

VIII. ACCOUNTANTS' REPORTS AND FINANCIAL STATEMENTS

JANUARY 1, 2017, through DECEMBER 31, 2017

FINANCIAL COMMITMENT REPORT

December 31, 2017

Virginia Conference

Apportioned Funds	YTD 12/31/2017	YTD 12/31/2016	Increase (Decrease)	Pct. Pd 2017	Pct. Pd 2016
<i>Conference Apportionments</i>					
401 Conference Mission & Ministries	2,908,999	2,866,287	42,712	89.51%	86.26%
402 Conference Services	1,816,371	1,759,897	56,474	91.14%	88.35%
403 District Superintendents	1,858,815	1,859,587	(772)	90.45%	90.49%
404 Equitable Compensation	313,568	438,830	(125,262)	89.59%	87.77%
405 Church Extension & Development	585,481	554,763	30,718	86.74%	82.19%
406 Virginia Education Fund	773,492	803,769	(30,277)	85.94%	80.38%
Subtotal	8,256,726	8,283,133	(26,407)	89.52%	86.78%
<i>Clergy Benefit Apportionments</i>					
407 Active Clergy Health Benefits	8,873,775	8,659,914	213,861	91.39%	89.19%
408 Retired Clergy Health & Pensions	5,522,557	5,367,830	154,727	91.13%	88.58%
409 Pension Liability Assessment-Pre 82	903,594	883,456	20,138	90.36%	88.35%
Subtotal	15,299,926	14,911,200	388,726	91.23%	88.92%
<i>General & Jurisdictional Apportionments</i>					
410 Episcopal	801,560	815,005	(13,445)	89.06%	85.34%
411 World Service	2,631,580	2,434,207	197,373	86.71%	82.38%
412 General Connectional	416,046	404,919	11,127	86.32%	81.15%
413 Ministerial Education	876,805	813,838	62,967	85.54%	80.18%
414 Black College	352,688	328,981	23,707	86.02%	81.23%
415 Africa University	80,393	74,405	5,988	87.38%	81.76%
416 Interdenominational Coop.	70,794	64,012	6,782	87.40%	80.02%
Subtotal	5,229,866	4,935,367	294,499	86.80%	82.26%
Total Apportioned Funds	28,786,518	28,129,700	656,818	89.91%	87.05%

Non-Apportionment Receipts**Advance Specials**

				Year 2017	Year End 89.91%
GBGM	1,775,900	747,020	1,028,880	2016	87.05%
Va. Conference Advance Specials	314,150	394,874	(80,724)	2015	85.85%

Special Days

Human Relations	12,725	10,675	2,050	2014	87.70%
One Great Hour of Sharing	89,739	85,676	4,063	2013	88.57%
Native American Ministries	15,274	15,424	(150)	2012	87.26%
Peace with Justice	8,760	9,474	(714)	2011	86.83%
World Communion	22,706	23,792	(1,086)	2010	84.40%
UM Student	13,181	8,419	4,762	2009	85.92%

Other Funds

Youth Service	1,188	1,427	(239)	2008	90.08%
Samaritan Fund - Pinnacle Living	25,154	22,024	3,130	2007	92.03%
UMFS	52,031	42,570	9,461	2006	93.16%
Comm. on Disab.\Camp Rainbow	16,831	25,610	(8,779)	2005	93.87%
Annual Conference Offering	151,684	166,723	(15,039)	2004	94.79%
Other	55,550	75,737	(20,187)	2003	95.58%

Total Non-Apportioned Funds	2,554,873	1,629,445	925,428	2002	97.08%
				2001	96.33%
				2000	96.43%
				1999	94.92%
				1998	93.51%
				1997	90.64%
Total Church Receipts	31,341,391	29,759,145	1,582,246	1996	89.20%

Virginia Annual Conference of The United Methodist Church Balance Sheets

	12/31/2017	12/31/2016
ASSETS		
Current Assets:		
Cash	1,427,041	1,819,691
Investments	6,446,710	5,586,582
Receivables	3,316,160	2,917,167
Prepaid expenses	57,302	66,624
Total Current Assets	11,247,213	10,390,064
Fixed Assets:		
Land	793,019	780,000
Buildings	5,017,597	4,987,658
Furniture & fixtures	225,566	236,187
Equipment and vehicles	662,000	733,002
Software	21,735	11,985
Accumulated depreciation	(2,348,776)	(2,332,912)
Total Fixed Assets	4,371,141	4,415,920
Other Assets:		
Francis Asbury Education Fund	897,080	890,355
Loans receivable	420,510	407,720
Total Other Assets	1,317,590	1,298,075
	16,935,944	16,104,059
LIABILITIES and NET ASSETS		
Current Liabilities:		
Accounts payable	4,559,650	3,985,094
Accrued expenses	30,918	28,116
Unearned revenue	43,514	39,513
Total Liabilities	4,634,082	4,052,723
Net Assets:		
Unrestricted conference reserves	3,378,880	2,822,901
Emerging funds	16,743	-
Board designated reserves	917,685	992,319
Property and Equipment fund	4,371,142	3,765,226
Church Extension Fund	1,467,632	1,915,776
Donor restricted and miscellaneous	2,149,780	2,555,113
Total Net Assets	12,301,862	12,051,335
	16,935,944	16,104,058

Virginia Annual Conference of the United Methodist Church
Statement of Changes in Unrestricted Conference Reserves
For the Year Ending December 31, 2017

Income directly attributed to Conference Reserves:	
Net gain on investments held at the Foundation	515,043
Dividends and interest	69,304
Total Income	584,347
 Expenses directly attributed to Conference Reserves:	
Special funding - Bishop's Vision	35,000
Special funding - debt retirement	341,911
Bank service charges	10,452
Total Expenses	387,363
 Income Over/(Under) Expenses	 196,984
 Apportionment Closeouts:	
401 - Conference Mission and Ministries	226,222
402 - Conference Services	14,453
403 - District Superintendents' Fund	(12,856)
404 - Equitable Compensation Fund	131,176
Total Apportionment Closeouts	358,995
 Net increase/(decrease) in Conference Reserves	 555,979
 Beginning balance	 2,822,901
 Ending Balance	 3,378,880



401 - Conference Mission & Ministry
Financial Summary

12/31/2017

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
3500	Conference Benevolence Grants	193,157.50	-	-	193,157.50	193,157.50	-	-	-	-
3510	CT Special & Sustaining Grants	67,197.86	-	30,000.00	97,197.86	72,150.00	25,047.86	(25,047.86)	-	-
5605	Emerging Funds	80,288.36	(19,200.00)	120,824.94	181,913.30	165,169.90	16,743.40	-	-	16,743.40
3600	Campus Ministry	840,118.79	(10,000.00)	-	830,118.79	817,769.55	12,349.24	(12,349.24)	-	-
Sch 1	Program & Board Administrative	1,728,236.05	(200,493.39)	9,788.74	1,537,531.40	1,348,706.90	188,824.50	(188,824.50)	-	-
		2,908,998.56	(229,693.39)	160,613.68	2,839,918.85	2,596,953.85	242,965.00	(226,221.60)	-	16,743.40

Schedule 1 - Program & Board Administrative

3100	Common Table	3,490.80	-	-	3,490.80	2,203.32	1,287.48	(1,287.48)	-	-
Sch 2	Departmental Administration	57,307.26	-	-	57,307.26	50,915.55	6,391.71	(6,391.71)	-	-
Sch 3	Board & Agency Administration	73,888.58	7,500.00	931.81	82,320.39	67,101.98	15,218.41	(15,218.41)	-	-
3000	Personnel Costs - Common Table	1,336,975.74	-	-	1,336,975.74	1,182,618.22	154,357.52	(154,357.52)	-	-
3210	CT Information Technologies	29,962.67	(29,962.67)	-	-	-	-	-	-	-
3240	Outsourced Graphic Design Serv	33,453.49	-	-	33,453.49	32,160.00	1,293.49	(1,293.49)	-	-
3200	Video Production	4,945.29	-	8,856.93	13,802.22	8,701.43	5,100.79	(5,100.79)	-	-
3220	Common Table Rent	167,849.22	(167,849.22)	-	-	-	-	-	-	-
3230	CT Postage, Printing & Phone	10,181.50	(10,181.50)	-	-	-	-	-	-	-
3090	CT Contingencies	10,181.50	-	-	10,181.50	5,006.40	5,175.10	(5,175.10)	-	-
		1,728,236.05	(200,493.39)	9,788.74	1,537,531.40	1,348,706.90	188,824.50	(188,824.50)	-	-

Supporting Schedule 2 - Departmental Administration

3010	Connectional Ministries Office	7,854.30	-	-	7,854.30	7,330.43	523.87	(523.87)	-	-
3020	Communications Office	7,563.40	-	-	7,563.40	4,693.32	2,870.08	(2,870.08)	-	-
3030	Congregational Excel	11,054.19	-	-	11,054.19	10,491.03	563.16	(563.16)	-	-
3040	Higher Ed & Next Gen Office	12,799.60	-	-	12,799.60	14,925.64	(2,126.04)	2,126.04	-	-
3050	Inclusivity and Lay Ldrshp Exc	4,945.29	-	-	4,945.29	3,506.10	1,439.19	(1,439.19)	-	-
3060	Justice and Missional Excel	13,090.48	-	-	13,090.48	9,969.03	3,121.45	(3,121.45)	-	-
		57,307.26	-	-	57,307.26	50,915.55	6,391.71	(6,391.71)	-	-

Supporting Schedule 3 - Board & Agency Administration

3105	Board of Church & Society	6,108.90	-	-	6,108.90	5,669.60	439.30	(439.30)	-	-
3110	Missional Ministries Board	9,017.91	-	931.81	9,949.72	3,704.08	6,245.64	(6,245.64)	-	-
3115	Board of Communications	6,108.90	-	-	6,108.90	4,875.02	1,233.88	(1,233.88)	-	-
3120	Board of Higher Education	2,909.00	-	-	2,909.00	3,842.30	(933.30)	933.30	-	-
3125	Board of Discipleship	8,727.00	-	-	8,727.00	6,290.57	2,436.43	(2,436.43)	-	-
3130	Church Development Team	1,745.40	-	-	1,745.40	1,442.21	303.19	(303.19)	-	-
3135	Board of Laity	8,145.20	-	-	8,145.20	10,431.85	(2,286.65)	2,286.65	-	-
3140	CEMCA	1,745.40	-	-	1,745.40	2,049.09	(303.69)	303.69	-	-
3145	COSROW	872.68	-	-	872.68	272.54	600.14	(600.14)	-	-
3150	Commission on Disabilities	1,454.50	-	-	1,454.50	1,530.81	(76.31)	76.31	-	-
3155	Connections 21 Interns	-	7,500.00	-	7,500.00	7,471.93	28.07	(28.07)	-	-
3160	Committee on Mission Personnel	27,053.69	-	-	27,053.69	19,521.98	7,531.71	(7,531.71)	-	-
		73,888.58	7,500.00	931.81	82,320.39	67,101.98	15,218.41	(15,218.41)	-	-



402 - Conference Services
Financial Summary

December 31, 2017

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts	Closeout	Beginning Balance	Ending Balance
							Over/(Under) Expenses	to Conference Reserves		
Funds that Close to Reserves:										
2100	Treasurer's Office	380,166.49	-	66,075.00	446,241.49	457,407.09	(11,165.60)	11,165.60	-	-
2110	Computer Services	81,010.16	29,962.67	87.90	111,060.73	129,569.26	(18,508.53)	18,508.53	-	-
2120	Annual Conference Session	246,299.94	-	3,798.93	250,098.87	231,923.37	18,175.50	(18,175.50)	-	-
2130	Conf Publications Committee	7,628.77	-	1,313.43	8,942.20	17,279.18	(8,336.98)	8,336.98	-	-
2140	Council on Finance & Admin	2,542.91	-	-	2,542.91	2,903.15	(360.24)	360.24	-	-
2150	Board of Trustees	1,453.09	-	-	1,453.09	734.24	718.85	(718.85)	-	-
2160	Committee on Episcopacy	1,998.01	-	-	1,998.01	1,255.63	742.38	(742.38)	-	-
2170	Historical Society	8,173.65	-	-	8,173.65	2,749.73	5,423.92	(5,423.92)	-	-
2180	Assistant to Bishop	78,103.96	-	-	78,103.96	83,702.02	(5,598.06)	5,598.06	-	-
2190	Cabinet Discretionary Fund	15,257.52	-	-	15,257.52	5,961.75	9,295.77	(9,295.77)	-	-
2200	Pastor Relocation Transition	17,255.51	-	-	17,255.51	9,718.13	7,537.38	(7,537.38)	-	-
2210	Episcopal Residence	3,087.91	-	20,000.00	23,087.91	123,146.62	(100,058.71)	100,058.71	-	-
2220	Episcopal Budget Support	26,882.27	-	-	26,882.27	26,499.96	382.31	(382.31)	-	-
2230	Conference Liability Insurance	15,257.52	-	-	15,257.52	13,887.00	1,370.52	(1,370.52)	-	-
2270	General Conference Delegation	2,542.91	-	-	2,542.91	-	2,542.91	(2,542.91)	-	-
2290	Contingencies	10,171.68	-	29,593.53	39,765.21	-	39,765.21	(39,765.21)	-	-
2300	BOM Personnel Costs	248,297.92	-	-	248,297.92	224,658.91	23,639.01	(23,639.01)	-	-
2310	Clergy Excellence Admin.	15,257.52	-	-	15,257.52	11,812.84	3,444.68	(3,444.68)	-	-
2320	Board of Ordained Ministry	76,105.92	-	-	76,105.92	63,037.83	13,068.09	(13,068.09)	-	-
2330	BOM - Ministerial Support	37,235.60	-	4,425.00	41,660.60	35,566.97	6,093.63	(6,093.63)	-	-
2400	Postage, Printing & Phone	40,686.72	10,181.50	9,327.13	60,195.35	65,416.77	(5,221.42)	5,221.42	-	-
2450	Mortgage Debt Service	308,783.10	(308,783.10)	-	-	-	-	-	-	-
		1,624,199.08	(268,638.93)	134,620.92	1,490,181.07	1,507,230.45	(17,049.38)	17,049.38	-	-
CFA Designated Funds with Carryover Balances:										
4000	United Methodist Center	25,429.20	167,849.22	131,907.00	325,185.42	333,268.84	(8,083.42)	-	52,872.05	44,788.63
4010	Building Maintenance Fund	-	100,000.00	-	100,000.00	100,000.00	100,000.00	-	100,000.00	200,000.00
4020	Wesley Foundation Inc.	76,105.92	-	-	76,105.92	146,756.85	(70,650.93)	-	68,706.10	(1,944.83)
4030	Legal Expenses	30,333.39	-	-	30,333.39	101,174.29	(70,840.90)	-	126,594.26	55,753.36
4040	Conference Auto Allowance	-	-	-	-	-	-	(34,203.04)	34,203.04	-
4060	Employee Moving Fund	-	-	-	-	-	-	-	6,272.50	6,272.50
4070	Archives	9,626.75	-	1,520.00	11,146.75	17,558.95	(6,412.20)	-	2,567.11	(3,845.09)
4080	Sustentation Fund	-	6,512.68	-	6,512.68	-	6,512.68	-	13,487.32	20,000.00
4090	Bishop Strategic Collaboration	-	35,000.00	-	35,000.00	31,962.24	3,037.76	-	-	3,037.76
4500	Property & Equipment Fund	-	-	24,103.19	24,103.19	68,881.02	(44,777.83)	-	4,415,919.90	4,371,142.07
4503	Intra-Conference Debt	-	650,694.27	-	650,694.27	-	650,694.27	-	(650,694.27)	-
4790	VA Clergy Leadership Program	50,676.76	-	-	50,676.76	996.50	49,680.26	-	105,640.07	155,320.33
		192,172.02	960,056.17	157,530.19	1,309,758.38	700,598.69	609,159.69	(34,203.04)	4,275,568.08	4,850,524.73



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

December 31, 2017

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts	Closeout	Beginning Balance	Ending Balance
							Over/(Under) Expenses	to Conference Reserves		
CFA										
4000	United Methodist Center	25,429.20	167,849.22	131,907.00	325,185.42	333,268.84	(8,083.42)	-	52,872.05	44,788.63
4010	Building Maintenance Fund	-	100,000.00	-	100,000.00	-	100,000.00	-	100,000.00	200,000.00
4020	Wesley Foundation Inc.	76,105.92	-	-	76,105.92	146,756.85	(70,650.93)	-	68,706.10	(1,944.83)
4030	Legal Expenses	30,333.39	-	-	30,333.39	101,174.29	(70,840.90)	-	126,594.26	55,753.36
4040	Conference Auto Allowance	-	-	-	-	-	-	(34,203.04)	34,203.04	-
4060	Employee Moving Fund	-	-	-	-	-	-	-	6,272.50	6,272.50
4070	Archives	9,626.75	-	1,520.00	11,146.75	17,558.95	(6,412.20)	-	2,567.11	(3,845.09)
4080	Sustentation Fund	-	6,512.68	-	6,512.68	-	6,512.68	-	13,487.32	20,000.00
4090	Bishop Strategic Collaboration	-	35,000.00	-	35,000.00	31,962.24	3,037.76	-	-	3,037.76
		141,495.26	309,361.90	133,427.00	584,284.16	630,721.17	(46,437.01)	(34,203.04)	404,702.38	324,062.33
Common Table										
6100	Advocate Publication	-	-	57,656.93	57,656.93	78,643.96	(20,987.03)	-	193,630.00	172,642.97
6200	Lay Servant Ministries	-	-	22,037.92	22,037.92	22,248.98	(211.06)	-	1,412.77	1,201.71
6210	Board of Laity Special Project	-	-	6,851.51	6,851.51	7,938.75	(1,087.24)	-	5,974.69	4,887.45
6220	CommonTable Youth Contingency	-	-	400.00	400.00	353.68	46.32	-	114.31	160.63
6225	Campus Ministry Team	-	30,000.00	-	30,000.00	18,071.25	11,928.75	-	-	11,928.75
6230	Camp Rainbow	-	-	65,448.00	65,448.00	70,244.90	(4,796.90)	-	38,003.59	33,206.69
6240	Commission on Disabilities	-	-	2,043.00	2,043.00	3,489.56	(1,446.56)	-	12,486.36	11,039.80
6310	UMVIM	-	-	22,337.00	22,337.00	3,986.84	18,350.16	-	14,049.22	32,399.38
6311	UMVIM - Haiti	-	-	-	-	-	-	-	3,762.72	3,762.72
6340	Mental Health Conference	-	-	-	-	-	-	-	1,233.22	1,233.22
6400	All God's Children Camp	-	-	58,431.45	58,431.45	82,319.51	(23,888.06)	-	64,392.60	40,504.54
6420	Safe Sanctuaries Training	-	-	-	-	-	-	-	2,051.75	2,051.75
6440	Church Staff Retreat	-	-	-	-	-	-	-	6,612.51	6,612.51
6505	Five Talent Academy - Events	-	-	20,286.69	20,286.69	18,108.98	2,177.71	-	10,290.63	12,468.34
6560	CDT Training Events	-	-	11,096.17	11,096.17	11,096.17	-	-	-	-
6565	Small Church Pastors	-	-	2,665.45	2,665.45	2,805.54	(140.09)	-	6,407.73	6,267.64
6570	Mid-Size Church Lead Pastors	-	-	144.55	144.55	1,439.29	(1,294.74)	-	4,060.53	2,765.79
6580	Large Church Lead Pastors	-	-	120.45	120.45	4,699.23	(4,578.78)	-	997.12	(3,581.66)
		-	30,000.00	269,519.12	299,519.12	325,446.64	(25,927.52)	-	365,479.75	339,552.23
Board of Ordained Ministry										
4610	Welcome Dinner at AC	-	-	2,250.00	2,250.00	4,405.50	(2,155.50)	-	4,437.26	2,281.76
4620	Order of Deacons	-	-	3,894.02	3,894.02	3,390.63	503.39	-	2,169.70	2,673.09
4630	Local Pastor's Retreat/Lunch	-	-	1,249.00	1,249.00	1,091.36	157.64	-	1,082.61	1,240.25
4640	Order of Elders	-	-	-	-	-	-	-	9,276.90	9,276.90
4650	Spouse Retreat	-	-	1,071.21	1,071.21	1,239.40	(168.19)	-	1,280.77	1,112.58
4660	Seminary Scholarships	-	-	22,695.16	22,695.16	28,246.23	(5,551.07)	-	11,250.31	5,699.24
4690	BOM Training Events	-	-	3,391.00	3,391.00	2,541.09	849.91	-	323.51	1,173.42
4700	Pell Fund - Josephus Daniels	-	-	62,500.00	62,500.00	67,200.00	(4,700.00)	-	6,000.00	1,300.00
4710	Calling 21	-	-	23,000.00	23,000.00	23,802.39	(802.39)	-	18,252.41	17,450.02
4730	AC Clergy Spouses Luncheon	-	-	-	-	-	-	-	2,752.44	2,752.44
4740	Ministers' Convocation	-	-	65,277.38	65,277.38	71,078.65	(5,801.27)	-	54,965.23	49,163.96
4780	Cross Culture/Cross Racial	-	-	-	-	-	-	-	2,667.25	2,667.25
4790	VA Clergy Leadership Program	50,676.76	-	-	50,676.76	996.50	49,680.26	-	105,640.07	155,320.33
4800	Candidacy Summit	-	-	7,204.27	7,204.27	7,282.88	(78.61)	-	2,038.23	1,959.62
4810	Extension Ministry	-	-	750.00	750.00	750.00	-	-	-	-
4820	Licensing School	-	-	30,791.50	30,791.50	30,791.50	-	-	-	-
		50,676.76	-	224,073.54	274,750.30	242,816.13	31,934.17	-	222,136.69	254,070.86
Total		192,172.02	339,361.90	627,019.66	1,158,553.58	1,198,983.94	(40,430.36)	(34,203.04)	992,318.82	917,685.42



Donor Designated and Miscellaneous Funds
Financial Summary

December 31, 2017

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
Property & Equipment										
4500	Property & Equipment Fund	-	-	24,103.19	24,103.19	68,881.02	(44,777.83)	-	4,415,919.90	4,371,142.07
4503	Intra-Conference Debt	-	650,694.27	-	650,694.27	-	650,694.27	-	(650,694.27)	-
		-	650,694.27	24,103.19	674,797.46	68,881.02	605,916.44	-	3,765,225.63	4,371,142.07
Church Extension Fund										
6500	Church Extension Fund	585,481.02	(18,000.00)	32,509.99	599,991.01	1,048,135.13	(448,144.12)	-	1,915,776.29	1,467,632.17
		585,481.02	(18,000.00)	32,509.99	599,991.01	1,048,135.13	(448,144.12)	-	1,915,776.29	1,467,632.17
Ministerial Education Fund										
4600	Ministerial Education Funds	219,201.34	-	5,132.64	224,333.98	173,626.24	50,707.74	-	561,000.89	611,708.63
		219,201.34	-	5,132.64	224,333.98	173,626.24	50,707.74	-	561,000.89	611,708.63
Donor restricted										
8000	All Things New	-	(20,000.00)	1,581.53	(18,418.47)	196,367.56	(214,786.03)	-	214,786.03	-
8010	Discipleship Circles	-	-	-	-	-	-	-	21,615.40	21,615.40
8050	Francis Asbury Education Fund	-	-	6,750.35	6,750.35	25.00	6,725.35	-	893,612.42	900,337.77
8100	Initiatives of Hope	-	-	1,530.00	1,530.00	3,434.37	(1,904.37)	-	17,856.63	15,952.26
8110	IOH - Mozambique	-	-	21,983.95	21,983.95	33,884.53	(11,900.58)	-	32,313.76	20,413.18
8111	IOH - Brazil	-	-	21,983.95	21,983.95	20,948.32	1,035.63	-	23,544.58	24,580.21
8113	Sierra Leone	-	-	-	-	2,821.16	(2,821.16)	-	4,106.34	1,285.18
8114	IOH - Cambodia	-	-	53,461.12	53,461.12	35,977.07	17,484.05	-	11,476.56	28,960.61
8120	Russian Initiative	-	-	250.00	250.00	-	250.00	-	9,644.18	9,894.18
8150	Imagine No Malaria	-	-	9.48	9.48	188.18	(178.70)	-	178.70	-
8160	CEMCA-Hispanic Aid Fund	-	-	9,616.78	9,616.78	-	9,616.78	-	-	9,616.78
8200	Bishops' Foundation	-	-	2,000.00	2,000.00	5,213.08	(3,213.08)	-	6,915.43	3,702.35
8300	Wesley Foundation Proceeds	-	(25,000.00)	-	(25,000.00)	-	(25,000.00)	-	200,040.26	175,040.26
8305	Disaster Relief Fund	-	(322,869.02)	218,179.30	(104,689.72)	42,343.17	(147,032.89)	-	198,382.43	51,349.54
8308	UMCOR#3 - Tornado Recovery	-	152,829.09	341,267.35	494,096.44	519,521.99	(25,425.55)	-	25,425.55	-
8310	Youth Service Fund	-	-	14,031.87	14,031.87	23,103.72	(9,071.85)	-	22,189.14	13,117.29
8315	Peace with Justice	-	-	4,480.00	4,480.00	5,000.00	(520.00)	-	14,524.28	14,004.28
8320	Native American Awareness Sun.	-	-	2,881.82	2,881.82	5,000.00	(2,118.18)	-	13,556.79	11,438.61
8325	Christian Education Special Fd	-	-	-	-	11,000.00	(11,000.00)	-	19,842.20	8,842.20
8330	Merit Awards	-	-	-	-	-	-	-	324.63	324.63
8400	Treasurer's Discretion	-	0.72	-	0.72	(400.33)	401.05	-	2,500.00	2,901.05
8410	Matthew Emergency Relief Grant	-	38.81	-	38.81	6,327.35	(6,288.54)	-	6,288.54	-
8411	Matthew Recovery Grant	-	130,000.00	112,097.93	242,097.93	262,132.54	(20,034.61)	-	152,969.71	132,935.10
8412	UMCOR Tornado Salary Grant	-	30,001.12	75,404.00	105,405.12	105,405.12	-	-	-	-
8413	UMCOR 2nd Matthew Recov Grant	-	10,000.00	50,000.00	60,000.00	44,562.34	15,437.66	-	-	15,437.66
		-	(44,999.28)	937,509.43	892,510.15	1,322,855.17	(430,345.02)	-	1,892,093.56	1,461,748.54
Miscellaneous Connectional Funds										
8500	VUMAC Mgmt Team	-	-	-	-	-	-	-	-	-
8506	Virginia FOCUS 2020	-	38,000.00	18,791.87	56,791.87	35,856.11	20,935.76	-	1,000.00	21,935.76
8507	2018 SEJ Historical Soc Mtg	-	-	5,700.00	5,700.00	771.50	4,928.50	-	-	4,928.50
8508	Natl Net of UM Cong Developers	-	-	3,003.55	3,003.55	-	3,003.55	-	-	3,003.55
8509	Clergy Women's Retreat	-	-	2,500.00	2,500.00	-	2,500.00	-	-	2,500.00
8510	Heritage	-	-	1,610.84	1,610.84	1,421.06	189.78	-	6,062.03	6,251.81
8520	Scouting Camporee	-	-	-	-	-	-	-	8,906.58	8,906.58
8530	Voices of Youth	-	-	1,000.00	1,000.00	-	1,000.00	-	2,000.69	3,000.69
8540	ARMS	-	-	8,540.00	8,540.00	7,450.22	1,089.78	-	18,735.23	19,825.01
8555	Acad. for Spiritual Formation	-	-	31,147.17	31,147.17	47,488.26	(16,341.09)	-	16,341.09	-
8560	Caretakers of God's Creation	-	-	536.76	536.76	1,000.00	(463.24)	-	4,557.70	4,094.46
8565	Bishop's Convocation - Prayer	-	-	5,263.99	5,263.99	5,376.68	(112.69)	-	1,937.09	1,824.40
8566	Bishop's Conv - Race & Recon	-	-	-	-	-	-	-	-	-
8570	Conference Data Initiative	-	-	-	-	10,339.56	(10,339.56)	2,700.91	7,638.65	-
8575	Social Committee	-	18.28	602.72	621.00	588.53	32.47	-	(32.47)	-
8580	Cabinet Dues	-	-	870.00	870.00	700.00	170.00	-	(117.72)	52.28
8585	Holy Land Trip - VIM	-	(19.00)	470.00	451.00	35,441.00	(34,990.00)	-	34,990.00	-
		-	37,999.28	80,036.90	118,036.18	146,432.92	(28,396.74)	2,700.91	102,018.87	76,323.04

Council on Finance and Administration

SECTION I - Summary of Approved Conference Budget for 2019

	Sch.	2018	2019	% of Budget	Inc.\(Dec.)	% Chg.
Conference Apportionments						
401 - Conference Mission & Ministries	A	3,230,000	3,225,000	10.19%	(5,000)	-0.15%
402 - Conference Services	B	1,646,000	1,875,000	5.94%	229,000	13.91%
403 - District Superintendents Fund	C	2,025,000	2,005,000	6.34%	(20,000)	-0.99%
404 - Equitable Compensation		350,000	300,000	0.95%	(50,000)	-14.29%
405 - Church Extension & Development		1,000,000	1,125,000	3.56%	125,000	12.50%
406 - Virginia Education Fund		800,000	700,000	2.21%	(100,000)	-12.50%
Total Conference Apportionments		9,051,000	9,230,000	29.19%	179,000	1.98%
Clergy Benefits Apportionments						
407 - Active Clergy Health		9,710,000	9,710,000	30.72%	-	0.00%
408 - Retired Clergy Health		6,060,000	6,060,000	19.17%	-	0.00%
409 - Pension Liability Assessment - Pre 82		1,000,000	750,000	2.37%	(250,000)	-25.00%
Total Clergy Benefit Apportionments		16,770,000	16,520,000	52.26%	(250,000)	-1.49%
General & Jurisdictional Apportionments						
410 - Episcopal Fund		900,000	875,000	2.77%	(25,000)	-2.78%
411 - World Service		3,040,000	3,000,000	9.49%	(40,000)	-1.32%
412 - General & Jurisdictional Connectional Fund		426,000	420,000	1.33%	(6,000)	-1.41%
413 - Ministerial Education		1,030,000	1,000,000	3.16%	(30,000)	-2.91%
414 - Black College Fund		410,000	400,000	1.27%	(10,000)	-2.44%
415 - Africa University Fund		92,000	90,000	0.28%	(2,000)	-2.17%
416 - Interdenominational Cooperation Fund		81,000	80,000	0.25%	(1,000)	-1.23%
Total General & Jurisdictional Apportionments		5,979,000	5,865,000	18.55%	(114,000)	-5.63%
Total Apportionments		31,800,000	31,615,000	100.00%	(185,000)	-0.58%

Schedule A - Apportionment 401 - Conference Mission & Ministries

	2018	2019	Budget	Inc.\(Dec.)	% Chg.
1. GraceInside (Chaplain Service of Va.)	134,500	167,000	0.53%	32,500	24.16%
2. Virginia Council of Churches	50,000	10,000	0.03%	(40,000)	-80.00%
3. Virginia Interfaith Center	7,500	15,000	0.05%	7,500	100.00%
4. Society of St. Andrew	8,000	8,000	0.03%	-	0.00%
	200,000	200,000	0.64%	-	0.00%
Special & Sustaining Grants	66,000	66,000	0.21%	-	0.00%
Conference Programs	90,000	90,000	0.28%	-	0.00%
Campus Ministries					
1. Campus Ministries	850,000	850,000	2.69%	-	0.00%
2. Wesley Foundation Capital Improvements	-	250,000	0.79%	250,000	
3. Wesley Foundation Maintenance	-	60,000	0.19%	60,000	
	850,000	1,160,000	3.67%	310,000	36.47%
Program & Board Administrative Expenses					
1. Common Table	3,500	3,500	0.01%	-	0.00%
2. Departmental Administration (See below)	56,600	59,400	0.17%	2,800	4.95%
3. Agency Administration (See below)	73,400	70,800	0.23%	(2,600)	-3.54%
4. Personnel Costs	1,325,000	1,330,000	4.21%	5,000	0.38%
5. Information Technologies	30,000	-	0.00%	(30,000)	-100.00%
6. Outsourced Graphic Design Services	38,000	38,000	0.12%	-	0.00%
7. Video Production & Documentation	10,000	10,000	0.03%	-	0.00%
8. Building Operations & Services	165,000	-	0.00%	(165,000)	-100.00%
9. Connections 21 Internships	10,000	10,000	0.03%	-	0.00%
10. Bishop's Discretionary Fund	-	30,000	0.09%	30,000	-100.00%
11. Contingency	10,000	10,000	0.03%	-	0.00%
	1,721,500	1,561,700	4.92%	(159,800)	-9.28%
Contingency Funds - Budget Shortfall	302,500	147,300	0.47%	(155,200)	-51.31%
	3,230,000	3,225,000	10.19%	(5,000)	-0.15%
Supporting Schedule, Line 2 - Departmental Administration					
1. Connectional Ministries	7,800	7,800	0.02%	-	0.00%
2. Communications	7,300	7,300	0.02%	-	0.00%
3. Congregational Excellence	11,000	11,000	0.03%	-	0.00%
4. Ministries with Young People	12,500	12,500	0.04%	-	0.00%
5. Inclusivity and Lay Leadership Excellence	5,000	7,500	0.02%	2,500	50.00%
6. Justice and Missional Excellence	13,000	13,300	0.04%	300	2.31%
	56,600	59,400	0.17%	2,800	4.95%
Supporting Schedule, Line 3 - Agency Administration					
1. Church & Society	6,000	6,250	0.02%	250	4.17%
2. Discipleship	8,600	8,600	0.03%	-	0.00%
3. Missional Ministries	9,000	6,150	0.02%	(2,850)	-31.67%
4. Committee on Mission Personnel	26,500	25,000	0.08%	(1,500)	-5.66%
5. Communications	6,300	7,800	0.02%	1,500	23.81%
6. Higher Education	3,000	3,000	0.01%	-	0.00%
7. Laity	8,000	8,000	0.03%	-	0.00%
8. CEMCA	1,800	1,800	0.01%	-	0.00%
9. COSROW	1,000	1,000	0.00%	-	0.00%
10. Commission on Disabilities	1,400	1,400	0.00%	-	0.00%
11. Church Development Team	1,800	1,800	0.01%	-	0.00%
	73,400	70,800	0.23%	(2,600)	-3.54%

Schedule B - Apportionment 402 - Conference Services

	2018	2019	Budget	Inc.\(Dec.)	% Chg.
1. Board of Ordained Ministry (see below)	428,500	427,000	1.36%	(1,500)	-0.35%
2. Bishop's Assistant	85,000	85,000	0.27%	-	0.00%
3. Annual Conference Session	243,000	260,000	0.82%	17,000	7.00%
4. Mortgage Payments	-	-	0.00%	-	-100.00%
5. Treasurer's Office	385,000	395,000	1.25%	10,000	2.60%
6. Computer Services	80,000	130,000	0.41%	50,000	62.50%
7. Wesley Foundation Property Maint	60,000	-	0.00%	(60,000)	-100.00%
8. Richmond Area Episcopal Expense	26,500	26,500	0.08%	-	0.00%
9. Pastor Relocation & Transition	17,000	17,000	0.05%	-	0.00%
10. Archives	9,500	16,000	0.05%	6,500	68.42%
11. Council on Finance and Administration	2,500	2,500	0.01%	-	0.00%
12. Historical Society	8,000	8,000	0.03%	-	0.00%
13. Board of Trustees	1,500	1,500	0.00%	-	0.00%
14. Telephone Service	15,000	15,000	0.05%	-	0.00%
15. Insurance	15,000	15,000	0.05%	-	0.00%
16. Postage & Printing	33,000	33,000	0.10%	-	0.00%
17. Building Operations & Services	25,000	190,000	0.60%	165,000	660.00%
18. Conference Publications	12,000	12,000	0.04%	-	0.00%
19. Bishop's auto allowance\residence	-	-	0.00%	-	-100.00%
20. Contingency Funds for Unforeseen Expenses	25,000	25,000	0.08%	-	0.00%
21. Legal	30,000	100,000	0.32%	70,000	233.33%
22. Episcopal committee	2,000	2,000	0.01%	-	0.00%
23. General Conference	2,500	10,000	0.03%	7,500	300.00%
24. Contingency Funds - Budget Shortfall	140,000	104,500	0.33%	(35,500)	-25.36%
	1,646,000	1,875,000	5.94%	229,000	13.91%

Board of Ordained Ministry

1. Minister's Family Counseling	15,000	15,000	0.05%	-	0.00%
2. Candidates' Evaluation	21,000	21,000	0.07%	-	0.00%
3. Sexual Ethics Response Team	2,000	2,000	0.01%	-	0.00%
4. Conference Clergy Leadership Program	50,000	50,000	0.16%	-	0.00%
5. Center for Clergy Excellence	15,500	16,000	0.05%	500	3.23%
6. Personnel Costs	250,000	250,000	0.79%	-	0.00%
7. Board of Ordained Ministry Administration	75,000	73,000	0.23%	(2,000)	-2.67%
	428,500	427,000	1.36%	(1,500)	-0.35%

Schedule C - Apportionment 403 - District Superintendents Fund

	2018	2019	Budget	Inc.\(Dec.)	% Chg.
1. Salaries & Pension	1,670,000	1,685,000	5.33%	15,000	0.90%
2. Travel & Meetings	140,000	140,000	0.44%	-	0.00%
3. Continuing Education & Other	50,000	50,000	0.16%	-	0.00%
4. Contingency Funds - Conference Budget Shortfall	165,000	130,000	0.41%	(35,000)	-21.21%
	2,025,000	2,005,000	6.34%	(20,000)	-0.99%

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

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

2019 Virginia Annual Conference Apportionments

401-Conference Mission & Ministries	3,225,000
402-Conference Services	1,875,000
403-District Superintendents Fund	2,005,000
404-Equitable Compensation	300,000
405-Church Extension & Development	1,125,000
406-Virginia Education Fund	700,000
407-Active Clergy Health	9,710,000
408-Retired Clergy Health	6,060,000
409-Pension Liability Assessment - Pre 82	750,000
410-Episcopal Fund	875,000
411-World Service	3,000,000
412-General & Jurisdictional Connectional Fund	420,000
413-Ministerial Education Fund	1,000,000
414-Black College Fund	400,000
415-Africa University Fund	90,000
416-Interdenominational Cooperation Fund	80,000
	\$ 31,615,000

B. CONFERENCE APPORTIONMENT RECOMMENDATION SPECIFICS:

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

401-Conference Mission & Ministries

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

402-Conference Services

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

403-District Superintendents Fund

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

404-Equitable Compensation

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

405-Church Extension and Development Fund (CEF)

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

406-Virginia Education Fund

- This apportionment is apportioned to the districts at **\$700,000 for 2019**. Based on recommendations of the Common Table, the following percentage distribution of the Fund is proposed for 2019:

Virginia Education Fund Allocation

Ferrum College	19.5%	136,500
Randolph-Macon College	18.5%	129,500
Randolph College	16.0%	112,000
Randolph-Macon Academy	10.0%	70,000
Shenandoah University	18.0%	126,000
Virginia Wesleyan College	18.0%	126,000
		\$ 700,000

Report on 2017

- As set out in the Annual Conference procedures, the Annual Conference is informed, through this report, of shortfalls in the Apportionments that impact Conference Reserves. These shortfalls were managed through budget cuts, contingency funds and Conference reserves in accordance with Annual Conference-approved policy. Below are the stated Apportionments for 2017.

	Shortfall
401 Conference Mission & Ministries	\$ 341,001
402 Conference Services	176,629
403 District Superintendents	196,185
404 Equitable Compensation	36,432
	\$ 750,247

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

- **All Apportionments except for the Active Clergy Health Benefits**
Apportionments are calculated using the last year of available statistics of each local church (i.e. 2019 apportionments are calculated using 2017 statistics). The formula is based on total net paid expenses which are the total expenditures of the church minus expenditures for benevolent causes, apportionments, capital improvements, and payments on loans and mortgages. The apportionments for each church are sent to each district based on decimal calculations from the formula below:

Individual Church Net Paid/Total of all Conference Churches Net Paid = Church Decimal

- **Active Clergy Health Benefits Apportionment Formula**

The costs of the active clergy health benefits will be apportioned using a two-tier calculation. The first tier will consist of a fixed dollar amount (\$5,000) per health plan eligible clergy based upon the July 1, 2018 appointment list. The remaining costs after the tier one calculation will be apportioned to the churches based upon total clergy (regardless of classification) compensation (salary plus accountable reimbursement) paid by a church divided by the total clergy compensation paid in the last year of available statistics (2017 for 2019 apportionments).

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

0-42 months	100%
43-54 months	80%
55-66 months	60%
67-78 months	40%
79-90 months	20%
 - Effective January 1, 2017, for a Renewal church location as determined by the Church Development Team and the Cabinet, the existing chartered church will be treated in the same manner as a newly chartered church.

B. REPORTING GUIDELINES:

- District superintendents will report the apportioned amounts for each church to the Conference treasurer and the apportioned amounts will be shown on the monthly Treasurer's report sent to each church.
- Apportionments are to be calculated and distributed annually rather than on a quadrennial basis.
- The Annual Conference will raise World Service funds only through contributions from the local churches. CFA urges that district superintendents, pastors, and local church leaders seek to fully implement Section 812 of the 2016 Discipline.

C. IMPORTANCE OF WORLD SERVICE:

- The importance of World Service to the life of the Church is lifted up to the Annual Conference. "The World Service Fund is basic in the financial program of The United Methodist Church. The World Service apportionment represents the minimum needs of the general agencies of the Church. Payment in

full of these apportionments by local churches and annual conferences is the first benevolent responsibility of the Church.” (Section 812 of the 2016 Discipline).

SECTION IV - Annual Conference Special Offerings

Annual Conference offerings provide important and life-giving support for key Conference programs. The following are recommended for approval for 2019:

- United Methodist Family Services. It is recommended that December be designated as United Methodist Family Services Month and that each church promote an offering during this time for this purpose.
- Pinnacle Living (Samaritan Fund). It is recommended that the period between Mother’s Day and Father’s Day be designated in support of the Pinnacle Living (Samaritan Fund), and that local church offerings collected during that period be dedicated to this ministry.
- Heart Havens. It is recommended that February be designated as Heart Havens Month and that each church promote an offering during this time for this purpose.
- Annual Conference Offering. CFA recommends continued support for this important offering.

SECTION V - Policies

A. DISTRICT SUPERINTENDENT’S FUND

Overall Policies for the Fund:

- In compliance with the Book of Discipline, the current salaries and expenses for district superintendents (DS), and those under special appointment, will be published in the Conference Journal with each DS’s salary individually calculated and assigned each year as part of the appointive process, using the following criteria:
 - Each District Superintendent’s salary shall be \$90,000.
 - Each year, the annual salaries of the District Superintendents are to be recommended by CFA to the Annual Conference.
 - CFA also administers salary-related expenses, to include such items as pensions, supplemental benefits, travel by voucher, continuing education, and other Cabinet-related expenses.
 - The total cost of salaries and related expenses apportioned to Districts are to be based on the current approved decimal system (upon recommendation of CFA).
 - All other District Superintendent’s costs, such as housing, district office expenses and staff, are to be paid at the district level.

B. TRAVEL & MEETING EXPENSES

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

- The mileage reimbursement rate is set at 35 cents for Conference staff and the IRS reimbursement rate for volunteers (currently 14 cents) serving boards and agencies of the Conference.
- Meals are to be reimbursed at actual costs, but not to exceed \$20 per 24-hour period. (Breakfast on the date of departure from home/office is not accepted; dinner on the date of return is not accepted, except when the arrival to home/office is after 7 p.m.).
- Reimbursement for daily room charges is set at \$100, if the travel incurred extends to a period over three hours prior to the starting time of 10 a.m. on the day of the meeting.
- Spouse expenses are not part of allowable expenses.
- To encourage stewardship in this area, CFA suggests: (1) that advance reading materials be provided for study prior to meetings; and (2) that there be use of teleconferencing, where feasible.

C. INDIVIDUAL EXPENSES FOR ANNUAL CONFERENCE

Provided for and managed as follows:

- Each charge is responsible for the expenses of both the clergy and lay members (including diaconal ministers) from that charge to the annual conference, working out its own plan of compensating for actual expenses.
- Persons not covered through local church appointment shall receive annual conference reimbursement not to exceed \$170 a night for mileage, meals and lodging; the Conference treasurer shall reimburse the claimant through voucher of approved expenses. Coverage under this section extends to:
 - (a) retired clergy who retired with pension under one of the Disciplinary options and who are not serving full-time;
 - (b) clergy on medical leave;
 - (c) clergy on sabbatical leave who are members of the Virginia Annual Conference;
 - (d) retired diaconal ministers who served at least eight years in the Virginia Conference and who are granted a retired relationship by the Conference;
 - (e) persons expecting their first appointment;
 - (f) members of the conference who have been appointed to attend a theological school;
 - (g) those serving as chaplains in Armed Forces;
 - (h) deaconesses under appointment;
 - (i) furloughed missionary members of the Virginia Annual Conference;
 - (j) those on loan to other annual conferences, whose expenses are not otherwise provided for; and
 - (k) clergy returning from an approved leave of absence receiving local church pastoral appointments.
- Each district is responsible for the expenses of its district superintendent, youth members and members-at-large.
- Each board, agency or committee is responsible for the expenses of its chairpersons, if that person is not a clergy or lay member whose costs are covered by their charge or district.

D. CONFERENCE RESERVE FUNDS

Policies on the Maintenance of Reserve Fund Levels:

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

Core Reserves:

A. 20% of the Conference Budget that closes to reserves	\$ 1,450,200
a. 401 – Conference Mission and Ministries	
b. 402 – Conference Services	
c. 403 – District Superintendents' Fund	
d. 404 – Equitable Compensation Fund	
B. 15% of Invested Assets	<u>967,000</u>
	<u>\$ 2,417,000</u>

At December 31, 2017 the Annual Conference had reserves greater than the target amount.

- Consistent with approved Annual Conference policies (effective January 1992), the use of investment income is authorized to maintain reserve levels. (At the discretion of CFA, excesses may be used to: (1)

meet shortfalls in Conference benevolences; (2) meet shortfalls in Conference Services; and/or (3) reduce apportionments from the Annual Conference to local churches.

- Reserve funds in the amount of \$300,000 are available to cover actions emerging from Annual Conference vote, emergencies, support of advances for campaigns, and potential liabilities of the Conference
- Of the amounts reserved: (1) up to \$50,000 is available for emergency needs of the Common Table, with the approval of CFA; and (2) up to \$100,000 may be allocated by CFA between sessions of Annual Conference, as deemed necessary
- The status of Conference reserves at the end of the prior actual year is to be reviewed each year by CFA and included in the Treasurer's Report to the Annual Conference Session.

E. PASTOR RELOCATION TRANSITION FUND

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

F. CONFERENCE JOURNAL

The 2018 *Journal* is to be made available by posting on the Virginia Conference website (www.vaumc.org) as a PDF file. It will be available as a CD or printed copy upon request at a cost of \$10 for the CD and \$25 for the print version. Requests for printed copies must be made by August 1 of the calendar year, and payment must be made at the time the order is placed. Only a small quantity of Journals will be printed and distributed in compliance with the Book of Discipline (606.2), to district offices, Conference staff, and those purchasing copies before the August 1 deadline.

G. CONFERENCE PUBLICATIONS COMMITTEE

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

H. CLERGY DIRECTORY

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

I. AUDIT REPORTS

The Council on Finance and Administration reminds all district offices, agencies, institutions, and organizations receiving any financial support from conference funds or from any authorized conference-wide appeal to be in compliance with the 2016 *Book of Discipline* 617.2 and 617.3 to submit audited

financial statements to the Conference Treasurer no later than six months after the end of the organization's fiscal year.

J. IRS REGULATIONS

CFA reminds all church and/or charge treasurers to comply with the IRS regulations.

K. REQUESTS FOR BUDGET FUNDING

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

SECTION VI – A Church in Mission

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

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

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

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

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

Betty Forbes, President

RECOMMENDATION

CFA requests the Bishop to appoint a task force to determine the feasibility of maintaining and improving the existing Wesley Foundation properties currently used for the purpose of Campus Ministry. The study shall include an independent appraisal and analysis of the buildings. The task force shall submit a report of their findings to CFA by January 15, 2019. The costs of this task force shall be funded by CFA. CFA shall give a report of its findings at the 2019 Annual Conference in Roanoke.

Report of the 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 minimum salary or salary supplementation for the pastors. Equitable Compensation support in the amount of \$175,506 was provided to 22 charges in 2017. A schedule of salary supplementation appropriations for 2017 has been provided to the conference secretary for publication in the Journal.

There were 11 charges receiving salary support in 2016 that did not require salary support in 2017. These are Blandford (James River), Brookneal (Lynchburg), Galloway (Arlington), Messiah (Alexandria), Montross (Rappahannock River), Oylers Chapel-Rehoboth Cooperative Parish (Danville), Petersburg Cooperative Parish (James River), Southview (Roanoke), St Paul (Roanoke), Twin Lakes (Lynchburg), and Nottoway-Lunenburg (Farmville). These charges and their superintendents are commended for their success in providing a ministry in the communities they serve that has enabled them to grow spiritually in their stewardship.

District Superintendents and charges setting salaries for 2019 that may require supplementation are advised that the “floor” must come from sources other than the Commission on Equitable Compensation.

The Conference Average Compensation (CAC) for 2019 is \$64,040, which is an increase of 1.3% percent from 2018. The Commission considered Minimum Compensation and the Floor Schedule for 2019 and recommends the schedules remain the same as 2018.

RECOMMENDATIONS

1. The Minimum Compensation Schedule:	<u>2019 Approved</u>	<u>2018 Approved</u>
a. Full Connection Pastors	\$42,000	\$42,000
b. Provisional and Associate Members	\$38,500	\$38,500
c. Local Pastors	\$36,000	\$36,000
2. The Floor Schedule:		
a. Full Connection Pastors	\$28,000	\$28,000
b. Provisional and Associate Members	\$25,600	\$25,600
c. Local Pastors	\$24,000	\$24,000

The financial results 2015-2017 for the Equitable Compensation Fund are provided below:

Equitable Compensation Financial Report

	Year Ending 2015	Year Ending 2016	Year Ending 2017
Apportioned	500,000	500,000	350,000
Uncollected Apportionment	76,908	61,170	36,432
Apportionment Income	423,092	438,830	313,568
<i>Percent Collected</i>	<i>84.62%</i>	<i>87.77%</i>	<i>89.59%</i>
Grants	222,495	193,646	175,506
Sustentation fund grant			6,513
Meeting expense & other	1,030	1,033	373
Total Expenses	223,526	194,679	182,391
Receipts Over (Under) Expenses	199,566	244,151	131,176

Rev. Joseph T. Carson, III, *Chair*

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

Financial Statements

Years Ended December 31, 2017 and 2016



Independent Auditors' Report

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

We have audited the accompanying financial statements of The Central Treasury of the Virginia Conference of the United Methodist Church (a division of the Virginia Conference of the United Methodist Church), which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Central Treasury of the Virginia Conference of the United Methodist Church as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Richmond, Virginia
 October 15, 2018

The Central Treasury of the Virginia Conference
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,427,041	\$ 1,819,691
Accounts receivable, net	3,316,160	2,917,167
Other current assets	<u>57,303</u>	<u>66,624</u>
Total current assets	<u>4,800,504</u>	<u>4,803,482</u>
Investments	<u>6,446,711</u>	<u>5,586,582</u>
Noncurrent assets:		
Loans receivable	420,510	407,720
Funds held by United Methodist Church	1,015,571	890,355
Property and equipment, net	<u>4,371,141</u>	<u>4,415,920</u>
Total noncurrent assets	<u>5,807,222</u>	<u>5,713,995</u>
Total assets	<u>\$ 17,054,437</u>	<u>\$ 16,104,059</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Apportionments payable to other entities	\$ 3,107,048	2,810,708
Accounts payable and accrued expenses	1,483,521	1,202,502
Unearned revenue	<u>43,513</u>	<u>39,513</u>
Total liabilities	<u>4,634,082</u>	<u>4,052,723</u>
Net assets:		
Unrestricted	7,750,024	6,588,127
Temporarily restricted	<u>4,670,331</u>	<u>5,463,209</u>
Total net assets	<u>12,420,355</u>	<u>12,051,336</u>
Total liabilities and net assets	<u>\$ 17,054,437</u>	<u>\$ 16,104,059</u>

See accompanying notes.

The Central Treasury of the Virginia Conference
Statements of Activities
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Unrestricted support and revenue:		
Apportionments from churches	\$ 27,710,875	\$ 27,054,585
Second mile giving from churches	2,107,452	1,190,425
Investment income	584,347	156,931
Other income	277,150	23,938
Miscellaneous program income	49,260	70,203
Release from restrictions	<u>3,527,667</u>	<u>3,673,206</u>
Total unrestricted support and revenue	<u>34,256,751</u>	<u>32,169,288</u>
Expenses:		
Remittances of apportionment income	20,466,851	19,792,259
Costs of ministry	3,416,374	3,270,523
General and administrative	2,678,848	2,711,724
Donations and grants	2,309,676	2,733,456
Distributions of second mile giving	1,884,075	799,313
Miscellaneous program specific expenses	1,027,463	653,955
Distributions of church apportionment income	759,345	914,916
Conference activities	439,514	406,535
Other expenses	<u>112,708</u>	<u>105,613</u>
Total operating expenses:	<u>33,094,854</u>	<u>31,388,294</u>
Change in unrestricted net assets	<u>1,161,897</u>	<u>780,994</u>
Temporarily restricted support and revenue:		
Apportionments from churches	1,075,643	1,075,116
Second mile giving from churches	445,862	433,876
Grants and scholarships	312,014	383,238
Registrations	299,911	384,167
Contributions	218,496	251,520
Miscellaneous program income	203,412	121,918
Investment income	126,007	100,044
Other income	53,444	313,561
Release from restrictions	<u>(3,527,667)</u>	<u>(3,673,206)</u>
Change in temporarily restricted net assets	<u>(792,878)</u>	<u>(609,766)</u>
Change in net assets	369,019	171,228
Net assets, beginning of year	<u>12,051,336</u>	<u>11,880,108</u>
Net assets, end of year	<u>\$ 12,420,355</u>	<u>\$ 12,051,336</u>

See accompanying notes.

The Central Treasury of the Virginia Conference
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 369,019	\$ 171,228
Adjustments to reconcile change in assets to net cash provided (used) by operating activities:		
Net realized and unrealized gains on investments	(539,602)	(162,560)
Gain on sale of property and equipment	(24,103)	-
Depreciation expense	211,895	216,966
Change in assets and liabilities:		
Accounts receivable	(398,993)	(278,988)
Other current assets	9,321	21,546
Apportionments payable to other entities	296,340	2,810,708
Accounts payable and accrued expenses	281,019	(3,024,726)
Unearned revenue	4,000	(2,472)
	<u>208,896</u>	<u>(248,298)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Proceeds from the sale of investments	1,152,942	1,838,093
Purchase of investments	(1,473,469)	(2,558,215)
Purchase of property and equipment	(587,726)	(38,370)
Proceeds from the sale of property and equipment	444,713	-
Increase in funds held by the United Methodist Church	(125,216)	(92,910)
Loans receivable issued	(40,090)	(136,270)
Repayments received on loans receivable	27,300	1,532
	<u>(601,546)</u>	<u>(986,140)</u>
Net cash used by investing activities		
Net decrease in cash and cash equivalents	(392,650)	(1,234,438)
Cash and cash equivalents, beginning of year	<u>1,819,691</u>	<u>3,054,129</u>
Cash and cash equivalents, end of year	<u>\$ 1,427,041</u>	<u>\$ 1,819,691</u>

See accompanying notes.

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

Notes to the Financial Statements

1. Organization and Nature of Activities

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

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

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

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

2. Summary of Significant Accounting Policies

Basis of presentation

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

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

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

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

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

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

The Central Treasury has no permanently restricted net assets as of December 31, 2017 and 2016.

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

Estimates

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

Cash and cash equivalents

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

Investments

All investments in marketable securities with readily determinable fair values are valued at fair value as determined by the investment management firm holding the assets. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses are recognized in the period in which they occur. Interest and dividends are recognized in the period earned, and realized gains or losses on securities are recorded in the period of sale.

Accounts receivables and bad debts

Accounts receivable are reported at their estimated realizable value, net of an estimated allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected. It is the Central Treasury's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected. As of December 31, 2017 and 2016, management determined that no allowance was necessary.

Loans receivable

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

Allowance of loan losses

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

A loan is considered impaired when, based upon current information and events, it is probable that the Central Treasury will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 30 days overdue. Loans will continue to accrue interest when a loan is delinquent; however, all accrued interest may be included in the allowance for doubtful loans. Payments for delinquent or impaired loans are treated as a payment of interest due until all accrued interest has been paid. Interest income on delinquent loans is recognized according to the original amortization schedule (accrual method). The accrual of interest income is discontinued when, in management's judgment, the scheduled interest may not be collectible within the stated term of the loan. Interest income is recognized on a cash basis for loans classified as nonaccrual loans, with subsequent payments applied first to interest and fees, if any, and then to principal. Loans classified as nonaccrual loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. At December 31, 2017 and 2016, the Central Treasury has no loans it considered impaired. As a result, management has elected not to record an allowance for loan losses.

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

Notes to the Financial Statements

Property and equipment

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

Building and improvements	15 - 40 years
Furniture, fixtures, and equipment	5 - 7 years
Computer equipment and software	3 - 5 years

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

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

Recognition of contributions

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

Income taxes

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

Reclassifications

Prior year apportionments payable to other entities and accounts payable and accrued expenses have been reclassified for consistency with the current period presentation within the statements of financial position. These reclassifications have had no effect on the reported net assets or changes in net assets.

Advertising costs

Advertising costs are expensed when incurred. Advertising costs were \$4,772 and \$11,905 for the years ended December 31, 2017 and 2016, respectively.

Concentration

Financial instruments which potentially subject the Central Treasury to concentrations of credit risk consist primarily of investments and cash. The Central Treasury places its investments and its cash and cash equivalents with creditworthy institutions and diversifies its holdings among entities, thereby limiting the amount of credit exposure to any one entity. As of December 31, 2017 and 2016, the Central Treasury had \$946,793 and \$1,539,157, respectively, of cash deposits in excess of federally insured limits being held by a federally insured financial depository institution.

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

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

Subsequent events

In preparing these financial statements, the Central Treasury has evaluated events and transactions for potential recognition or disclosure through October 15, 2018, the date the financial statements were available to be issued.

3. Investments

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

	<u>2017</u>		<u>2016</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Alternative investments	<u>\$ 5,310,913</u>	<u>\$ 6,446,711</u>	<u>\$ 4,965,827</u>	<u>\$ 5,586,582</u>

Investment income consisted of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	<u>\$ 170,752</u>	<u>\$ 94,415</u>
Realized and unrealized gains, net	<u>539,602</u>	<u>162,560</u>
Investment income	<u>\$ 710,354</u>	<u>\$ 256,975</u>

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

4. Funds Held by United Methodist Church

Funds held by United Methodist Church is comprised of funds collected to establish an education fund named the Francis Asbury Fund. The United Methodist Church, through its General Board of Higher Education, controls the investments and directs the use of the funds, which are used primarily for extending Francis Asbury Educational Loans to qualifying United Methodist students. At December 31, 2017 and 2016, the fund had loans outstanding of \$518,008 and \$523,364, respectively. Loan terms require payment of principal and interest (at 4%) within six years of graduation or withdrawal.

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5. Property and Equipment

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

	<u>2017</u>	<u>2016</u>
Land	\$ 793,019	\$ 780,000
Buildings	5,017,597	4,987,658
Furniture, fixtures, and equipment	887,566	969,189
Software	<u>21,735</u>	<u>11,985</u>
	6,719,917	6,748,832
Accumulated depreciation	<u>(2,348,776)</u>	<u>(2,332,912)</u>
Property and equipment, net	<u>\$ 4,371,141</u>	<u>\$ 4,415,920</u>

6. Charitable Gift Annuity

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

At December 31, 2017 and 2016, the net asset balance included in the Funds of Boards and Agencies temporarily restricted net assets in connection with this gift annuity agreement amounts to \$0.

7. Loans Receivable

Loans receivable consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Districts of the Conference	\$ 169,928	\$ 173,928
Virginia United Methodist Assembly Center, Inc.	<u>250,582</u>	<u>233,792</u>
	<u>\$ 420,510</u>	<u>\$ 407,720</u>

The Church Development Team of the Conference makes loans to districts of the Conference for acquisitions and improvements. A loan in the amount of \$169,928 and \$173,928 is due from the Charlottesville District as of December 31, 2017 and 2016, respectively. This loan is non-interest bearing and there is no set maturity date.

Loans in the total amount of \$250,582 and \$233,792 are due from the Virginia United Methodist Assembly Center, Inc. as of December 31, 2017 and 2016, respectively. These are interest only loans which bear interest at 4% per annum and mature in August 2020.

The Central Treasury provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the borrower. No allowance for doubtful collections is deemed necessary by management as of December 31, 2017 and 2016.

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8. Commitments

At December 31, 2017, the Church Development Team of the Conference has committed grants to churches for approximately \$559,000 in connection with the Church Development Team Church Extension and Development Fund, which will be funded with Central Treasury assets.

9. Retirement Plans

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

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

CRSP and CPP are defined contribution plans which currently encourage a one percent employee contribution and call for a 16.4 percent employer contribution (12 percent for CRSP and 4.4 percent for CPP). The contribution is limited to approximately \$66,300 of employee wages. CRSP and CPP pension expense for the Central Treasury amounted to approximately \$390,000 and \$376,000 for the years ended December 31, 2017 and 2016, respectively.

Conference lay employees are eligible for pension coverage under the United Methodist Personal Investment Plan (UMPIP). UMPIP is a defined contribution plan which calls for a nine percent employer contribution, but does not currently call for an employee contribution. UMPIP pension expense for the Central Treasury amounted to approximately \$112,000 and \$103,000 for the years ended December 31, 2017 and 2016, respectively.

10. Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Donor-restricted	\$ 1,580,239	\$ 1,892,094
Church Extension Fund	1,467,632	1,915,776
Ministerial Education Fund	611,709	561,001
Common Table	339,552	365,480
CFA	324,062	404,702
Clergy Excellence	254,071	222,137
Miscellaneous Connectional Funds	76,323	102,019
Emerging Funds	<u>16,743</u>	<u>-</u>
	<u>\$ 4,670,331</u>	<u>\$ 5,463,209</u>

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11. Related Party Transactions

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

	<u>2017</u>	<u>2016</u>
Rent income	\$ 30,000	\$ 30,000
Administrative services revenue	<u>60,000</u>	<u>48,000</u>
	<u>\$ 90,000</u>	<u>\$ 78,000</u>

As of December 31, 2017 and 2016, \$4,623,265 and \$4,062,696, respectively, of the investments of the Central Treasury are administered by the Foundation.

The Central Treasury holds congregation savings certificates with the Virginia United Methodist Development Company in the amount of \$1,823,446 and \$1,523,886 at December 31, 2017 and 2016, respectively. These savings certificates earned \$24,559 and \$20,532 during the years ended December 31, 2017 and 2016, respectively.

12. Functional Classification of Expenses

Functional classification of expenses was as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Program services	\$ 28,589,890	\$ 26,816,018
Management and general	<u>4,504,964</u>	<u>4,572,276</u>
	<u>\$ 33,094,854</u>	<u>\$ 31,388,294</u>