTES TO THE FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2011 AND 2010NOTE 7 - PENSION PLAN BENEFIT OBLIGATIONS, (Continued)

	<u>Year Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Accumulated Plan Benefits at the Beginning of Year	\$ <u>12,931,161</u>	\$ <u>15,398,246</u>
Estimated Increase (Decrease) During the Year		
Attributable to:		
Actuarial Change in Accumulated Plan Benefits		
at the Beginning of Year	(504,959)	(662,799)
Actuarial (Gain) Loss	3,440,767	(2,421,729)
Increase for Interest Due to Decrease in Discount Period	869,834	1,031,481
Payment of Past Service Costs	<u>(3,071,107)</u>	<u>(414,038)</u>
 NET INCREASE (DECREASE)	 <u>734,535</u>	 <u>(2,467,085)</u>
 ACCUMULATED PLAN BENEFITS AT END OF YEAR	 <u>\$ 13,665,696</u>	 <u>\$ 12,931,161</u>

The actuarial loss for 2011 primarily represents the net of the defined benefit service money gain plus the past service rate change gain less the asset growth rate loss, the mortality and other demographic assumptions loss and the mortality assumption change loss. The actuarial gain for 2010 primarily represents the net of the asset growth rate gain less the mortality and other demographic assumptions loss and the defined benefit service money loss.

There were no changes in the actuarial assumptions in 2010. For 2011, the mortality assumption changed from the RP-2000 Mortality Table unprojected to the RP-2000 Mortality Table, with generational projection using Scale AA. The retirement rate assumption for ages 70 and 71 changed from 50% to 30%. Lastly, the funding method changed from the aggregate cost method to the projected unit credit cost method.

The Plan relies primarily on actuarial information provided by the General Board of Pension and Health Benefits of the United Methodist Church (GBOP) in determining the reported benefit obligation and changes therein.

The GBOP, as a matter of its own policy, has changed certain retirement plan provisions from guaranteed to market-based yield agreements, and vice versa. Therefore, it should be expected that these changes in policy will have a direct effect on the Plan's benefit obligations. These changes may result in material changes in the cost of retirement plan benefits, thus commensurate increases in plan funding obligations. These increases are projected to be significant. These factors create some uncertainty about the Plan's ability to continue to fund current operations. The accompanying financial statements do not include any adjustments related to these contingencies.

(Continued)

VIRGINIA UNITED METHODIST PENSIONS, INC.NOTES TO THE FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 2011 AND 2010NOTE 8 - ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Depreciation	\$ 4,756	\$ 6,184
Insurance and Bonding	25,277	25,738
Meetings and Seminars	42,007	34,322
Miscellaneous	34,357	20,830
Office Supplies, Postage, Printing	17,507	22,015
Professional Services	47,110	124,771
Rent	23,100	23,100
Repairs and Maintenance	1,679	3,224
Staff Salaries and Benefits	332,129	316,783
Taxes - Payroll	18,589	18,685
Telephone	3,480	4,257
Travel	<u>4,758</u>	<u>4,367</u>
 TOTAL ADMINISTRATIVE EXPENSES	 <u>\$ 554,749</u>	 <u>\$ 604,276</u>

NOTE 9 - SUBSEQUENT EVENTS

The preparation of the financial statements includes an evaluation of subsequent events through November 21, 2012, which is the date that the financial statements were available to be issued.

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

November 21, 2012

To the Board of Directors
Virginia United Methodist Pensions, Inc.
Richmond, Virginia

Dear Board Members:

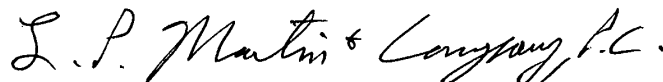
In planning and performing our audit of the financial statements of Virginia United Methodist Pensions, Inc. (the Plan) for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated November 21, 2012 on the financial statements of the Plan.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various Plan personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment is summarized in Exhibit I.

This communication is intended solely for the information and use of Plan management and the Board of Directors and should not be used by anyone other than these specified parties.

Yours truly,



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

EXHIBIT IGENERAL JOURNAL ENTRIESOBSERVATION:

General journal entries prepared during the course of the year are not consistently reviewed, initialed or dated.

RECOMMENDATION:

We recommend that management establish a policy requiring all general journal entries be initialed and dated by the preparer. We also recommend that all general journal entries be approved in writing by a responsible official. The person approving such entries should be independent of the person preparing the entries. In addition, the approval should be made before the general journal entries are posted to the general ledger.

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

November 21, 2012

To the Board of Directors
Virginia United Methodist Pensions, Inc.
Richmond, Virginia

Dear Board Members:

We have audited the financial statements of Virginia United Methodist Pensions, Inc. (the Plan) for the year ended December 31, 2011, and have issued our report thereon dated November 21, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 20, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Plan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing as addressed in our engagement letter dated January 20, 2012.

The Board of Directors
November 21, 2012
Page 2

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

Fair Value of Investments
Health, Disability and Life Insurance Plan Benefit Obligations
Pension Plan Benefit Obligations

Management's estimate of each of the accounting estimates is based on historical information and current facts and circumstances. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that each is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were as follows:

The disclosure of cash and investments in Note 3 to the financial statements.
The disclosure of concentration of credit risk in Note 4 to the financial statements.
The disclosure of plan benefit obligations in Notes 6 and 7 to the financial statements, including the disclosure of factors which create some uncertainty about the Organization's ability to continue to fund current operations.

The Board of Directors
November 21, 2012
Page 3

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, the following material misstatements detected as a result of audit procedures were corrected by management:

Reversal of Health Insurance Claims Payable Accrual
Adjustment of Medicare Drug Subsidy Rebate Accrual

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a difference of opinion regarding a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 21, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion". If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

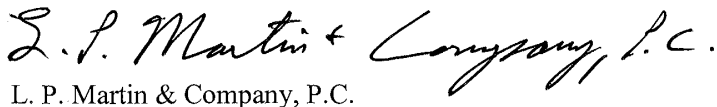
The Board of Directors
November 21, 2012
Page 4

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Plan management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,



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

VIRGINIA UNITED METHODIST FOUNDATION AUDIT REPORT

L.P. MARTIN & COMPANY

1

MEMBERS
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Independent Auditor's Report

To the Board of Directors
The United Methodist Foundation
of The Virginia Conference, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The United Methodist Foundation of The Virginia Conference, Inc., 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 United Methodist Foundation of The Virginia Conference, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Glen Allen, Virginia
July 16, 2013

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Cash	\$ 96,672	\$ 11,004
Investments	38,776,286	34,781,888
Property and Equipment, Net of Accumulated Depreciation of \$21,862 and \$13,924, respectively	27,980	34,231
Other Assets	<u>2,272</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 38,903,210</u>	<u>\$ 34,827,123</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Investment Funds Payable to Investors	\$ 36,206,732	\$ 32,444,940
Charitable Gift Annuities/Trust Obligation	471,993	491,978
Third Party Annuities Obligation	94,681	76,423
Accounts Payable and Accrued Expenses	14,033	84,339
Note Payable	<u>-</u>	<u>17,661</u>
TOTAL LIABILITIES	<u>36,787,439</u>	<u>33,115,341</u>

NET ASSETS:

Unrestricted	1,486,621	1,106,470
Temporarily Restricted	289,167	265,329
Permanently Restricted	<u>339,983</u>	<u>339,983</u>
TOTAL NET ASSETS	<u>2,115,771</u>	<u>1,711,782</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,903,210</u>	<u>\$ 34,827,123</u>

The accompanying notes are an integral part of these statements.

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUE AND SUPPORT:</u>				
Administrative Fees	\$ 313,451	\$ -	\$ -	\$ 313,451
Contributions	14,387	-	-	14,387
Miscellaneous Income	87,709	-	-	87,709
Investment Income	<u>159,204</u>	<u>79,180</u>	<u>-</u>	<u>238,384</u>
	574,751	79,180	-	653,931
Change in Value of Charitable Gift Annuities/Trust Obligation	<u>(18,258)</u>	<u>(55,342)</u>	<u>-</u>	<u>(73,600)</u>
TOTAL REVENUE AND SUPPORT	<u>556,493</u>	<u>23,838</u>	<u>-</u>	<u>580,331</u>
<u>EXPENSES:</u>				
Personnel	71,638	-	-	71,638
Professional Fees	25,542	-	-	25,542
General and Administrative	<u>79,162</u>	<u>-</u>	<u>-</u>	<u>79,162</u>
TOTAL EXPENSES	<u>176,342</u>	<u>-</u>	<u>-</u>	<u>176,342</u>
CHANGE IN NET ASSETS	380,151	23,838	-	403,989
NET ASSETS, BEGINNING OF YEAR	<u>1,106,470</u>	<u>265,329</u>	<u>339,983</u>	<u>1,711,782</u>
NET ASSETS, END OF YEAR	<u>\$1,486,621</u>	<u>\$ 289,167</u>	<u>\$ 339,983</u>	<u>\$ 2,115,771</u>

The accompanying notes are an integral part of this statement.

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUE AND SUPPORT:</u>				
Administrative Fees	\$ 150,865	\$ -	\$ -	\$ 150,865
Contributions	5,675	-	-	5,675
Investment Loss	<u>(32,936)</u>	<u>(4,430)</u>	-	<u>(37,366)</u>
	123,604	(4,430)	-	119,174
Change in Value of Charitable Gift Annuities/Trust Obligation	<u>(76,423)</u>	<u>(29,835)</u>	-	<u>(106,258)</u>
TOTAL REVENUE AND SUPPORT	<u>47,181</u>	<u>(34,265)</u>	-	<u>12,916</u>
<u>EXPENSES:</u>				
Personnel	159,958	-	-	159,958
Professional Fees	37,164	-	-	37,164
General and Administrative	<u>48,381</u>	-	-	<u>48,381</u>
TOTAL EXPENSES	<u>245,503</u>	-	-	<u>245,503</u>
CHANGE IN NET ASSETS	(198,322)	(34,265)	-	(232,587)
NET ASSETS, BEGINNING OF YEAR	<u>1,304,792</u>	<u>299,594</u>	<u>339,983</u>	<u>1,944,369</u>
NET ASSETS, END OF YEAR	<u>\$1,106,470</u>	<u>\$ 265,329</u>	<u>\$ 339,983</u>	<u>\$ 1,711,782</u>

The accompanying notes are an integral part of this statement.

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 403,989	\$ (232,587)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized and Unrealized Losses (Gains)	(233,534)	42,982
Depreciation	7,938	3,723
Increase in Other Assets	(2,272)	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	(70,306)	1,960
Increase in Third Party Annuities Obligation	18,258	76,423
Decrease in Charitable Gift Annuities/Trust Obligation	<u>(19,985)</u>	<u>(49,010)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>104,088</u>	 <u>(156,509)</u>
<u>INVESTING ACTIVITIES:</u>		
Proceeds from Sale of Investments	27,192,202	7,388,447
Purchase of Investments	(28,494,316)	(9,392,484)
Purchase of Property and Equipment	<u>(1,686)</u>	<u>(34,814)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(1,303,800)</u>	 <u>(2,038,851)</u>
<u>FINANCING ACTIVITIES:</u>		
Funds Received from Investors Including Investment Earnings	5,208,251	4,989,367
Funds Withdrawn by Investors Including Administrative Fees	(3,905,210)	(2,810,678)
Proceeds from Note Payable	-	21,000
Payments on Note Payable	<u>(17,661)</u>	<u>(3,339)</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES	 <u>1,285,380</u>	 <u>2,196,350</u>
 INCREASE IN CASH	 85,668	 990
 CASH, BEGINNING OF YEAR	 <u>11,004</u>	 <u>10,014</u>
 CASH, END OF YEAR	 <u>\$ 96,672</u>	 <u>\$ 11,004</u>

The accompanying notes are an integral part of these statements.

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The United Methodist Foundation of The Virginia Conference, Inc. (the Foundation) is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia in 1970. The purpose of the Foundation is to provide the opportunity for the group investment of funds by churches, agencies and individuals (the Investors) associated with The Virginia Annual Conference of The United Methodist Church. The Foundation also assists local Virginia United Methodist Churches in developing endowment programs as well as assisting individuals in implementing gifts for endowment. The investors are offered the opportunity to invest in one of five separate fund types, including the Balanced Fund, the Stock Fund, the Short Intermediate Term Fixed Fund, the Short Term Fixed Fund (eliminated as of July 2013), and the Money Market Fund. Also, the investors are offered the opportunity to establish Endowment Funds.

Individual investor accounts, including Endowment Fund accounts, are adjusted at the end of each month to reflect each investor's share of the net change in the market value of the fund in addition to reflecting the specific contribution or withdrawal by each investor. Investment funds administered by the Foundation on behalf of an investor are expendable at the discretion of the contributing investor. Accordingly, such funds are presented as a liability in the accompanying financial statements.

Basis of Presentation - 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.

Recognition of Contributions - Contributions are recorded at their estimated fair value when the donor makes a promise to give to the Foundation 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.

(Continued)

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - 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.

Investments - All investments in mutual and other funds are valued at fair value as determined by the investment management firms 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.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Foundation's definition of cash and cash equivalents includes items such as short-term, highly liquid investments with maturities of three months or less at date of purchase. Included in cash at December 31, 2012 and 2011 is \$52,761 and \$11,004, respectively, held by the Virginia United Methodist Credit Union.

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.

Tax Status - The Foundation is a not-for-profit organization and is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Contributed Materials and Services - During the years ended December 31, 2012 and 2011, 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.

(Continued)

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 2 - INVESTMENTS

Fair value of investments at December 31, 2012 and 2011 are composed of the following:

	<u>Fair Value Measurements at 2012 Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Fair Value Measurements at 2011 Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Money Market Funds	\$ 2,935,046	\$ 7,144,860
Equities - Multiple Sectors	20,079,023	-
U.S. Government Securities	10,424,612	-
Corporate Bonds - Multiple Sectors	2,079,807	-
Mutual Funds - Fixed and Equity	2,503,715	26,907,868
FEG Absolute Access TEI Fund LLC	754,083	729,160
	<u>\$ 38,776,286</u>	<u>\$ 34,781,888</u>

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 Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation 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 mutual funds, U.S. government securities, corporate bonds and corporate stocks are based on quoted market prices.

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THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 2 - INVESTMENTS, (Continued)

Fair value of investments at December 31, 2012 are held for the following purposes:

Funds Administered on Behalf of Investors:		
Regular Accounts	\$ 35,748,810	
Charitable Gift Annuities	452,727	
Gift Account	<u>5,195</u>	
Total Investment Funds Held For Investors		\$ 36,206,732
Funds Held on Behalf of the Foundation:		
Regular Account	204,049	
Endowments	1,604,345	
Charitable Gift Annuities/Trust	<u>761,160</u>	
Total Investment Funds Held for the Foundation		<u>2,569,554</u>
Total Investments Held		<u>\$ 38,776,286</u>

Fair value of investments at December 31, 2011 are held for the following purposes:

Funds Administered on Behalf of Investors:		
Regular Accounts	\$ 31,994,829	
Charitable Gift Annuities	437,712	
Gift Account	<u>12,399</u>	
Total Investment Funds Held For Investors		\$ 32,444,940
Funds Held on Behalf of the Foundation:		
Regular Account	64,468	
Endowments	1,515,173	
Charitable Gift Annuities/Trust	<u>757,307</u>	
Total Investment Funds Held for the Foundation		<u>2,336,948</u>
Total Investments Held		<u>\$ 34,781,888</u>

(Continued)

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 2 - INVESTMENTS, (Continued)

The total investment gains for the year ended December 31, 2012 were \$3,583,847 of which \$2,045,857 represent unrealized gains and \$646,427 represent realized gains. The total investment losses for the year ended December 31, 2011 were \$497,262 of which \$1,184,930 represent unrealized losses and \$590,359 represent realized losses. For the year ended December 31, 2012, \$159,204 of the investment gains were classified as unrestricted, \$79,180 as temporarily restricted, and \$3,345,463 were credited to the benefit of investment accounts held for investors. For the year ended December 31, 2011, \$32,936 of the investment losses were classified as unrestricted, \$4,430 as temporarily restricted, and \$458,568 were charged to the investment accounts held for investors.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist primarily of investments and cash. The Foundation 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.

The Foundation'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.

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THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 4 - INVESTMENT FUNDS HELD FOR INVESTORS

The following schedule reflects the activity in the investment funds held for investors during the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Investment Funds Payable to Investors, Beginning of Year	\$ 32,444,940	\$ 31,998,557
Funds Received From Investors	4,321,541	3,715,629
Distributions to Investors	(3,386,515)	(2,453,348)
Investment Return (Loss)	3,345,463	(458,568)
Administrative Fees	(205,246)	(206,465)
Administrative Fees - Foundation	<u>(313,451)</u>	<u>(150,865)</u>
Investment Funds Payable to Investors, End of Year	<u>\$ 36,206,732</u>	<u>\$ 32,444,940</u>

NOTE 5 - NOTE PAYABLE

Note payable at December 31, 2012 consists of the following:

	<u>2012</u>	<u>2011</u>
Note Payable to Virginia United Methodist Credit Union, Due in Monthly Installments of \$618, Including Principal and Interest at 3.75%, Secured by Vehicle.	<u>\$ -</u>	<u>\$ 17,661</u>

Note was paid in full during 2012. Interest paid and expensed for the years ended December 31, 2012 and 2011 was \$521 and \$367, respectively.

NOTE 6 - RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2012 and 2011, are available for the following purposes or periods:

	<u>2012</u>	<u>2011</u>
Charitable Gift Annuities/Trust to be Received in Subsequent Periods	<u>\$ 289,167</u>	<u>\$ 265,329</u>

Permanently restricted net assets of \$339,983 at December 31, 2012 and 2011 are required to be invested in perpetuity. These net assets represent seven endowment funds whereby the Foundation is named as the beneficiary.

(Continued)

THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 7 - CHARITABLE GIFT ANNUITIES/TRUST OBLIGATION

At December 31, 2012 and 2011, the Foundation has been the recipient of several charitable gift annuities and a trust naming the Foundation as the primary beneficiary of the annuities and trust. All such annuity/trust funds are administered by the Foundation and are included in the investments held for the Foundation in the accompanying financial statements. Under the terms of the charitable gift annuity and trust agreements, the Foundation is required to make annuity distributions to the donors and the donors' spouses over their lifetimes.

A summary of the change in value of the charitable gifts and annuities/trust obligation for the years ended December 31, 2012 and 2011 is as follows:

	<u>Charitable Gifts</u>	<u>Annuities/Trust Obligation</u>	<u>Charitable Gifts, Net</u>
Balances, December 31, 2010	\$ 840,582	\$ 540,988	\$ 299,594
Annuity Payments	(78,845)	(78,845)	-
Investment Loss - Temporarily Restricted	(4,430)	-	(4,430)
Increase in Obligation	<u>-</u>	<u>29,835</u>	<u>(29,835)</u>
Balances, December 31, 2011	757,307	491,978	265,329
Annuity Payments	(75,327)	(75,327)	-
Investment Return - Temporarily Restricted	79,180	-	79,180
Increase in Obligation	<u>-</u>	<u>55,342</u>	<u>(55,342)</u>
Balances, December 31, 2012	<u>\$ 761,160</u>	<u>\$ 471,993</u>	<u>\$ 289,167</u>

Estimated future annuity/trust obligations based on the life expectancies of the donors and the donors' spouses are discounted at the rate established by the Internal Revenue Code at the gift date.

NOTE 8 - THIRD PARTY ANNUITIES OBLIGATION

The Foundation has entered into annuity agreements with multiple individuals for which the Foundation is not the beneficiary. The charitable gift annuity agreements which have been entered into, read that the Foundation will pay a monthly/quarterly/annual distribution to the donors until their death. The Foundation is responsible for making payments to the donors even if the fair value of their original gifts has been completely liquidated. The Foundation has calculated the payout liability based on the current fair values and life expectancies of the donors. For the charitable gift annuities which have an expected payout liability greater than the gift fair value as of December 31, 2012, a third party annuities obligation of \$94,681 (\$76,423 as of December 31, 2011) has been recorded and is reflected in the accompanying statements of financial position.

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THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 9 - RELATED PARTY TRANSACTIONS

The following is a summary of transactions with the Virginia Annual Conference of the United Methodist Church, which is affiliated with the Foundation, for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Administrative Fees Revenue	\$ -	\$ 9,703
Rent Expense	\$ 9,900	\$ 9,900
Administrative Services Expense	\$ 30,000	\$ -

As of December 31, 2012 and 2011, \$2,644,157 and \$2,425,819, respectively of the investments of the Virginia Annual Conference are administered by the Foundation. As of December 31, 2012 and 2011, \$18,524 and \$26,119, respectively, of the Virginia Annual Conference investments are held by the Foundation.

NOTE 10 - OPERATING LEASE

The Foundation leases office space from the Virginia Annual Conference of the United Methodist Church under an annual lease. Rent expense for both 2012 and 2011 was \$9,900.

NOTE 11 - PENSION EXPENSE

The Foundation offers a defined contribution pension plan through the General Board of Pensions of the United Methodist Church to all full-time employees. The pension plan is funded by both employer and employee contributions. Total 2012 and 2011 employer contributions were \$2,729 and \$9,853, respectively.

NOTE 12 - 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 Short Term Fixed Fund was eliminated as an investor opportunity as of July, 2013.

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THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 13 - ENDOWMENT FUNDS

The Foundation's endowment consists of ten individual funds established to support the operating activities of the Foundation. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

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THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 13 - ENDOWMENT FUNDS, (Continued)

The following schedule summarizes the endowment net asset composition as of December 31, 2012:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (6,869)	\$ 339,983	\$ 333,114
Board-designated endowment funds	<u>1,271,231</u>	<u>-</u>	<u>1,271,231</u>
Total Endowment Funds	<u>\$ 1,264,362</u>	<u>\$ 339,983</u>	<u>\$ 1,604,345</u>

The following schedule summarizes the changes in endowment net assets for the year ended December 31, 2012:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,175,190	\$ 339,983	\$ 1,515,173
Investment Return	154,623	-	154,623
Contributions	10,000	-	10,000
Appropriation of endowment assets for expenditure	<u>(75,451)</u>	<u>-</u>	<u>(75,451)</u>
Endowment net assets, end of year	<u>\$ 1,264,362</u>	<u>\$ 339,983</u>	<u>\$ 1,604,345</u>

Permanently restricted net assets in the amount of \$339,983 are required to be retained permanently by explicit donor stipulation.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$6,869 as of December 31, 2012. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

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THE UNITED METHODIST FOUNDATION OF THE VIRGINIA
CONFERENCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 13 - ENDOWMENT FUNDS, (Continued)

The following schedule summarizes the endowment net asset composition as of December 31, 2011:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (21,499)	\$ 339,983	\$ 318,484
Board-designated endowment funds	<u>1,196,689</u>	<u>-</u>	<u>1,196,689</u>
Total Endowment Funds	<u>\$ 1,175,190</u>	<u>\$ 339,983</u>	<u>\$ 1,515,173</u>

The following schedule summarizes the changes in endowment net assets for the year ended December 31, 2011:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,292,183	\$ 339,983	\$ 1,632,166
Investment Loss	(45,212)	-	(45,212)
Appropriation of endowment assets for expenditure	<u>(71,781)</u>	<u>-</u>	<u>(71,781)</u>
Endowment net assets, end of year	<u>\$ 1,175,190</u>	<u>\$ 339,983</u>	<u>\$ 1,515,173</u>

Permanently restricted net assets in the amount of \$339,983 are required to be retained permanently by explicit donor stipulation.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$21,499 as of December 31, 2011. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.