

VIII. ACCOUNTANTS' REPORTS AND FINANCIAL STATEMENTS

JANUARY 1, 2018, through DECEMBER 31, 2018

FINANCIAL COMMITMENT REPORT

December 31, 2018

Virginia Conference

Apportioned Funds	YTD 12/31/2018	YTD 12/31/2017	Increase (Decrease)	Pct. Inc.\Dec.	Pct. Pd 2018	Pct. Pd 2017
Conference Apportionments						
401 Conference Mission & Ministries	2,817,009	2,908,999	(91,990)	-3.16%	87.21%	89.51%
402 Conference Services	1,457,793	1,816,371	(358,578)	-19.74%	88.57%	91.14%
403 District Superintendents	1,800,812	1,858,815	(58,003)	-3.12%	88.93%	90.45%
404 Equitable Compensation	308,673	313,568	(4,895)	-1.56%	88.19%	89.59%
405 Church Extension & Development	835,185	585,481	249,704	42.65%	83.52%	86.74%
406 Virginia Education Fund	659,554	773,492	(113,938)	-14.73%	82.44%	85.94%
Subtotal	7,879,025	8,256,726	(377,701)	-4.57%	87.05%	89.52%
Clergy Benefit Apportionments						
407 Active Clergy Health Benefits	8,790,111	8,873,775	(83,664)	-0.94%	90.53%	91.39%
408 Retired Clergy Health & Pensions	5,455,713	5,522,557	(66,844)	-1.21%	90.03%	91.13%
409 Pension Liability Assessment-Pre 82	893,278	903,594	(10,316)	-1.14%	89.33%	90.36%
Subtotal	15,139,103	15,299,926	(160,823)	-1.05%	90.27%	91.23%
General & Jurisdictional Apportionments						
410 Episcopal	779,329	801,560	(22,231)	-2.77%	86.59%	89.06%
411 World Service	2,545,061	2,631,580	(86,519)	-3.29%	83.72%	86.71%
412 General Connectional	352,480	416,046	(63,566)	-15.28%	82.74%	86.32%
413 Ministerial Education	845,235	876,805	(31,570)	-3.60%	82.06%	85.54%
414 Black College	338,472	352,688	(14,216)	-4.03%	82.55%	86.02%
415 Africa University	77,169	80,393	(3,224)	-4.01%	83.88%	87.38%
416 Interdenominational Coop.	68,274	70,794	(2,520)	-3.56%	84.29%	87.40%
Subtotal	5,006,021	5,229,866	(223,845)	-4.28%	83.73%	86.80%
Total Apportioned Funds	28,024,148	28,786,518	(762,370)	-2.65%	88.13%	89.91%

Non-Apportionment Receipts**Advance Specials**

					Year	Year End
GBGM	1,052,159	1,775,900	(723,741)	-40.75%	2018	88.13%
Va. Conference Advance Specials	83,974	314,150	(230,176)	-73.27%	2017	89.91%
					2016	87.05%
					2015	85.85%
					2014	87.70%

Special Days

Human Relations	11,275	12,725	(1,450)	-11.39%	2013	88.57%
One Great Hour of Sharing	118,207	89,739	28,468	31.72%	2012	87.26%
Native American Ministries	15,203	15,274	(71)	-0.46%	2011	86.83%
Peace with Justice	11,826	8,760	3,066	35.00%	2010	84.40%
World Communion	17,454	22,706	(5,252)	-23.13%	2009	85.92%
UM Student	8,803	13,181	(4,378)	-33.21%	2008	90.08%
					2007	92.03%
					2006	93.16%

Other Funds

Youth Service	354	1,188	(834)	-70.17%	2005	93.87%
Samaritan Fund - Pinnacle Living	25,143	25,154	(11)	-0.04%	2004	94.79%
UMFS	49,330	52,031	(2,701)	-5.19%	2003	95.58%
Heart Havens	16,808	23,417	(6,608)	-28.22%	2002	97.08%
Comm. on Disab.\Camp Rainbow	18,630	16,831	1,799	10.69%	2001	96.33%
Annual Conference Offering	149,055	151,684	(2,629)	-1.73%	2000	96.43%
Other	12,614	55,550	(42,936)	-77.29%	1999	94.92%

Total Non-Apportioned Funds	1,590,836	2,578,289	(987,453)	-38.30%	1998	93.51%
					1997	90.64%
					1996	89.20%

Total Church Receipts	29,614,984	31,364,807	(1,749,823)	-5.58%		
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Virginia Annual Conference of The United Methodist Church
Balance Sheets

	12/31/2018	12/31/2017
ASSETS		
Current Assets:		
Cash	1,956,174	1,427,041
Investments	5,697,044	6,446,710
Receivables	2,640,081	3,316,160
Prepaid expenses	93,771	57,302
Total Current Assets	10,387,070	11,247,213
Fixed Assets:		
Land	793,019	793,019
Buildings	5,017,597	5,017,597
Furniture & fixtures	318,708	225,566
Equipment and vehicles	740,555	662,000
Software	21,735	21,735
Accumulated depreciation	(2,547,632)	(2,348,776)
Total Fixed Assets	4,343,982	4,371,141
Other Assets:		
Francis Asbury Education Fund	1,022,666	1,015,571
Loans receivable	149,848	420,510
Total Other Assets	1,172,514	1,436,081
	15,903,566	17,054,435
LIABILITIES and NET ASSETS		
Current Liabilities:		
Accounts payable	4,089,114	4,559,650
Accrued expenses	22,712	30,918
Unearned revenue	74,412	43,514
Total Liabilities	4,186,238	4,634,082
Net Assets:		
Unrestricted conference reserves	3,082,876	3,378,880
Emerging funds	58,414	16,743
Board designated reserves	714,036	917,685
Property and Equipment fund	4,343,983	4,371,142
Church Extension Fund	1,304,598	1,467,632
Donor restricted and miscellaneous	2,213,421	2,268,271
Total Net Assets	11,717,328	12,420,353
	15,903,566	17,054,435

Virginia Annual Conference of the United Methodist Church
Statement of Changes in Unrestricted Conference Reserves
For the Year Ending December 31, 2018

Income directly attributed to Conference Reserves:	
Net gain on investments held at the Foundation	(276,453)
Dividends and interest	76,787
Miscellaneous income	1,824
Gain on sale of land in Blackstone	17,859
Total Income	<u>(179,983)</u>
 Expenses directly attributed to Conference Reserves:	
Special funding - VUMAC closing	151,943
Special funding misc	8,749
Bank service charges	14,042
Total Expenses	<u>174,734</u>
 Income Over/(Under) Expenses	 <u>(354,717)</u>
 Apportionment Closeouts:	
401 - Conference Mission and Ministries	118,124
402 - Conference Services	(81,550)
403 - District Superintendents' Fund	(61,377)
404 - Equitable Compensation Fund	83,516
Total Apportionment Closeouts	<u>58,713</u>
 Net increase/(decrease) in Conference Reserves	 (296,004)
 Beginning balance	 <u>3,378,880</u>
 Ending Balance	 <u><u>3,082,876</u></u>



401 - Conference Mission & Ministry
Financial Summary

12/31/2018

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts	Closeout	Beginning Balance	Ending Balance
							Over/(Under) Expenses	to Conference Reserves		
3500	Conference Benevolence Grants	192,401.68	-	-	192,401.68	192,401.68	-	-	-	-
3510	CT Special & Sustaining Grants	63,382.70	-	43,255.10	106,637.80	73,050.00	33,587.80	(33,587.80)	-	-
5000	Emerging Funds	86,482.17	(6,968.00)	156,014.94	235,529.11	193,858.09	41,671.02	-	16,743.40	58,414.42
3600	Campus Ministry	818,059.27	-	-	818,059.27	843,936.96	(25,877.69)	25,877.69	-	-
Sch 1	Program & Board Administrative	1,656,682.70	(152,317.75)	37,489.49	1,541,854.44	1,431,440.29	110,414.15	(110,414.15)	-	-
		2,817,008.52	(159,285.75)	236,759.53	2,894,482.30	2,734,687.02	159,795.28	(118,124.26)	16,743.40	58,414.42

Schedule 1 - Program & Board Administrative

3100	Common Table	3,380.41	-	-	3,380.41	3,165.31	215.10	(215.10)	-	-
Sch 2	Departmental Administration	54,649.98	-	-	54,649.98	59,234.87	(4,584.89)	4,584.89	-	-
Sch 3	Board & Agency Administration	70,425.19	-	351.94	70,777.13	49,540.30	21,236.83	(21,236.83)	-	-
3000	Personnel Costs - Common Table	1,275,259.81	35,295.00	35,295.00	1,345,849.81	1,265,567.10	80,282.71	(80,282.71)	-	-
3210	CT Information Technologies	28,733.47	(28,733.47)	-	-	-	-	-	-	-
3240	Outsourced Graphic Design Serv	36,621.10	-	-	36,621.10	32,515.24	4,105.86	(4,105.86)	-	-
3200	Video Production	9,577.82	-	1,842.55	11,420.37	7,695.44	3,724.93	(3,724.93)	-	-
3155	Connections 21 Interns	9,577.82	-	-	9,577.82	6,775.06	2,802.76	(2,802.76)	-	-
3220	Common Table Rent	158,879.28	(158,879.28)	-	-	-	-	-	-	-
3230	CT Postage, Printing & Phone	-	-	-	-	-	-	-	-	-
3090	CT Contingencies	9,577.82	-	-	9,577.82	6,946.97	2,630.85	(2,630.85)	-	-
		1,656,682.70	(152,317.75)	37,489.49	1,541,854.44	1,431,440.29	110,414.15	(110,414.15)	-	-

Supporting Schedule 2 - Departmental Administration

3010	Connectional Ministries Office	7,605.93	-	-	7,605.93	8,703.82	(1,097.89)	1,097.89	-	-
3020	Communications Office	7,042.52	-	-	7,042.52	5,317.79	1,724.73	(1,724.73)	-	-
3030	Congregational Excel	10,704.64	-	-	10,704.64	9,389.55	1,315.09	(1,315.09)	-	-
3040	Higher Ed & Next Gen Office	12,113.13	-	-	12,113.13	13,206.43	(1,093.30)	1,093.30	-	-
3050	Inclusivity and Lay Ldrshp Exc	4,788.93	-	-	4,788.93	833.29	3,955.64	(3,955.64)	-	-
3060	Justice and Missional Excel	12,394.83	-	-	12,394.83	21,783.99	(9,389.16)	9,389.16	-	-
		54,649.98	-	-	54,649.98	59,234.87	(4,584.89)	4,584.89	-	0.00

Supporting Schedule 3 - Board & Agency Administration

3105	Board of Church & Society	5,634.01	-	351.94	5,985.95	4,324.21	1,661.74	(1,661.74)	-	-
3110	Missional Ministries Board	8,732.73	-	-	8,732.73	2,875.66	5,857.07	(5,857.07)	-	-
3115	Board of Communications	6,197.42	-	-	6,197.42	3,809.01	2,388.41	(2,388.41)	-	-
3120	Board of Higher Education	2,817.01	-	-	2,817.01	2,598.92	218.09	(218.09)	-	-
3125	Board of Discipleship	8,169.33	-	-	8,169.33	7,232.45	936.88	(936.88)	-	-
3130	Church Development Team	1,690.20	-	-	1,690.20	2,168.80	(478.60)	478.60	-	-
3135	Board of Laity	7,605.93	-	-	7,605.93	6,901.69	704.24	(704.24)	-	-
3140	CEMCA	1,690.20	-	-	1,690.20	1,876.34	(186.14)	186.14	-	-
3145	COSROW	845.10	-	-	845.10	491.17	353.93	(353.93)	-	-
3150	Commission on Disabilities	1,408.49	-	-	1,408.49	2,425.85	(1,017.36)	1,017.36	-	-
3160	Committee on Mission Personnel	25,634.77	-	-	25,634.77	14,836.20	10,798.57	(10,798.57)	-	-
		70,425.19	-	351.94	70,777.13	49,540.30	21,236.83	(21,236.83)	-	(0.00)



402 - Conference Services
Financial Summary

December 31, 2018

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
Funds that Close to Reserves:										
2100	Treasurer's Office	372,611.77	-	87,000.00	459,611.77	463,706.00	(4,094.23)	4,094.23	-	-
2110	Computer Services	77,408.80	(6,561.53)	800.00	71,647.27	155,264.23	(83,616.96)	83,616.96	-	-
2120	Annual Conference Session	235,287.71	-	4,281.34	239,569.05	250,518.99	(10,949.94)	10,949.94	-	-
2130	Conf Publications Committee	11,662.34	-	(6,625.56)	5,036.78	10,060.77	(5,023.99)	5,023.99	-	-
2140	Council on Finance & Admin	2,478.24	-	-	2,478.24	2,872.30	(394.06)	394.06	-	-
2150	Board of Trustees	1,457.80	-	-	1,457.80	1,367.42	90.38	(90.38)	-	-
2160	Committee on Episcopacy	1,895.12	-	-	1,895.12	1,628.38	266.74	(266.74)	-	-
2170	Historical Society	7,726.30	-	-	7,726.30	2,779.94	4,946.36	(4,946.36)	-	-
2180	Assistant to Bishop	82,219.48	-	-	82,219.48	83,587.21	(1,367.73)	1,367.73	-	-
2190	Cabinet Discretionary Fund	14,519.67	-	-	14,519.67	1,000.00	13,519.67	(13,519.67)	-	-
2200	Pastor Relocation Transition	16,473.04	-	-	16,473.04	3,954.15	12,518.89	(12,518.89)	-	-
2210	Episcopal Residence	-	-	20,000.00	20,000.00	60,353.24	(40,353.24)	40,353.24	-	-
2220	Episcopal Budget Support	25,657.14	-	-	25,657.14	26,499.96	(842.82)	842.82	-	-
2230	Conference Liability Insurance	14,577.92	-	-	14,577.92	13,918.00	659.92	(659.92)	-	-
2270	General Conference Delegation	2,478.24	-	-	2,478.24	27.84	2,450.40	(2,450.40)	-	-
2290	Contingencies	9,679.75	(8,000.00)	768.75	2,448.50	11,645.96	(9,197.46)	9,197.46	-	-
2300	BOM Personnel Costs	241,993.57	-	-	241,993.57	235,531.06	6,462.51	(6,462.51)	-	-
2310	Clergy Excellence Admin.	15,015.28	-	-	15,015.28	12,250.44	2,764.84	(2,764.84)	-	-
2320	Board of Ordained Ministry	72,598.06	-	-	72,598.06	60,093.67	12,504.39	(12,504.39)	-	-
2330	BOM - Ministerial Support	36,736.37	-	3,550.00	40,286.37	25,364.46	14,921.91	(14,921.91)	-	-
2400	Postage, Printing & Phone	46,503.58	-	12,389.42	58,893.00	55,708.42	3,184.58	(3,184.58)	-	-
		1,288,980.18	(14,561.53)	122,163.95	1,396,582.60	1,478,132.44	(81,549.84)	81,549.84	-	0.00
CFA Designated Funds with Carryover Balances:										
4000	United Methodist Center	24,199.34	158,879.28	135,152.00	318,230.62	320,499.11	(2,268.49)	-	44,788.63	42,520.14
4010	Building Maintenance Fund	-	-	-	-	-	-	-	200,000.00	200,000.00
4020	Wesley Foundation Inc.	58,020.14	15,984.00	-	74,004.14	67,195.87	6,808.27	-	(1,944.83)	4,863.44
4030	Legal Expenses	29,010.08	-	-	29,010.08	154,557.53	(125,547.45)	-	55,753.36	(69,794.09)
4060	Employee Moving Fund	-	-	-	-	-	-	-	6,272.50	6,272.50
4070	Archives	9,184.09	-	-	9,184.09	15,913.65	(6,729.56)	-	(3,845.09)	(10,574.65)
4080	Sustentation Fund	-	-	-	-	-	-	-	20,000.00	20,000.00
4090	Bishop Strategic Collaboration	-	-	-	-	6,936.57	(6,936.57)	-	3,037.76	(3,898.81)
4500	Property & Equipment Fund	-	-	-	-	27,158.74	(27,158.74)	-	4,371,142.07	4,343,983.33
4790	VA Clergy Leadership Program	48,398.71	-	-	48,398.71	71,748.90	(23,350.19)	-	155,320.33	131,970.14
		168,812.36	174,863.28	135,152.00	478,827.64	664,010.37	(185,182.73)	-	4,850,524.73	4,665,342.00



CFA Designated Funds with Carryover Balances
Financial Summary

December 31, 2018

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	24,199.34	158,879.28	135,152.00	318,230.62	320,499.11	(2,268.49)	-	44,788.63	42,520.14
4010	Building Maintenance Fund	-	-	-	-	-	-	-	200,000.00	200,000.00
4020	Wesley Foundation Inc.	58,020.14	15,984.00	-	74,004.14	67,195.87	6,808.27	-	(1,944.83)	4,863.44
4030	Legal Expenses	29,010.08	-	-	29,010.08	154,557.53	(125,547.45)	-	55,753.36	(69,794.09)
4060	Employee Moving Fund	-	-	-	-	-	-	-	6,272.50	6,272.50
4070	Archives	9,184.09	-	-	9,184.09	15,913.65	(6,729.56)	-	(3,845.09)	(10,574.65)
4080	Sustentation Fund	-	-	-	-	-	-	-	20,000.00	20,000.00
4090	Bishop Strategic Collaboration	-	-	-	-	6,936.57	(6,936.57)	-	3,037.76	(3,898.81)
		120,413.65	174,863.28	135,152.00	430,428.93	565,102.73	(134,673.80)	-	324,062.33	189,388.53
Common Table										
6100	Advocate Publication	-	-	50,586.09	50,586.09	79,513.84	(28,927.75)	-	172,642.97	143,715.22
6200	Lay Servant Ministries	-	-	15,713.46	15,713.46	13,626.09	2,087.37	-	1,201.71	3,289.08
6210	Board of Laity Special Project	-	-	-	-	-	-	-	4,887.45	4,887.45
6220	CommonTable Youth Contingency	-	-	640.00	640.00	-	640.00	-	160.63	800.63
6225	Campus Ministry Team	-	-	-	-	2,368.85	(2,368.85)	-	11,928.75	9,559.90
6230	Camp Rainbow	-	-	68,521.14	68,521.14	75,344.20	(6,823.06)	-	33,206.69	26,383.63
6240	Commission on Disabilities	-	-	1,915.00	1,915.00	3,525.00	(1,610.00)	-	11,039.80	9,429.80
6310	UMVIM	-	-	50.00	50.00	5,356.26	(5,306.26)	-	32,399.38	27,093.12
6311	UMVIM - Haiti	-	-	68,708.78	68,708.78	3,558.31	65,150.47	-	3,762.72	68,913.19
6340	Mental Health Conference	-	-	-	-	-	-	-	1,233.22	1,233.22
6400	All God's Children Camp	-	-	54,527.48	54,527.48	84,993.54	(30,466.06)	-	47,117.05	16,650.99
6420	Safe Sanctuaries Training	-	-	-	-	-	-	-	2,051.75	2,051.75
6505	Five Talent Academy - Events	-	-	19,445.65	19,445.65	24,374.77	(4,929.12)	-	12,468.34	7,539.22
6560	CDT Training Events	-	-	532.02	532.02	532.02	-	-	-	-
6565	Small Church Pastors	-	-	-	-	1,227.79	(1,227.79)	-	6,267.64	5,039.85
6570	Mid-Size Church Lead Pastors	-	-	271.97	271.97	3,535.96	(3,263.99)	-	2,765.79	(498.20)
6580	Large Church Lead Pastors	-	-	2,425.38	2,425.38	7,588.73	(5,163.35)	-	(3,581.66)	(8,745.01)
6590	Clergywomen's Coaching Init.	-	-	6,340.00	6,340.00	(260.00)	6,600.00	-	-	6,600.00
		-	-	289,676.97	289,676.97	305,285.36	(15,608.39)	-	339,552.23	323,943.84
Board of Ordained Ministry										
4610	Welcome Meal at AC	-	-	2,500.00	2,500.00	2,963.70	(463.70)	-	2,281.76	1,818.06
4620	Order of Deacons	-	-	2,328.15	2,328.15	1,647.40	680.75	-	2,673.09	3,353.84
4630	Local Pastor's Retreat/Lunch	-	-	-	-	-	-	-	1,240.25	1,240.25
4640	Order of Elders	-	-	-	-	-	-	-	9,276.90	9,276.90
4650	Spouse Retreat	-	-	478.00	478.00	591.91	(113.91)	-	1,112.58	998.67
4660	Seminary Scholarships	-	-	26,482.30	26,482.30	31,911.90	(5,429.60)	-	5,699.24	269.64
4690	BOM Training Events	-	-	3,310.44	3,310.44	2,569.37	741.07	-	1,173.42	1,914.49
4700	Pell Fund - Josephus Daniels	-	-	65,000.00	65,000.00	61,000.00	4,000.00	-	1,300.00	5,300.00
4710	Calling 21	-	-	22,900.00	22,900.00	26,312.32	(3,412.32)	-	17,450.02	14,037.70
4730	AC Clergy Spouses Luncheon	-	-	-	-	14.82	(14.82)	-	2,752.44	2,737.62
4740	Ministers' Convocation	-	-	42,319.07	42,319.07	69,803.56	(27,484.49)	-	49,163.96	21,679.47
4770	Pilgrimages	-	-	15,150.00	15,150.00	13,596.64	1,553.36	-	-	1,553.36
4780	Cross Culture/Cross Racial	-	-	-	-	-	-	-	2,667.25	2,667.25
4790	VA Clergy Leadership Program	48,398.71	-	-	48,398.71	71,748.90	(23,350.19)	-	155,320.33	131,970.14
4800	Candidacy Summit	-	-	11,522.92	11,522.92	11,596.26	(73.34)	-	1,959.62	1,886.28
4810	Extension Ministry	-	-	340.00	340.00	340.00	-	-	-	-
4820	Licensing School	-	-	28,333.84	28,333.84	28,333.84	-	-	-	-
		48,398.71	-	220,664.72	269,063.43	322,430.62	(53,367.19)	-	254,070.86	200,703.67
Total		168,812.36	174,863.28	645,493.69	989,169.33	1,192,818.71	(203,649.38)	-	917,685.42	714,036.04



**Donor Designated and Miscellaneous Funds
Financial Summary**

December 31, 2018

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	-	-	-	-	27,158.74	(27,158.74)	-	4,371,142.07	4,343,983.33
		-	-	-	-	27,158.74	(27,158.74)	-	4,371,142.07	4,343,983.33
Church Extension Fund										
6500	Church Extension Fund	835,184.78	-	26,074.02	861,258.80	1,024,292.96	(163,034.16)	-	1,467,632.17	1,304,598.01
		835,184.78	-	26,074.02	861,258.80	1,024,292.96	(163,034.16)	-	1,467,632.17	1,304,598.01
Ministerial Education Fund										
4600	Ministerial Education Funds	211,308.88	-	550.00	211,858.88	224,266.75	(12,407.87)	-	611,708.63	599,300.76
		211,308.88	-	550.00	211,858.88	224,266.75	(12,407.87)	-	611,708.63	599,300.76
Donor restricted										
8010	Discipleship Circles	-	-	-	-	-	-	-	21,615.40	21,615.40
8050	Francis Asbury Education Fund	-	-	7,119.75	7,119.75	25.00	7,094.75	-	1,018,828.60	1,025,923.35
8100	Initiatives of Hope	-	-	3,015.01	3,015.01	4,374.42	(1,359.41)	-	15,952.26	14,592.85
8110	IOH - Mozambique	-	-	19.59	19.59	3,682.42	(3,662.83)	-	20,413.18	16,750.35
8111	IOH - Brazil	-	-	3,510.94	3,510.94	-	3,510.94	-	24,580.21	28,091.15
8113	Sierra Leone	-	-	-	-	-	-	-	1,285.18	1,285.18
8114	IOH - Cambodia	-	-	4,021.86	4,021.86	2,861.39	1,160.47	-	28,960.61	30,121.08
8115	Haiti Music School	-	-	137,000.00	137,000.00	137,000.00	-	-	-	-
8120	Russian Initiative	-	-	-	-	-	-	-	9,894.18	9,894.18
8160	CEMCA-Hispanic Aid Fund	-	-	-	-	-	-	-	9,616.78	9,616.78
8200	Bishops' Foundation	-	-	7,168.00	7,168.00	9,493.25	(2,325.25)	-	3,702.35	1,377.10
8300	Wesley Foundation Proceeds	-	(15,984.00)	-	(15,984.00)	-	(15,984.00)	-	175,040.26	159,056.26
8305	Disaster Relief Fund	-	(29,451.00)	38,623.96	9,172.96	42,281.93	(33,108.97)	-	51,349.54	18,240.57
8310	Youth Service Fund	-	-	11,203.03	11,203.03	14,748.50	(3,545.47)	-	13,117.29	9,571.82
8315	Peace with Justice	-	-	5,815.18	5,815.18	3,000.00	2,815.18	-	14,004.28	16,819.46
8320	Native American Awareness Sun.	-	-	15,340.02	15,340.02	4,250.00	11,090.02	-	11,438.61	22,528.63
8325	Christian Education Special Fd	-	-	-	-	2,141.40	(2,141.40)	-	8,842.20	6,700.80
8330	Merit Awards	-	-	-	-	-	-	-	324.63	324.63
8400	Treasurer's Discretion	-	-	-	-	400.33	(400.33)	-	2,901.05	2,500.72
8411	Matthew Recovery Grant	-	-	-	-	-	-	-	132,935.10	132,935.10
8413	UMCOR 2nd Matthew Recov Grant	-	(10,000.00)	-	(10,000.00)	-	(10,000.00)	-	15,437.66	5,437.66
8414	2018 Matthew Recovery	-	39,451.00	250,555.00	290,006.00	290,472.24	(466.24)	-	-	(466.24)
8415	Danville Recovery	-	-	-	-	687.81	(687.81)	-	-	(687.81)
		-	(15,984.00)	483,392.34	467,408.34	515,418.69	(48,010.35)	-	1,580,239.37	1,532,229.02
Miscellaneous Connectional Funds										
8504	2019 SEJ COB Leadership Mtg	-	-	-	-	400.00	(400.00)	-	-	(400.00)
8505	Called Session Training Event	-	3,000.00	-	3,000.00	3,844.14	(844.14)	-	-	(844.14)
8506	Virginia FOCUS 2020	-	-	20,467.00	20,467.00	27,129.43	(6,662.43)	-	21,935.76	15,273.33
8507	2018 SEJ Historical Soc Mtg	-	-	6,817.96	6,817.96	15,237.66	(8,419.70)	-	4,928.50	(3,491.20)
8508	Natl Net of UM Cong Developers	-	-	12,105.31	12,105.31	7,114.44	4,990.87	-	3,003.55	7,994.42
8509	Clergywomen's Retreat	-	-	81,699.19	81,699.19	74,589.00	7,110.19	-	2,500.00	9,610.19
8510	Heritage	-	-	230.89	230.89	970.30	(739.41)	-	6,251.81	5,512.40
8520	Scouting Camporee	-	-	-	-	-	-	-	8,906.58	8,906.58
8530	Voices of Youth	-	-	20,532.99	20,532.99	12,951.70	7,581.29	-	3,000.69	10,581.98
8540	ARMS	-	-	10,905.48	10,905.48	9,974.28	931.20	-	19,825.01	20,756.21
8560	Caretakers of God's Creation	-	-	1,825.00	1,825.00	2,327.85	(502.85)	-	4,094.46	3,591.61
8565	Bishop's Convocation - Prayer	-	-	3,901.55	3,901.55	1,503.40	2,398.15	-	1,824.40	4,222.55
8566	Bishop's Conv - Race & Recon	-	5,000.00	1,950.68	6,950.68	5,899.31	1,051.37	-	-	1,051.37
8570	Conference Data Initiative	-	-	-	-	350.61	(350.61)	-	-	(350.61)
8575	Social Committee	-	-	440.00	440.00	407.80	32.20	-	-	32.20
8580	Cabinet Dues	-	-	770.00	770.00	511.29	258.71	-	52.28	310.99
		-	8,000.00	161,646.05	169,646.05	163,211.21	6,434.84	-	76,323.04	82,757.88

Council on Finance and Administration

SECTION I - Conference Budget for 2020

	Sch.	2019	2020	% of Budget	Inc.\(Dec.)	% Chg.
Conference Apportionments						
401 - Conference Mission & Ministries	A	3,225,000	3,140,000	9.98%	(85,000)	-2.64%
402 - Conference Services	B	1,875,000	1,990,000	6.33%	115,000	6.13%
403 - District Superintendents Fund	C	2,005,000	2,000,000	6.36%	(5,000)	-0.25%
404 - Equitable Compensation		300,000	250,000	0.79%	(50,000)	-16.67%
405 - Church Extension & Development		1,125,000	1,200,000	3.81%	75,000	6.67%
406 - Virginia Education Fund		700,000	600,000	1.91%	(100,000)	-14.29%
Total Conference Apportionments		9,230,000	9,180,000	29.18%	(50,000)	-0.54%
Clergy Benefits Apportionments						
407 - Active Clergy Health		9,710,000	9,710,000	30.89%	-	0.00%
408 - Retired Clergy Health		6,060,000	6,060,000	19.27%	-	0.00%
409 - Pension Liability Assessment - Pre 82		750,000	750,000	2.37%	-	0.00%
Total Clergy Benefit Apportionments		16,520,000	16,520,000	52.53%	-	0.00%
General & Jurisdictional Apportionments						
410 - Episcopal Fund		875,000	870,000	2.77%	(5,000)	-0.57%
411 - World Service		3,000,000	2,925,000	9.30%	(75,000)	-2.50%
412 - General & Jurisdictional Connectional Fund		420,000	400,000	1.27%	(20,000)	-4.76%
413 - Ministerial Education		1,000,000	990,000	3.15%	(10,000)	-1.00%
414 - Black College Fund		400,000	395,000	1.26%	(5,000)	-1.25%
415 - Africa University Fund		90,000	90,000	0.29%	-	0.00%
416 - Interdenominational Cooperation Fund		80,000	80,000	0.25%	-	0.00%
Total General & Jurisdictional Apportionments		5,865,000	5,750,000	18.29%	(115,000)	-1.96%
Total Apportionments		31,615,000	31,450,000	100.00%	(165,000)	-0.52%

Schedule A - Apportionment 401 - Conference Mission & Ministries

	2019	2020	Budget	Inc.\(Dec.)	% Chg.
Common Table Directed Ministries					
A. Program & Board Administrative	1,531,700	1,379,200	4.37%	(152,500)	-9.96%
B. Benevolence Grants	200,000	200,000	0.64%	-	0.00%
C. Special & Sustaining Grants	66,000	66,000	0.21%	-	0.00%
D. Conference Programs	90,000	90,000	0.29%	-	0.00%
E. Campus Ministries	850,000	850,000	2.70%	-	0.00%
	2,737,700	2,585,200	8.21%	(152,500)	-5.57%
Other Ministries					
Wesley Foundation Capital Improvements	250,000	321,000	1.02%	71,000	28.40%
Wesley Foundation Maintenance	60,000	60,000	0.19%	-	0.00%
Bishop's Discretionary Fund	30,000	30,000	0.10%	-	0.00%
Total Ministry Expenses	3,077,700	2,996,200	9.52%	(81,500)	-2.65%
Contingency Funds - Budget Shortfall	147,300	143,800	0.46%	(3,500)	-2.38%
Total 401 Apportionment	3,225,000	3,140,000	9.98%	(85,000)	-2.64%
Supporting Details for Line Items Above					
A. Program & Board Administrative Expenses					
1. Common Table	3,500	3,500	0.01%	-	0.00%
2. Departmental Administration	59,400	57,900	0.18%	(1,500)	-2.53%
3. Agency Administration	70,800	60,800	0.19%	(10,000)	-14.12%
4. Personnel Costs	1,330,000	1,230,000	3.91%	(100,000)	-7.52%
5. Outsourced Graphic Design Services	38,000	7,000	0.02%	(31,000)	-81.58%
6. Video Production & Documentation	10,000	10,000	0.03%	-	0.00%
7. Connections 21 Internships	10,000	-	0.00%	(10,000)	-100.00%
8. Contingency	10,000	10,000	0.03%	-	0.00%
	1,531,700	1,379,200	4.37%	(152,500)	-9.96%
B. Conference Benevolence Grants					
1. GraceInside	167,000	167,000	0.53%	-	0.00%
2. Virginia Council of Churches	10,000	10,000	0.03%	-	0.00%
3. Virginia Interfaith Center	15,000	15,000	0.05%	-	0.00%
4. Society of St. Andrew	8,000	8,000	0.03%	-	0.00%
	200,000	200,000	0.64%	-	0.00%

Schedule B - Apportionment 402 - Conference Services

	2019	2020	Budget	Inc.\(Dec.)	% Chg.
1. Board of Ordained Ministry (see below)	427,000	411,000	1.32%	(16,000)	-3.75%
2. Bishop's Assistant	85,000	85,000	0.27%	-	0.00%
3. Annual Conference Session	260,000	245,000	0.78%	(15,000)	-5.77%
4. Treasurer's Office	395,000	450,000	1.43%	55,000	13.92%
5. Computer Services	130,000	130,000	0.41%	-	0.00%
6. Richmond Area Episcopal Expense	26,500	26,500	0.08%	-	0.00%
7. Pastor Relocation & Transition	17,000	12,000	0.04%	(5,000)	-29.41%
8. Archives	16,000	20,000	0.06%	4,000	25.00%
9. Council on Finance and Administration	2,500	2,500	0.01%	-	0.00%
10. Historical Society	8,000	4,000	0.01%	(4,000)	-50.00%
11. Board of Trustees	1,500	1,500	0.00%	-	0.00%
12. Telephone Service	15,000	10,000	0.03%	(5,000)	-33.33%
13. Insurance	15,000	15,000	0.05%	-	0.00%
14. Postage & Printing	33,000	33,000	0.10%	-	0.00%
15. Building Operations & Services	190,000	190,000	0.60%	-	0.00%
16. Conference Publications	12,000	12,000	0.04%	-	0.00%
17. Contingency Funds for Unforeseen Expenses	25,000	25,000	0.08%	-	0.00%
18. Legal	100,000	200,000	0.64%	100,000	100.00%
19. Episcopal committee	2,000	2,000	0.01%	-	0.00%
20. General Conference	10,000	10,000	0.03%	-	0.00%
21. Contingency Funds - Budget Shortfall	104,500	105,500	0.34%	1,000	0.96%
	1,875,000	1,990,000	6.33%	115,000	6.13%

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	36,500	0.12%	(13,500)	-27.00%
5. Center for Clergy Excellence	16,000	16,000	0.05%	-	0.00%
6. Personnel Costs	250,000	245,000	0.78%	(5,000)	-2.00%
7. Board of Ordained Ministry Administration	73,000	75,500	0.24%	2,500	3.42%
	427,000	411,000	1.32%	(16,000)	-3.75%

Schedule C - Apportionment 403 - District Superintendents Fund

	2019	2020	Budget	Inc.\(Dec.)	% Chg.
1. Salaries & Pension	1,685,000	1,685,000	5.36%	-	0.00%
2. Travel & Meetings	140,000	140,000	0.45%	-	0.00%
3. Continuing Education & Other	50,000	45,000	0.14%	(5,000)	-10.00%
4. Contingency Funds - Conference Budget Shortfall	130,000	130,000	0.41%	-	0.00%
	2,005,000	2,000,000	6.36%	(5,000)	-0.25%

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:

2020 Virginia Annual Conference Apportionments

401-Conference Mission & Ministries	3,140,000
402-Conference Services	1,990,000
403-District Superintendents Fund	2,000,000
404-Equitable Compensation	250,000
405-Church Extension & Development	1,200,000
406-Virginia Education Fund	600,000
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	870,000
411-World Service	2,925,000
412-General & Jurisdictional Connectional Fund	400,000
413-Ministerial Education Fund	990,000
414-Black College Fund	395,000
415-Africa University Fund	90,000
416-Interdenominational Cooperation Fund	80,000
	\$ 31,450,000

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 **\$600,000 for 2020**. Based on recommendations of the Common Table, the following percentage distribution of the Fund is proposed for 2020:

Virginia Education Fund Allocation

Ferrum College	19.5%	117,000
Randolph-Macon College	18.5%	111,000
Randolph College	16.0%	96,000
Randolph-Macon Academy	10.0%	60,000
Shenandoah University	18.0%	108,000
Virginia Wesleyan College	18.0%	108,000
		\$ 600,000

Report on 2018

- 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 2018.

	Shortfall
401 Conference Mission & Ministries	412,991
402 Conference Services	188,207
403 District Superintendents	224,188
404 Equitable Compensation	41,327
	866,714

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. 2020 apportionments are calculated using 2018 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, 2019 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 (2018 for 2020 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.
- Effective January 1, 2020, Ecumenical (multi-denominational) churches will be direct billed for health insurance when they are served by an eligible United Methodist pastor and will not be subject to the 407 apportionment.

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 45 cents for Conference staff. The mileage reimbursement rate for volunteers is set at half the IRS rate for volunteers (currently 29 cents) for those 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	\$ 1,481,000
a. 401 – Conference Mission and Ministries	
b. 402 – Conference Services	
c. 403 – District Superintendents’ Fund	
d. 404 – Equitable Compensation Fund	
B. 15% of Invested Assets	<u>855,000</u>
	<u>\$ 2,336,000</u>

At December 31, 2018 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 2019 *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

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 \$225,094 was provided to 30 charges in 2018. A schedule of salary supplementation appropriations for 2018 has been provided to the conference secretary for publication in the Journal.

There were 6 charges receiving salary support in 2017 that did not require salary support in 2018. These are Bethel (Winchester), Boydton (Farmville), Fletcher's Chapel (Rappahannock River), Greenwood-Montague Avenue (Winchester), Hites Chapel (Winchester) and Woods (James River). 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 2020 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 2020 is \$64,590, which is an increase of 1% percent from 2019. The Commission considered Minimum Compensation and the Floor Schedule for 2020 and recommends the schedules remain the same as 2019.

RECOMMENDATIONS

	<u>2020 Approved</u>	<u>2019 Approved</u>
1. The Minimum Compensation Schedule:		
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 Equitable Compensation Financial Report for 2016-2018 is provided below:

	Year Ending 2016	Year Ending 2017	Year Ending 2018
Apportioned	500,000	350,000	350,000
Uncollected Apportionment	(61,170)	(36,432)	(41,327)
Apportionment Income	438,830	313,568	308,673
<i>Percent Collected</i>	<i>87.77%</i>	<i>89.59%</i>	<i>88.19%</i>
Grants	193,646	175,506	225,094
Sustentation fund grant		6,513	
Meeting expense & other	1,033	373	63
Total Expenses	194,679	182,391	225,157
Receipts Over (Under) Expenses	244,151	131,176	83,516

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

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

Financial Statements

Years Ended December 31, 2018 and 2017

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

Table of Contents

Independent Auditors' Report	128
Financial Statements:	
Statements of Financial Position	130
Statements of Activities	131
Statement of Functional Expenses	132
Statements of Cash Flows	133
Notes to the Financial Statements	134



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 (the "Central Treasury", a division of the Virginia Conference of the United Methodist Church), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended December 31, 2018, 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, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Central Treasury adopted FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2018. Our opinion is not modified with respect to that matter.

Dixon Hughes Goodman LLP

Richmond, Virginia
November 27, 2019

The Central Treasury of the Virginia Conference
Statements of Financial Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u> (As Adjusted)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,945,913	\$ 1,427,041
Accounts receivable, net	2,640,081	3,316,160
Other current assets	93,772	57,303
Total current assets	<u>4,679,766</u>	<u>4,800,504</u>
Investments	<u>5,697,044</u>	<u>6,446,711</u>
Noncurrent assets:		
Loans receivable	149,848	420,510
Funds held by United Methodist Church	1,022,666	1,015,571
Property and equipment, net	4,343,982	4,371,141
Total noncurrent assets	<u>5,516,496</u>	<u>5,807,222</u>
Total assets	<u>\$ 15,893,306</u>	<u>\$ 17,054,437</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Apportionments payable to other entities	\$ 2,845,917	\$ 3,107,048
Accounts payable and accrued expenses	1,256,159	1,483,521
Unearned revenue	73,900	43,513
Total liabilities	<u>4,175,976</u>	<u>4,634,082</u>
Net assets:		
Without donor restrictions	7,427,078	7,750,024
With donor restrictions	4,290,252	4,670,331
Total net assets	<u>11,717,330</u>	<u>12,420,355</u>
Total liabilities and net assets	<u>\$ 15,893,306</u>	<u>\$ 17,054,437</u>

See accompanying notes.

The Central Treasury of the Virginia Conference
Statements of Activities
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u> (As Adjusted)
Support and revenue without donor restrictions:		
Apportionments from churches	\$ 26,716,298	\$ 27,710,875
Second mile giving from churches	1,487,039	2,107,452
Other income	291,268	277,150
Miscellaneous program income	94,550	49,260
Investment (loss) income, net	(205,185)	584,347
Release from restrictions	<u>2,901,612</u>	<u>3,527,667</u>
Total support and revenue without donor restrictions	<u>31,285,582</u>	<u>34,256,751</u>
Expenses:		
Program services	27,514,766	28,589,890
Management and general	<u>4,093,762</u>	<u>4,504,964</u>
Total expenses:	<u>31,608,528</u>	<u>33,094,854</u>
Change in net assets without donor restrictions	(322,946)	1,161,897
Support and revenue with donor restrictions:		
Apportionments from churches	1,301,788	1,075,643
Grants and scholarships	385,959	312,014
Registrations	341,819	299,911
Contributions	315,225	218,496
Other income	41,251	53,444
Second mile giving from churches	92,682	445,862
Miscellaneous program income	37,290	203,412
Investment income	5,519	126,007
Release from restrictions	<u>(2,901,612)</u>	<u>(3,527,667)</u>
Change in net assets with donor restrictions	<u>(380,079)</u>	<u>(792,878)</u>
Change in net assets	(703,025)	369,019
Net assets, beginning of year	<u>12,420,355</u>	<u>12,051,336</u>
Net assets, end of year	<u>\$ 11,717,330</u>	<u>\$ 12,420,355</u>

See accompanying notes.

The Central Treasury of the Virginia Conference
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Management and General	Total
Remittances of apportionment income	\$ 20,099,258	\$ -	\$ 20,099,258
Costs of ministry	1,610,209	1,836,937	3,447,146
Donations and grants	2,032,242	79,701	2,111,943
Distributions of second mile giving	1,106,977	-	1,106,977
Personnel costs, lay employees	250,225	750,195	1,000,420
Other expenses	621,430	259,887	881,317
Distributions of church apportionment income	775,481	-	775,481
Travel and meetings	429,389	220,280	649,669
Conference activities	284,175	192,064	476,239
Professional fees	70,187	195,110	265,297
Office expenses	121,302	97,655	218,957
Depreciation	44,214	154,642	198,856
Loan loss write-off	-	151,943	151,943
Utilities	13,649	124,475	138,124
Training	56,028	30,873	86,901
	<u>\$ 27,514,766</u>	<u>\$ 4,093,762</u>	<u>\$ 31,608,528</u>
Total expenses:	<u>\$ 27,514,766</u>	<u>\$ 4,093,762</u>	<u>\$ 31,608,528</u>

See accompanying notes.

The Central Treasury of the Virginia Conference
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (703,025)	\$ 369,019
Adjustments to reconcile change in assets to net cash provided by operating activities:		
Net realized and unrealized losses (gains) on investments	276,453	(539,602)
Gain on sale of property plant and equipment	(17,859)	(24,103)
Loan loss write-off	151,943	-
Depreciation expense	198,856	211,895
Change in assets and liabilities:		
Accounts receivable	676,079	(398,993)
Other current assets	(36,469)	9,321
Apportionments payable to other entities	(261,131)	296,340
Accounts payable and accrued expenses	(227,362)	281,019
Unearned revenue	30,387	4,000
	<u>87,872</u>	<u>208,896</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from the sale of investments	600,000	1,152,942
Purchase of investments	(126,786)	(1,473,469)
Purchase of property and equipment	(171,697)	(587,726)
Proceeds from the sale of property and equipment	17,859	444,713
Increase in funds held by the United Methodist Church	(7,095)	(125,216)
Loans receivable issued	(310,415)	(40,090)
Repayments received on loans receivable	429,134	27,300
	<u>431,000</u>	<u>(601,546)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	518,872	(392,650)
Cash and cash equivalents, beginning of year	<u>1,427,041</u>	<u>1,819,691</u>
Cash and cash equivalents, end of year	<u>\$ 1,945,913</u>	<u>\$ 1,427,041</u>

See accompanying notes.

**The Central Treasury of the Virginia Conference of the United Methodist Church
Notes to 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). The 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

Classes of net assets

The financial statements of the Central Treasury have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Central Treasury to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Central Treasury's management and the Council on Finance and Administration for use in the Central Treasury's operations.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Central Treasury or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenues and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulation or by law. Expirations of restrictions on net assets with donor restrictions (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 of the Virginia Conference of the United Methodist Church
Notes to 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, 2018 and 2017, 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, 2018 and 2017, 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 Financial Statements

Property and equipment

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

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

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

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

Recognition of contributions

Contributions are recorded at their estimated fair value when the donor makes a promise to give that is, in substance, unconditional.

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 had no effect on net assets or changes in net assets.

Advertising costs

Advertising costs are expensed when incurred. Advertising costs were \$2,413 and \$4,772 for the years ended, December 31, 2018 and 2017, 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, 2018, the Central Treasury had \$1,331,555 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 statements of financial position.

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

Notes to Financial Statements

Recent Accounting Pronouncement

During fiscal year 2018, the Central Treasury adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return. The fiscal year 2017 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources and analysis of expenses by functional and natural categories. These disclosures have been presented for 2017 as allowed by ASU No. 2016-14. The retrospective application resulted in temporarily restricted net assets of \$4,670,331 being reported as net assets with donor restrictions and unrestricted net assets of \$7,750,024 being reported as net assets without donor restrictions as of December 31, 2017.

Functional expenses

The Central Treasury allocates its expenses on a functional basic among its program and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated between program and administrative expenses based on an estimate of time expended. The Central Treasury has no fundraising expenses.

Subsequent events

In preparing these financial statements, the Central Treasury has evaluated events and transactions for potential recognition or disclosure through November 27, 2019, the date the financial statements were available to be issued.

3. Availability and Liquidity

The following represents the Central Treasury's financial assets at December 31, 2018:

Financial assets at year-end:		
Cash and cash equivalents		\$ 1,945,913
Accounts receivable, net		2,640,081
Investments		<u>5,697,044</u>
Financial assets at year-end		10,283,038
Less:		
Financial assets with donor restrictions		<u>(4,290,252)</u>
Financial assets available to meet general expenditures over the next twelve months		<u>\$ 5,992,786</u>

The Central Treasury's policy is to structure its financial assets to be available as its general expenditures and other obligations come due.

4. Investments

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

	<u>2018</u>		<u>2017</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Alternative investments	<u>\$ 5,014,785</u>	<u>\$ 5,697,044</u>	<u>\$ 5,310,913</u>	<u>\$ 6,446,711</u>

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

Notes to Financial Statements

Investment income (loss) consisted of the following for the year ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 103,482	\$ 201,780
Realized and unrealized (losses) gains	(276,453)	539,602
Investment management fees	<u>(26,695)</u>	<u>(31,028)</u>
Investment (loss) income, net	<u>\$ (199,666)</u>	<u>\$ 710,354</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.

5. 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, 2018 and 2017, the fund had loans outstanding of \$545,798 and \$518,008, respectively. Loan terms require payment of principal and interest (at 4%) within six years of graduation or withdrawal.

6. Property and Equipment

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

	<u>2018</u>	<u>2017</u>
Land	\$ 793,019	\$ 793,019
Buildings	5,017,597	5,017,597
Furniture, fixtures, and equipment	1,059,263	887,566
Software	<u>21,735</u>	<u>21,735</u>
	<u>6,891,614</u>	6,719,917
Accumulated depreciation	<u>(2,547,632)</u>	<u>(2,348,776)</u>
Property and equipment, net	<u>\$ 4,343,982</u>	<u>\$ 4,371,141</u>

7. 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.

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

Notes to Financial Statements

At December 31, 2018 and 2017, there were no Funds of Boards and Agencies net assets with donor restriction in connection with this gift annuity agreement.

8. Loans Receivable

Loans receivable consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Districts of the Conference	\$ 149,848	\$ 169,928
Virginia United Methodist Assembly Center, Inc.	<u>-</u>	<u>250,582</u>
	<u>\$ 149,848</u>	<u>\$ 420,510</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 \$149,848 and \$169,928 is due from the Charlottesville District as of December 31, 2018 and 2017, respectively. This loan is non-interest bearing and there is no set maturity date.

During 2018, The Central Treasury incurred expenses on behalf of the Virginia United Methodist Assembly Center of \$310,415. In October 2018, the Assembly Center was sold. The Central Treasury received proceeds totaling \$409,054 during 2018, resulting in a loan loss write off of \$151,943.

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, 2018 and 2017.

9. Commitments

At December 31, 2018, the Church Development Team of the Conference has committed grants to churches for approximately \$1,011,000 in connection with the Church Development Team Church Extension and Development Fund, which will be funded with Central Treasury assets.

10. 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 \$398,000 and \$390,000 for the years ended December 31, 2018 and 2017, respectively.

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

Notes to Financial Statements

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 for each of the years ended December 31, 2018 and 2017.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Donor-restricted	\$ 1,532,229	\$ 1,580,239
Church Extension Fund	1,304,378	1,467,632
Ministerial Education Fund	598,435	611,709
Common Table	323,944	339,552
CFA	189,389	324,062
Clergy Excellence	200,704	254,071
Miscellaneous Connectional Funds	82,758	76,323
Emerging Funds	<u>58,415</u>	<u>16,743</u>
	<u>\$ 4,290,252</u>	<u>\$ 4,670,331</u>

There were no net assets with donor restrictions under permanent restriction at December 31, 2018 and 2017.

12. 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>2018</u>	<u>2017</u>
Rent income	\$ 30,900	\$ 30,000
Administrative services revenue	<u>72,000</u>	<u>60,000</u>
	<u>\$ 102,900</u>	<u>\$ 90,000</u>

As of December 31, 2018 and 2017, \$3,792,263 and \$4,623,265, 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 \$1,904,781 and \$1,823,446 at December 31, 2018 and 2017, respectively. These savings certificates earned \$31,336 and \$24,559 during the years ended December 31, 2018 and 2017, respectively.