



THE UNITED METHODIST CHURCH

Baltimore-Washington Conference

Equipping spiritual leaders to transform the world

Council on Finance & Administration

2014 Annual Conference

May 2014

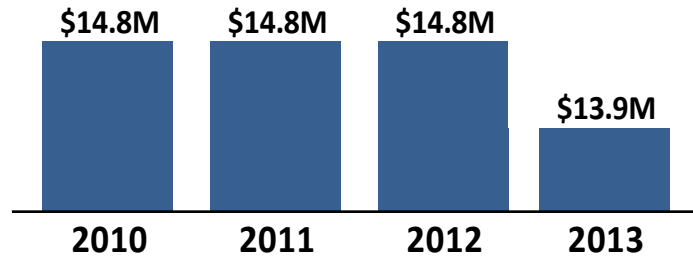


Agenda

- 2013 Year End Performance
- 2015 Budget Proposal
- CFA Recommendations
- Equitable Compensation Recommendations

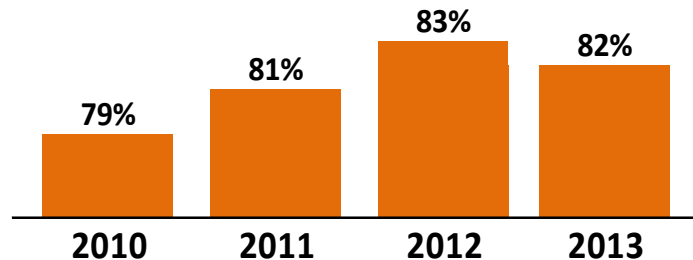
2013 Apportionments

Apportionment Income



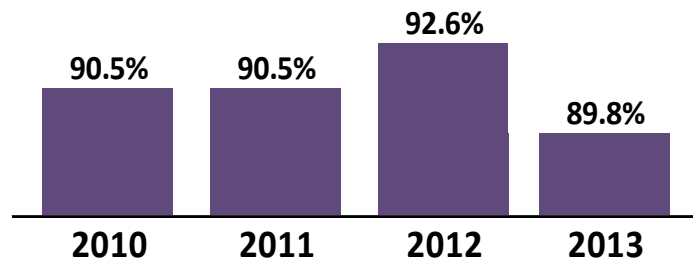
- The 2013 budget reduced the apportionment budget by \$1.0M
- Unfortunately, giving was \$257K less than budget
- December was off budget by \$300K

Met 100% Apportionment



- The number of churches giving 100% remains high
- 90% of churches have given 100% in at least one of the past two years

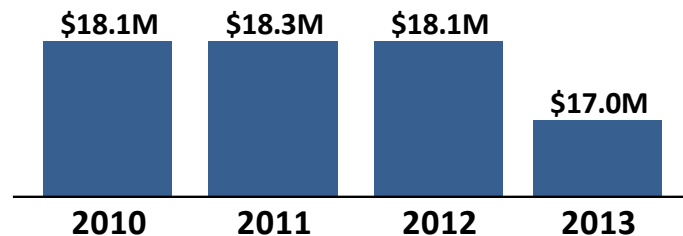
Collection Rate



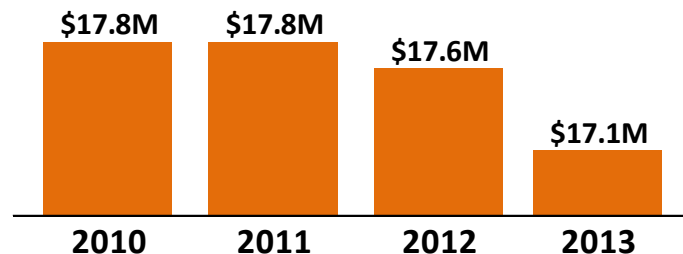
- The collection rate dropped in 2013, but the analysis of some key churches gives confidence for the future.

2013 Financial Performance

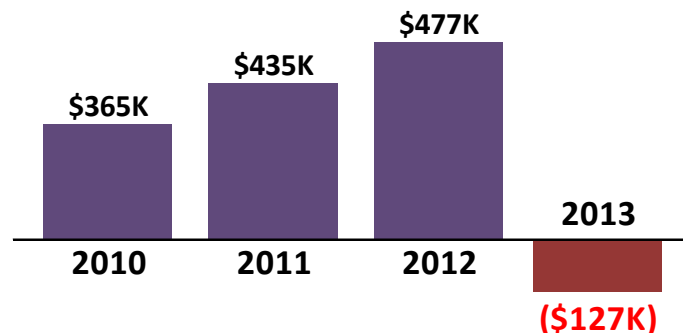
Total Income



Total Expenses



Net Income



- Total income was \$1.1M less vs. 2012
- Non-apportionment income was \$158K better than budget and helped to offset the apportionment shortfall
- Total income was only \$99K less than budget
- Total expenses were \$500K less than 2012 and on budget
- The net income was negative for the first time in several years.
- Driven by shortfall in apportionments

2015 Budget CFA Recommendations

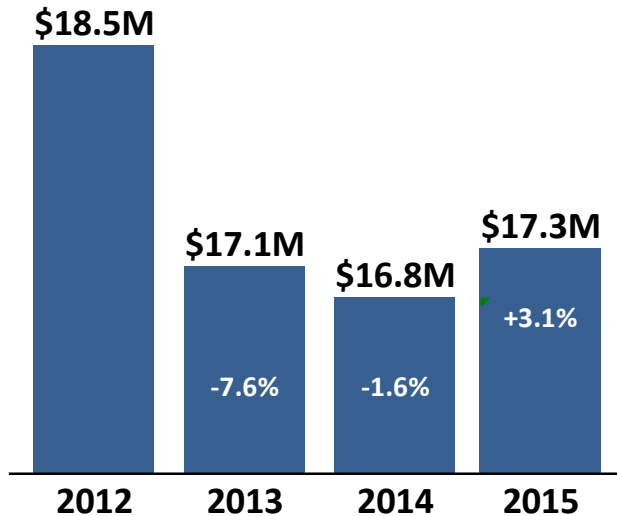
2015 Budget Assumptions

Apportionment Base	X	Benevolence Factor	X	Collection Rate	=	2015 Apportionment Income
\$86.8M	X	17.75%	X	92.0%	=	\$14.2M

- The 2013 statistical data showed an increase of 0.8% in the apportionment base to \$86.8M (first increase in 3 years)
- Benevolence Factor was held steady at 17.75%
- Collection Rate was set at 92.0%
- Results in apportionment income of \$14.2M (0.2% increase)

Proposed 2015 Budget

Proposed 2015 Budget



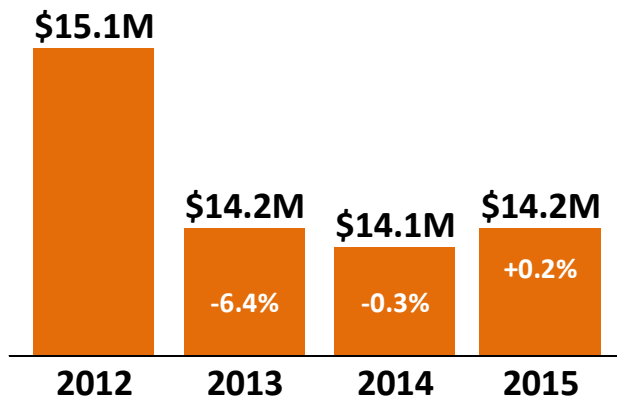
- Total budget is a 3.1% increase
- Apportionment income is steady
- Non-Apportionment income is increased in the budget by \$400K.

- \$ 184,000 is from prior year New Church Start budgets that were unspent

- \$ 50,000 is from New Church Start partners

- Retiree medical draws varying levels of support from Retiree Reserves based on actuarial projections

Apportionment Income





Our Future is the Focus

- New Church Starts
 - 12 new congregations will receive funding
 - Funding Plan - \$ 324,000 from apportionments
 - \$ 184,000 from prior year underruns
 - \$ 50,000 from new church start partners
 - Overall increase is \$240,000. This is a one year increase as the prior year underruns for New Church Starts are expended
- New Ministry Grants
 - \$ 338,000 from apportionments (decrease of \$82,000)
 - \$ 195,000 from Trustee Endowment Grants funds
 - Overall increase is \$113,000. Intend to maintain this level into the 2016 budget.

2015 Budget Proposal

- Proposed Expense Increases
 - Salaries increased by 2.0%
 - Missions funding increase of 3%
 - Addition of a Global Partnership Coordinator
 - Univ of MD Campus Ministry increased to full-time position
 - Benefits increased by 20% to match current requirements
 - Clergy moving increased by \$65,000
 - Legal expenses increased by \$23,000
- Proposed Expense Reductions
 - Mission Center Mortgage reduced \$18,000
 - IT System expenses reduced \$17,000
 - Contingencies reduced \$11,000

CFA Updates

2013 Statistical Data Trends





- Operating Income Increased by 4.3% (\$131.4 Million, Up \$5.4 M)

Pledges Up 8.9% \$ 52.1 Million

Non-Pledges Up 2.9% \$ 57.7 Million

Fundraisers Down 5.3% \$ 4.9 Million

- Local Church Income Trends

2004 to 2010	2011	2012	2013
+3%/YR 	-5.0% 	+4.5% 	+4.3% 

- The 2013 Apportionment Budget was \$14.2M which was 10.8% of the reported Operating Income of Local Churches.
- We are approaching our goal of 10%.



Focus on Stewardship

- The Cabinet is implementing new ways for working with churches who currently find themselves in one or two of the following categories:
 1. Currently giving less than 100% apportionments
 2. Not making full benefit payments
- The Cabinet is working in concert with the CFA and the Board of Pensions in developing these programs.
- Our focus is on growing stewardship capacity with detailed plans and expectations for each congregation



CFA Recommendations

1. Proposed 2015 budget = \$17,331,386
2. Proposed 2015 Benevolence Factor = 17.75%
3. Combined Apportionment Budget Ratio Statement:
33% World Service
67% Conference and General Church Benevolences
4. Independent Auditors for 2014 - Ellin & Tucker
5. Close 2014 books on January 13, 2015
6. Grant authority to CFA, in consultation with the Bishop and the Cabinet, to act on financial matters between sessions of the Annual Conference

Equitable Compensation Recommendations

Commission on Equitable Compensation

Recommendations:

In consultation with the cabinet, the COEC recommends that the minimum salary for 2015 be increased by 2.6% or \$1,033 to \$40,760.

We are recommending an increase in the recommended housing allowance by 1.7%, or \$332 to \$19,866.

THANK YOU