

**DETROIT ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH**

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017
(with comparative totals for the year ended December 31, 2016)

CONTENTS

Independent auditors' report	166
Financial statements	
Statements of assets, liabilities and net assets - modified cash basis.....	168
Statement of support, revenue and other receipts, expenses, other disbursements and changes in net assets - modified cash basis	169
Notes to financial statements	170



Maner Costerisan PC
2425 E. Grand River Ave.
Suite 1
Lansing, MI 48912-3291
T: 517 323 7500
F: 517 323 6346
www.manercpa.com

INDEPENDENT AUDITOR'S REPORT

To the Council on Finance and Administration
Detroit Annual Conference
of the United Methodist Church

Report on the Financial Statements

We have audited the accompanying financial statements of Detroit Annual Conference of the United Methodist Church which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2017 and 2016, and the related statement of support, revenue and other receipts, expenses, other disbursements and changes in net assets - modified cash basis for the year ended December 31, 2017, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Audited Financial Reports 2018

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 assets, liabilities and net assets of Detroit Annual Conference of the United Methodist Church as of December 31, 2017 and 2016, and its support, revenue and other receipts, expenses, other disbursements and changes in net assets for the year ended December 31, 2017, in accordance with the modified cash basis of accounting as described in Note 1.

Report on Summarized Comparative Information

We have previously audited the Detroit Annual Conference of the United Methodist Church's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2017. In our opinion, the summarized comparative information presented in the statement of support, revenue and other receipts, expenses, other disbursements and changes in net assets - modified cash basis for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Maney Costeiran PC

May 22, 2018

Audited Financial Reports 2018

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Cash and cash equivalents	\$ 1,802,361	\$ 2,887,943
Investments	10,634,290	10,199,954
Receipts in transit	844,607	969,078
Due from affiliated church organizations, less allowance for doubtful accounts of \$104,397 and \$83,000 in 2017 and 2016, respectively	257,176	157,724
Notes and loans receivable	208,000	208,000
Property and equipment - net	1,761,059	4,240,485
TOTAL ASSETS	\$ 15,507,493	\$ 18,663,184
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Assets held on behalf of others	\$ 614,061	\$ 574,259
NET ASSETS:		
Unrestricted	13,827,940	17,033,998
Temporarily restricted	1,001,983	991,418
Permanently restricted	63,509	63,509
Total net assets	14,893,432	18,088,925
TOTAL LIABILITIES AND NET ASSETS	\$ 15,507,493	\$ 18,663,184

See notes to financial statements.

Audited Financial Reports 2018

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENT OF SUPPORT, REVENUE AND OTHER RECEIPTS, EXPENSES,
OTHER DISBURSEMENTS AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for the year ended December 31, 2016)**

	2017			Total	2016
	Unrestricted	Temporarily restricted	Permanently restricted		
SUPPORT, REVENUE AND OTHER RECEIPTS:					
Support and revenue:					
Apportionments	\$ 5,870,549	\$ -	\$ -	\$ 5,870,549	\$ 5,871,964
Special offerings / mission & ministry	-	253,744	-	253,744	603,915
Investment income	1,301,758	19,342	-	1,321,100	663,913
Camp registration and rental fees	-	-	-	-	918,115
Other income	1,358,553	2,842	-	1,361,395	1,968,739
Net assets released from restrictions	265,363	(265,363)	-	-	-
Total support and revenue	8,796,223	10,565	-	8,806,788	10,026,646
Other receipts:					
Pension apportionments	1,739,285	-	-	1,739,285	1,699,957
Past years pension apportionments	11,975	-	-	11,975	44,141
Insurance reimbursements	8,722,742	-	-	8,722,742	8,640,792
Total support, revenue and other receipts	19,270,225	10,565	-	19,280,790	20,411,536
EXPENSES AND OTHER DISBURSEMENTS:					
Expenses:					
Salaries	1,920,647	-	-	1,920,647	2,543,088
Health insurance	394,756	-	-	394,756	433,228
Pension and post-employment benefit expense	46,503	-	-	46,503	59,001
Other employee costs	148,798	-	-	148,798	185,592
Training and continuing education	30,311	-	-	30,311	11,911
Travel, meeting and moving expenses	400,697	-	-	400,697	442,985
Operating and administrative expenses	1,467,588	-	-	1,467,588	1,442,971
Parsonage and building expenditures	395,405	-	-	395,405	726,082
Remittances to General Church	1,635,400	-	-	1,635,400	1,630,168
Conference benevolence	2,150,063	-	-	2,150,063	2,109,819
Contribution to camping ministries	4,247,763	-	-	4,247,763	-
Depreciation	53,275	-	-	53,275	224,905
Total expenses	12,891,206	-	-	12,891,206	9,809,750
Other disbursements:					
Remittances to Board of Pensions	1,144,412	-	-	1,144,412	1,260,194
Health insurance	8,440,665	-	-	8,440,665	8,694,402
Total expenses and other disbursements	22,476,283	-	-	22,476,283	19,764,346
INCREASE (DECREASE) IN NET ASSETS	(3,206,058)	10,565	-	(3,195,493)	647,190
NET ASSETS - beginning of year	17,033,998	991,418	63,509	18,088,925	17,441,735
NET ASSETS - end of year	<u>\$ 13,827,940</u>	<u>\$ 1,001,983</u>	<u>\$ 63,509</u>	<u>\$ 14,893,432</u>	<u>\$ 18,088,925</u>

See notes to financial statements.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The books and records of the Conference are maintained on the modified cash basis of accounting. Under this method, income is recognized when received and expenses are recorded at the time of payment except for the recognition of certain assets and liabilities related to the timing of local church contributions at year end, amounts due from/to various organizations resulting from apportionments and/or special offerings and reimbursements of health insurance premiums, investments, notes and loans receivable, property and equipment and cash held on behalf of others in an agency capacity. Additionally, certain amounts held on the Conference's behalf at Wespeth Benefits and Investments are not included in these financial statements and related cash flows attributable to local churches are reported as other receipts and disbursements. See Note 8.

Financial statement presentation - The statement of support, revenue and other receipts, expenses, other disbursements and changes in net assets - modified cash basis includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Conference's prior-year statement of support, revenue, and other receipts, expenses, other disbursements and changes in net assets - modified cash basis from which the summarized information was derived.

The Conference is required to 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. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- Unrestricted net assets represent funds available for current operations, support of local churches, various missions, educational programs, and youth summer camps.
- Temporarily restricted net assets consist of contributions or earnings which have been restricted by the donor.
- Permanently restricted net assets are gift instruments requiring the principal be maintained intact in perpetuity and only the income be used for purposes specified by the donor. Income earned is available to provide inspirational speakers for the school of ministry.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund accounting - To facilitate observance of limitations and restrictions placed on the use of available resources, the accounts are maintained in accordance with the principles of fund accounting. Funds are established according to the nature and purpose of resources available to the Detroit Annual Conference of the United Methodist Church. The assets, liabilities, net assets and financial activity of the Conference are recorded in the following self-balancing fund groups:

- Connectional Ministry and Administration Fund - resources available for current operations in supervision and administration of the mission and ministry of the Detroit Annual Conference of the United Methodist Church.
- Conference Leadership Team Fund - resources available for distribution to the programs of mission and ministry of the Detroit Annual Conference of the United Methodist Church program agencies.
- Mission in Ministry Fund - resources to allow churches direct involvement in the charities promoted by Conference agencies. Member churches select individual charities to fund from a listing prepared by the Conference.
- General Church Apportionments Fund - resources available for providing financial support for the programs of the general church agencies, including recruitment and education of ordained ministers, support of seven United Methodist black colleges in the United States, support of the United Methodist Africa University in Zimbabwe, resources for the General Church agencies including the General Council on Finance and Administration, the General Board of Global Ministries, the General Board of Discipleship, the General Board of Church and Society and the Connectional Table, through the World Service Fund as well as funding for administration through the General Church Administration and Interdenominational Cooperation funds.
- New Church Development Fund - resources available for new church development and refurbishing of camps operated by the Board of Outdoor and Retreat Ministries, as well as loan funds administered by the Conference Board of Global Ministries.
- Outdoor and Retreat Ministries Fund - resources available for Council retreat centers and camping programs. Effective January 1, 2017 all assets, liabilities, and net assets were removed from the Conference general ledger. All activity will now be maintained with Michigan Area United Methodist Camping.
- Pension and Health Benefits Fund - resources available for support, relief, assistance and pensioning of clergy, lay workers for the various units of the Conference and their families.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

- Plant Fund - property and equipment owned and used directly in the operation of the Conference.
- Other Designated Funds - resources for purposes related to Conference programs, including Trustee funds (arising from the sales of parsonages) and the WMRP fund (related to communications).

Functional allocation of expenses - The costs of the various programs and other activities have been summarized on a functional basis in Note 10. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

Cash and cash equivalents includes all highly liquid investments purchased with an original maturity of 3 months or less.

Investments are recorded at fair value and consist of various equity securities, U.S. treasury notes, certificates of deposit, mutual funds and pooled funds. Realized and unrealized gains and losses are recorded in the statement of support, revenue and other receipts, expenses, other disbursements and changes in net assets - modified cash basis.

Receipts in transit include contributions collected by local churches during the years ended December 31, 2017 and 2016, but not received by the Conference until after year end.

Notes and loans receivable consist of outstanding principal for loans the Conference provided to local churches to help finance capital expenditures.

Property and equipment is capitalized at cost. Donated assets are recorded at fair value at date of donation. Parsonages are recorded at original cost plus the cost of subsequent additions. Depreciation is computed over the estimated useful life of assets using the straight-line method. Additions to property and equipment over \$1,000 are capitalized. Cost of maintenance and repairs are charged to expense when incurred. The useful lives adopted for the purpose of computing depreciation are:

Parsonages and improvements	20 to 40 years
Camp buildings and equipment	5 to 40 years
Conference center furniture and equipment	5 to 7 years

Assets held on behalf of others consist of cash held in an agency capacity.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION, RISKS AND UNCERTAINTIES

The Detroit Annual Conference of the United Methodist Church (the Conference) is a Michigan non-profit corporation. The purpose of the Conference is to administer the collective ministries of local churches that make up its membership. The member churches are located in the Upper Peninsula of Michigan and the eastern half of the Lower Peninsula of Michigan. Using apportionments received from its member churches, the Conference provides support for various missions, educational programs and summer youth camps. The Conference is exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code.

The Conference is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Conference to concentrations of significant credit risk consist of cash and cash equivalents, and investments. The Conference places its cash with various FDIC insured financial institutions and thereby limits the amount of credit exposure to any one financial institution. Credit risk with respect to investments is limited due to the wide variety of companies and industries. Although such investments and cash balances may exceed the federally insured limits at certain times during the year and at year-end they are, in the opinion of management, subject to minimal risk. The Conference maintains a diversified investment portfolio which is subject to market risk.

Investments are disclosed in Notes 3 and 4 and consist largely of amounts invested in various funds by the United Methodist Foundation of Michigan (UMF) as well as Wespeth Benefits and Investments (WBI).

UMF Balanced Fund - The primary investment objective of the Fund is to provide for long term capital growth. The Fund operates as a "fund of funds" through which participants are invested primarily in the Stock Fund and Bond Fund. The Fund will be allocated approximately 35% to 65% in the Stock Fund and approximately 35% to 65% in the Bond Fund. The Fund seeks to achieve its investment objectives by investing in a diversified portfolio of common stocks, bonds and money market instruments.

UMF Stock Fund - The Fund seeks to achieve long-term capital appreciation through investments in stocks and other securities, with primary emphasis on U.S. large capitalization companies and secondary emphasis on global and international equities and on U.S. small and middle capitalization companies. The Fund is subject to the general investment restrictions and the socially responsible investment criteria as adopted by the UMF Foundation.

UMF Bond Fund - The Fund's primary objective is to achieve a high level of current income, with capital appreciation as a secondary objective, by investing in investment-grade debt securities. The Fund invests in U.S. Treasury and agency securities, municipal securities, corporate bonds, mortgaged backed securities, preferred shares and other fixed income securities rated as investment grade by a Nationally Recognized Statistical Rating Organization. The Fund is subject to the general investment restrictions and the socially responsible investment criteria as adopted by the UMF Foundation.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

UMF Money Market Investment Account - The Fund's objective is to seek maximum current income consistent with liquidity and the maintenance of a portfolio of high quality short-term money market securities. The Fund attempts to achieve its objective by investing in a diversified portfolio of U.S. dollar denominated money market securities. These securities primarily consist of short term U.S. Government securities, U.S. Government agency securities, and securities issued by U.S. Government sponsored enterprises and U.S. Government instrumentalities, commercial paper and repurchase agreements and variable and floating rate obligations.

WBI Short Term Investment Fund - The Fund seeks to maximize current income consistent with preservation of capital. The Fund seeks to achieve its investment objective through the exposure to short-term fixed income securities in the sweep account. The Fund exclusively holds cash and cash equivalents in the form of units of the sweep account. The sweep account holds U.S. government bonds, agency bonds, corporate bonds, securitized projects, dollar denominated international fixed income securities, commercial paper, certificates of deposit, and other similar types of investments. The performance objective of the Fund is to slightly outperform its performance benchmark, the Bank of America Merrill Lynch 3-Month Treasury Bill Index.

WBI Multiple Asset Fund - The Fund seeks to maximize long-term investment returns, including current income and capital appreciation, while reducing short-term risk by investing in a broad mix of investments. The performance objective of the Fund is to outperform the investment returns of its performance benchmark (35% Russell 3000 Index, 30% MSCI ACWI excluding USA IMI, 25% Bloomberg Barclays U.S. Universal Index excluding Mortgage Backed Securities, and 10% Inflation Protection Fund Custom Benchmark by 0.8% on average per year (net of fees) over a market cycle (5 to 7 years).

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of 3 to 4 years.

The Conference evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through May 22, 2018, which is the date the financial statements were available to be issued.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - INVESTMENTS

The Conference invests certain amounts with the United Methodist Foundation of Michigan (the Foundation). The Foundation was formed as a nonprofit organization by member churches of the Annual Conferences of West Michigan and Detroit. It is governed and monitored by its own independent commission. The Foundation's primary purpose is to broaden the financial base of member churches by assisting in and receiving planned and deferred gifts, assisting in the set-up and marketing of endowment funds, and the generation of market-level returns on invested monies through the use of investment pools.

The Conference also invests funds with Wespeth Benefits and Investments, which is a not-for-profit administrative agency of The United Methodist Church, responsible for the general supervision and administration of investments and benefit services according to the principles of The United Methodist Church.

Investments at December 31 consist of the following:

	<u>2017</u>	<u>2016</u>
Direct investments:		
Equity securities	\$ 2,582,646	\$ 2,282,057
United States Treasury Notes	65,500	65,500
Mutual funds - Equity	858,358	853,060
Mutual funds - Fixed income	314,260	348,793
Money market	188,351	205,957
United Methodist Development Fund - certificates of deposit	339,025	333,081
Pooled funds managed by the Foundation:		
UMF Balanced Fund	490,516	550,571
UMF Stock Fund	2,366,280	2,510,012
UMF Bond Fund	490,417	551,914
Pooled funds managed by Wespeth Benefits and Investments:		
Short Term Investment Fund	9,111	7,963
Multiple Asset Fund	2,929,826	2,491,046
	<u>\$ 10,634,290</u>	<u>\$ 10,199,954</u>

Investment income from cash deposits and investments consist of the following for the year ended December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 83,230	\$ 81,934
Realized and unrealized gain	1,237,870	581,979
Total investment income	<u>\$ 1,321,100</u>	<u>\$ 663,913</u>

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting standards establish a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy are described below:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Conference's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used to determine how an asset is measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Conference are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Conference are deemed to be actively traded.

Equity securities: Valued at the price reported on the active market on which the individual securities are traded.

U.S. government securities and certificates of deposit: Valued using pricing models maximizing the use of observable inputs for similar securities.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE MEASUREMENTS (Concluded)

Pooled Funds: Reported by the United Methodist Foundation (UMF) and Wespath Benefits and Investments to the Conference, these pooled funds represent the allocable share of the underlying investments. These investments include numerous securities that are combined with the investment portfolios of other organizations held by the UMF and Wespath Benefits and Investments. As such, these investments are valued at the net asset value of the units held by the Conference and are excluded from the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Conference believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a market value summary by the level of the inputs used in evaluating the Conference's assets carried at fair value at December 31. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	<u>2017</u>	<u>2016</u>
Level 1:		
Direct investments:		
Equity securities	\$ 2,582,646	\$ 2,282,057
U. S. Treasury Notes	65,500	65,500
Mutual funds - Equity	858,358	853,060
Mutual funds - Fixed income	314,260	348,793
Certificates of deposit	<u>339,025</u>	<u>333,081</u>
Total investments measured at fair value	4,159,789	3,882,491
Money market funds at cost	188,351	205,957
Investments measured at net asset value	<u>6,286,150</u>	<u>6,111,506</u>
Total investments	<u>\$ 10,634,290</u>	<u>\$ 10,199,954</u>

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2017	2016
Parsonages:		
Conference	\$ 1,794,183	\$ 1,794,183
Area	213,878	213,878
Camps:		
Land	-	359,450
Buildings	-	4,841,258
Vehicles	-	242,409
Equipment	-	541,085
Conference center furniture and equipment	488,413	372,413
	2,496,474	8,364,676
Less accumulated depreciation	735,415	4,124,191
Net property and equipment	\$ 1,761,059	\$ 4,240,485
Depreciation expense	\$ 53,275	\$ 224,905
	2017	2016
Conference parsonages:		
Marquette District Superintendent - Marquette	\$ 316,523	\$ 316,523
Crossroad's District Superintendent - Flint	218,010	218,010
Ann Arbor Superintendent - Ann Arbor	278,372	278,372
Detroit Renaissance District Superintendent - Farmington Hills	425,617	425,617
Bluewater District Superintendent - Fort Gratiot	305,327	305,327
Saginaw Bay District Superintendent - Midland	250,334	250,334
Total conference parsonages	\$ 1,794,183	\$ 1,794,183
Area parsonages:		
15160 Duxbury Lane, DeWitt Township	\$ 213,878	\$ 213,878

The area parsonages are owned jointly with the Council of Finance and Administration of the West Michigan Annual Conference. The above amount represents the Detroit Annual Conference of the United Methodist Church's share, which approximates 58% of the original cost basis of the property.

Land included in the parsonages listed above amounted to approximately \$155,300 for the years ended December 31, 2017 and 2016.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PROPERTY AND EQUIPMENT (Concluded)

Effective January 1, 2017, the Conference contributed all assets associated with its Outdoor and Retreat Ministries Fund to Michigan Area United Methodist Camping, which is an exempt organization under Section 501(c)3 of the Internal Revenue Code. Michigan Area United Methodist Camping was established to promote camping and outdoor activities while supporting the doctrines of the United Methodist Church.

NOTE 6 - NOTES AND LOANS RECEIVABLES

Financing receivables consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Interest-free advances to Conference officials.	\$ 2,000	\$ 2,000
Note receivable (MI Area Headquarters) - original balance of \$40,000, receivable in one lump sum at maturity, no interest accumulated, unsecured, final maturity January 2019.	40,000	40,000
Land procurement loan receivable from Canton Friendship United Methodist Church, with annual interest payments of \$7,470 at 4.5%, maturity to be determined.	166,000	166,000
	<u>\$ 208,000</u>	<u>\$ 208,000</u>

Maturities of financing receivables at December 31 are as follows:

<u>Years ending December 31,</u>	
2018	\$ -
2019	40,000
2020	-
2021	-
2022	-
Thereafter	<u>168,000</u>
	<u>\$ 208,000</u>

Notes receivable are carried at unpaid principal balances, less an allowance for doubtful collection. Management periodically evaluates the adequacy of the allowance based on past experience and potential adverse situations that may affect the borrower's ability to repay. It is management's policy to write off a loan only when they are deemed permanently uncollectible. As of December 31, 2017 and 2016, management believes that no allowance is necessary.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - NOTES AND LOANS RECEIVABLES (Concluded)

The classification of notes receivable regarding age and interest accrual status at December 31 are as follows:

	2017			2016		
	Principal	Interest	Total	Principal	Interest	Total
Current	\$ 208,000	\$ -	\$ 208,000	\$ 208,000	\$ -	\$ 208,000
Past due:						
30 - 59 days	-	-	-	-	-	-
60 - 89 days	-	-	-	-	-	-
≥ 90 days	-	67,230	67,230	-	59,760	59,760
Total past due	-	67,230	67,230	-	59,760	59,760
Total financing receivables	<u>\$ 208,000</u>	<u>\$ 67,230</u>	<u>\$ 275,230</u>	<u>\$ 208,000</u>	<u>\$ 59,760</u>	<u>\$ 267,760</u>

Past due interest has not been accrued under the modified cash basis of accounting.

NOTE 7 - LEASES

The Conference leases office space in Dewitt, Michigan set to expire December 31, 2022. The Conference also leases a copier set to expire March 2022. The future minimum lease payments for the Detroit Annual Conference are as follows:

Year ending December 31,	
2018	\$ 49,542
2019	50,896
2020	52,300
2021	53,754
2022	51,528
	<u>\$ 258,020</u>

Beginning January 1, 2019, the West Michigan Annual Conference and the Detroit Annual Conference will join to become a single organizational body located in Dewitt, Michigan. Lease obligations for both conferences will transfer to the new organization. The West Michigan Annual Conference leases office space for approximately \$24,000 per year in Grand Rapids, Michigan which is set to expire December 31, 2022.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POST-EMPLOYMENT BENEFITS

From 1982 through 2006, the conference contributed to the Ministerial Pension Plan that was administered by Wespath Benefits and Investments to fund clergy retirement benefits. Wespath Benefits and Investments has taken the position that the Conference is responsible for funding any shortfall in benefits. Beginning January 1, 2019, the West Michigan Annual Conference and the Detroit Annual Conference will join to become a single organizational body and pension obligations for both conferences will transfer to the new organization. As a result, the combined total estimated actuarial liability based on the actuarial calculation as of January 1, 2016 is projected to be \$124,759,126 in 2018. The expected combined contribution for both organizations for 2018 is \$0.

The Conference participates in a voluntary multi-employer defined contribution pension plan that covers substantially all Conference lay employees. The Conference contributes 6.5% of each participant's annual wages. Contributions made by the Conference approximated \$72,000 and \$80,000 for the years ended December 31, 2017 and 2016, respectively.

Additionally, the Conference has an interest in a clergy defined benefit pension plan for service prior to 1982 that is frozen. The Plan is administered by Wespath Benefits and Investments and management believes that the plan is fully funded.

Effective January 1, 2007, the Conference adopted the Clergy Retirement Security Program (CRSP-DB). This program is an amendment and restatement of the previous clergy pension program. Regular contributions made by the Conference approximated \$1,073,000 and \$1,091,000 for the years ended December 31, 2017 and 2016, respectively. The Conference was also required to make additional contributions of \$1,791,670 for the year ended December 31, 2017. The Conference's expected contribution based on the most recent actuarial calculation as of January 1, 2016 was projected to be \$1,728,312 for 2018.

The Conference's policy is to fund all costs of qualified retirees' (clergy and lay employees) health care coverage expense when paid. No expenses were required in 2017 as the coverage was considered fully funded. Based on the most recent actuarial calculation dated October 23, 2017, the post – employment medical benefit liability is projected to reflect an estimated overfunded amount of \$25,514,000 as of January 1, 2017.

Amounts reported as remittances to the board of pensions represent payments made to Wespath Benefits and Investments for the purpose of providing pensions and other post-employment benefits to Conference clergy. Amounts on deposit with Wespath Benefits and Investments at December 31, 2017 and 2016 were approximately \$134,000,000 and \$118,000,000, respectively, which were invested in diversified investment funds and are available to provide for future post-employment benefits.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - RELATED PARTY TRANSACTIONS

The Conference conducts essentially all transactions, other than purchases of goods and services and sales of certain property, with affiliated congregations. Certain administrative expenses are reimbursed by related organizations. The Conference also processes payroll transactions for affiliated organizations at no charge. The value of these services has not been determined but is not considered significant to the financial statements.

In December 2014, the Conference advanced \$40,000 to the Michigan Area Headquarters (Headquarters) to finance the completion of the Ministry Center. This loan matures in 2019 with no interest.

Additionally, the Conference has recorded amounts receivable from Headquarters to reimburse for operational costs incurred by the Conference in the amounts of \$94,189 and \$52,634, for the years ended December 31, 2017 and 2016, respectively.

In August 2013, the Michigan Area United Methodist Ministry Center and the Michigan Area Headquarters entered into an \$825,000 mortgage agreement, the proceeds of which were used for the acquisition of office space for Headquarters. The Conference has entered into an agreement with Headquarters and the West Michigan Annual Conference of the United Methodist Church to provide support to Headquarters for the mortgage payments. Payments are to be sufficient to repay the underlying mortgage note plus interest at 4.74% per annum. The Conference's estimated portion of remaining payments is as follows:

Year ending December 31,	Principal	Interest	Total commitment
2018	\$ 22,555	\$ 15,922	\$ 38,477
2019	323,590	10,011	333,601
	<u>\$ 346,145</u>	<u>\$ 25,933</u>	<u>\$ 372,078</u>

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - FUNCTIONAL ALLOCATION OF EXPENSES

The functional allocation of the Conference's expenses as they relate to programs and management and general at December 31 are listed below:

	<u>2017</u>	<u>2016</u>
Programs:		
Connectional Ministry and Administration	\$ 235,591	\$ 250,000
Conference Leadership Team	1,586,595	1,342,960
Mission & Ministry	343,569	341,140
General Church Apportionments	1,303,785	1,281,595
New Church Development	409,437	629,181
Outdoor and Retreat Ministries	4,247,763	1,179,902
Pension and Health Benefits	100,745	89,750
Other designated funds	<u>1,208,279</u>	<u>1,500,252</u>
Total programs	9,435,764	6,614,780
Management and general	<u>3,455,442</u>	<u>3,194,970</u>
	<u>\$ 12,891,206</u>	<u>\$ 9,809,750</u>

Fundraising has not been segregated on the basis of immateriality.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	December 31, 2016	Revenue	Expenses	December 31, 2017
LeBlanc Fund - restricted for pension benefits; for clergy in cases of disability, divorce or death	\$ 596,221	\$ -	\$ -	\$ 596,221
Reed Fund School of Ministry - restricted endowment for inspirational speakers	57,075	19,342	-	76,417
Mission & Ministry Fund - contributions restricted by local churches	249,416	248,744	(228,389)	269,771
Detroit flood relief - contributions restricted by local churches	88,706	7,842	(36,974)	59,574
	<u>\$ 991,418</u>	<u>\$ 275,928</u>	<u>\$ (265,363)</u>	<u>\$ 1,001,983</u>
	December 31, 2015	Revenue	Expenses	December 31, 2016
LeBlanc Fund - restricted for pension benefits; for clergy in cases of disability, divorce or death	\$ 596,221	\$ -	\$ -	\$ 596,221
Reed Fund School of Ministry - restricted endowment for inspirational speakers	49,484	7,591	-	57,075
Mission & Ministry Fund - contributions restricted by local churches	213,861	292,198	(256,643)	249,416
Detroit flood relief - contributions restricted by local churches	168,050	313,388	(392,732)	88,706
	<u>\$ 1,027,616</u>	<u>\$ 613,177</u>	<u>\$ (649,375)</u>	<u>\$ 991,418</u>

Net assets amounting to \$265,363 and \$649,375 were released from restrictions during the years ended December 31, 2017 and 2016, respectively, by incurring expenses satisfying their restricted purposes.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - ENDOWMENTS

Endowments consist of donor restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Conference has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as permitting the preservation of the historical value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Conference classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Conference. The Conference considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1. The duration and preservation of the fund.
2. The purposes of the Conference and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Conference
7. The investment policies of the Conference.

The Conference's investment and spending practices for endowment assets attempt to provide a predictable stream of funding to programs supported while seeking to maintain the purchasing power of the endowment assets.

Investment earnings from donor-restricted endowment funds are classified as temporarily restricted income until explicit donor stipulations are satisfied. In the event that the fair value of donor-restricted endowment funds falls below the level required to be maintained in perpetuity, the resulting deficiency is recorded as a reduction of unrestricted net assets.

The Conference has adopted an endowment spending policy that directs it to budget the anticipated amount of endowment income and distribute based on budgeted amounts to the beneficiaries or programs specified by the endowment agreements.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Conference has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies for the years ended December 31, 2017 and 2016, respectively.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - ENDOWMENTS (Concluded)

Changes in endowment net assets are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets January 1, 2016	\$ 49,484	\$ 63,509	\$ 112,993
Investment return:			
Investment income	2,532	-	2,532
Net appreciation (realized and unrealized)	5,059	-	5,059
Total investment return	7,591	-	7,591
Endowment net assets December 31, 2016	57,075	63,509	120,584
Investment return:			
Investment income	3,478	-	3,478
Net appreciation (realized and unrealized)	15,864	-	15,864
Total investment return	19,342	-	19,342
Endowment net assets December 31, 2017	\$ 76,417	\$ 63,509	\$ 139,926

NOTE 13 - CONTINGENCIES

From time to time the Conference is involved in various legal proceedings that have arisen in the ordinary course of business. The Conference is party to various local congregation loan obligations and may be contingently liable upon default. Management believes that the outcome of any contingent liabilities, either individually or in the aggregate, will not have a material adverse effect on the Conference's financial position or future results of operations.

Effective January 1, 2007 the Conference became primarily self-insured, up to certain limits, for health claims through Blue Cross Blue Shield of Michigan. The plan includes all participating Conference employees as well as affiliated congregation clergy. The Conference has purchased stop-loss insurance, which will reimburse the Conference for individual policy claims that exceed \$100,000 annually. Claims are expensed as paid. The amount of claims incurred but not reported attributable to the Conference has not been determined. The total expense under the program was approximately \$395,000 and \$433,000 for Conference employees for the years ended December 31, 2017 and 2016, respectively. The Conference is reimbursed for stop loss premiums and claims paid for affiliates covered under the Plan.

**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - MICHIGAN UNITED METHODISTS VOTE TO BECOME ONE

In a live state-wide web address held on June 10, 2015, Michigan Area Bishop Deborah Lieder Kiesey, announced that the Detroit Annual Conference and the West Michigan Annual Conference have voted to create a single organizational body in Michigan by January 1, 2019. The decision will impact over 140,000 professing members in the state, attending nearly 850 local churches.

NOTE 15 - CONTRIBUTION TO CAMPING MINISTRIES

Effective January 1, 2017, the Detroit Annual Conference along with the West Michigan Conference have elected to transfer all assets held on behalf of their camping and outdoor ministries to Michigan Area United Methodist Camping. The goal of the conferences is to centralize the camping and outdoor ministries program under one organization to focus on marketing and providing quality year-round camp and retreat facilities and programs that offer and promote Christian faith for people of diverse backgrounds and ages. Michigan Area United Methodist Camping (a non-profit organization) was incorporated May 2016 as a charitable, nonprofit provider under Section 501(c)3 of the Internal Revenue Code.

The following summarizes the items contributed to Michigan Area United Methodist Camping:

Cash and cash equivalents	\$ 717,496
Investments	988,116
Property and equipment	<u>2,542,151</u>
Total contribution expense	<u>\$ 4,247,763</u>

CFA Financial Policies 2018–2019

Financial Policies

as Presented by the Council on Finance and Administration

The following index is provided as a quick method to access this important document.

CFA President’s Report.....	CFA-2
Stewardship Recommendation.....	CFA-3
Ministry Shares Calculations.....	CFA-3
Section I. Administrative Policies.....	CFA-6
A. Local Church Contributions.....	CFA-6
B. Clergy Support Items.....	CFA-6
C. Cabinet Level Salaries.....	CFA-7
Section II. Travel Policies.....	CFA-7
Section III. Moving Policy.....	CFA-10
Section IV. Investment Policies.....	CFA-14
Section V. Miscellaneous Policies.....	CFA-18
A. Conference-Wide Appeal for Funds.....	CFA-18
B. World Service Apportionment	CFA-18
C. General Church Apportionments.....	CFA-18
D. Presentation of Proposed Budgets	CFA-18
E. Auditing Requirements	CFA-19
F. Bonding of Treasurers	CFA-19
G. Control System	CFA-19
H. Housing/Furnishing Allowance	CFA-20
I. Conflict of Interest	CFA-20
J. Depositories.....	CFA-20
K. Interest Earnings	CFA-20
L. Electronic Main and Internet Usage.....	CFA-21
Special Offerings.....	CFA-23
Calendar Dates for Year-end Reports.....	CFA-23
Budget Summary.....	211

Note: For other specific rules of a financial nature please check the following:
Board of Equitable Compensation
Board of Pension & Health Benefits

CFA President's Report

WEST MICHIGAN AND DETROIT ANNUAL CONFERENCE COUNCILS ON FINANCE AND
ADMINISTRATION
JOINT PRESIDENTS' REPORT

In anticipation of the formation of the MI Area UMC Council on Finance and Administration and in a spirit of unity, we have chosen to issue a combined report to be included in both conference journals this year. Our councils have met jointly at each of the last two annual conferences and, during the past year, we have met jointly for all of our regular meetings.

Together we have worked to staff the Treasurer's office as it transitioned to handling the financial needs of both conferences. The Treasurer's office moved to Clark Corners in Lansing in December of last year. The expanded staff now includes **David Dobbs**, Conference Treasurer/Director of Administrative Services; **Don Emmert**, Conference Benefits Officer; **Becky Emmert**, Treasury & Benefits Operations Manager; **Jennifer Gertz**, EZRA Specialist and Administrative Assistant to Executive Administrator; **Chad Lundy**, Accountant; **Nancy Wyllys**, Accounts Payable; **Rich Pittenger**, Accounts Receivable; **Michael Mayo-Moyle**, IT Specialist; and **John Kosten**, Benefits Administrator. Our sincere thanks go to each of these individuals for their dedication and invaluable skills during this critical time of transition.

Our CFAs truly appreciate how each congregation worked so faithfully in 2017 to pay their ministry shares or apportionments:

West Michigan Conference received 83.4% of the total Ministry Shares for 2017 and was able to pay our Episcopal Fund commitment to the general UM church in full in the amount of \$254,103. In West Michigan Conference, 52 churches of every size paid 100% of their Ministry Shares (and it is notable that many other churches paid over 90% of their Ministry Shares.) This represents approximately 13% of the total 390 congregations in West Michigan Conference. Unfortunately, 36 congregations made no payment towards their Ministry Shares in 2017.

Detroit Annual Conference received 78.4% of the total Apportionments for 2017 and was able to pay our Episcopal Fund commitment to the general UM church in full in the amount of \$331,615.

In Detroit Annual Conference, 256 churches of every size paid 100% of their Apportionments. This represents approximately 63% of the total 408 congregations in Detroit Annual Conference. Unfortunately, 35 congregations made no payment towards their Common Budget Apportionments in 2017.

Special thanks go to each member of our CFAs who gives of their time and talents to help in our mission to assist in whatever way we can to make disciples of Jesus Christ for the transformation of the world.

Susan Cobb

West Michigan United Methodist Conference President of the Council on Finance and Administration

Marj Goralski

Detroit Annual United Methodist Conference President of the Council on Finance and Administration

Stewardship Recommendation

The members of the Annual Conference strongly urge each local church to conduct an every-member commitment program as outlined by Discipleship Ministries or some other effective means of involving the congregation in the needs and program of the church. (Resources are also available through Discipleship Ministries of the United Methodist Church.)

Ministry Shares Calculation

Ministry Shares represent the connectional commitment of the United Methodist Church. All United Methodist churches share in support of the programs and ministries of the UMC as it offers Christ through district, conference, or worldwide activities. The Ministry Share components addressed through these policies include ministries managed by the Michigan Conference, the Ministerial Pension Fund, Church World Service, and the Episcopal Fund.

1. For the purpose of establishing a uniform system of financing the Conference, all Ministry Shares made by the Conference and Districts shall be based on the Grade Figure System employed by the Conference for the common budget.
2. The Council on Finance and Administration shall apportion the amount comprising the annual budget among the churches of the Michigan Annual Conference for the fiscal year (January through December.) These Ministry Shares shall be based on the Grade Figure System and in conformity with the requirements of *The Book of Discipline of The United Methodist Church* and rules adopted by the Annual Conference.
3. The Grade Figure System has been chosen because it allows Ministry Shares for the local church to be based upon the financial relationship of the local church to the total of the churches in the Conference. Each church is expected to assume its portion of the common budget. Giving in addition to Ministry Shares, such as designated special day offerings, authorized General and Conference Advance Specials, etc. is to be made in keeping with the *Discipline* affirmation that “payment in full [of the World Service apportionment] by local churches is the first benevolent responsibility of the church (§1812).”
4. The grade figure for the common budget shall be determined by the current operating expense budget (lines 40 - 47 of the Local Church Report) plus non-United Methodist benevolent giving (line 38 of the Local Church Report), except that in any year when the Ministry Shares are paid in full, the non-United Methodist benevolent giving amount will be excluded from the calculation. Annual variances in the resulting calculation will be moderated by using a four-year rolling average of these numbers. (Note: the line numbers can change based upon changes to the Statistical Report.)
5. Steps in determining the grade figure for the common budget:
 - a. For each local church, for each of the four most recent years reported, find the sum of lines 40 through 47 of the Local Church Report (plus line 38 non UMC benevolences – unless ministry shares are paid in full). For each year that Ministry

Shares were paid in full, exclude the amount from Line 38. Add the four annual sums and find the simple average.

- b. Divide the simple average by the Conference total (simple average) for the same lines.
- c. Example:

Local church total 2017 = \$89,750	Conference total 2017 = \$57,147,624
Local church total 2016 = \$86,317	Conference total 2016 = \$58,487,020
Local church total 2015 = \$71,725	Conference total 2015 = \$56,025,720
Local church total 2014 = \$75,726	Conference total 2014 = \$51,369,385
Sum divided by four = \$80,879	Sum divided by four = \$55,757,437

Local church average \$80,879 divided by Conference average \$55,757,437 equals grade figure of .001451; multiply by the total common budget to calculate the Ministry Shares.

6. Benefits Ministry Shares provide funding for the following areas: contributions for the denomination’s retirement plan; premiums for the denomination’s welfare plan; all expenses related to operations of the Conference Benefits Office and Conference Board of Pension & Health Benefits. Therefore, every local church will be administered a Benefits Ministry Share in connectional support of these conference ministries. The calculation for Benefits Ministry Shares shall be separate from the grade figure for the common budget, and shall be based upon the annual compensation paid by each local church to it Appointed Clergyperson or District Superintendent Assignment. The Conference Benefits Office will bill the Benefits Ministry Share to each local church monthly.
7. Steps in calculating the Benefits Ministry Shares billing:
 - a. For the purpose of Benefits Ministry Shares calculations, compensation includes base cash salary plus housing if provided. Twenty five (25) percent of the base cash salary is added to the salary to determine compensation if a parsonage is provided. If a housing allowance is provided, the actual amount of the housing allowance is added to the salary to determine total compensation.
 - b. A fixed percentage of total compensation is used to calculate Benefits Ministry Shares. The fixed percentage will be established annually by CFA in collaboration with the Conference Board of Pensions and Health Benefits.
 - c. A reduced percentage will be used in situations of Retired Clergy Appointments, District Superintendent Assignments (DSA), or temporary situations of no appointment/assignment.
 - d. Benefits Ministry Share amounts will be adjusted the first of the month following a change in compensation or appointment status.
 - e. Example with Benefits Ministry Share percentage fixed at 12%:
 1. Compensation = \$40,000 salary plus parsonage
Local church Benefits Ministry Share compensation is \$40,000 + 25% of \$40,000 or \$50,000 x 12% = \$6,000 annually, billed \$500 monthly
 2. Compensation = \$27,000 salary plus \$15,000 housing allowance
Local church Benefits Ministry Share compensation is \$27,000 + \$15,000 or \$42,000 x 12% = \$5,040 annually, billed \$420 monthly
 3. Compensation = \$34,000 salary with no housing
Local church Benefits Ministry Share is \$34,000 x 12% = \$4,080 annually, billed \$340 monthly

4. Compensation = \$18,000 with no housing for a DSA
Benefits Ministry Share percentage is reduced to 4% to reflect the DSA
Local church Benefits Ministry Share is $\$18,000 \times 4\% = \720 annually, billed \$60 monthly
8. Overpayment of a church's Benefits Ministry and Common Budget Ministry Shares will be carried over to that church's Benefits Ministry and Common Budget Ministry Shares for the following year.
9. Special policies are further set out below for churches without a 4-year history:
 - a. Calculation of Ministry Shares for new churches: a new church will be assigned Ministry Shares by the Conference and the District 20% of its "full" amount during the first calendar year after the effective charter year. During the second calendar year, the Ministry Shares will be at 40%; during the third year 60%, fourth year 80%; fifth year and thereafter 100%. Prior to the end of the year of their chartering, new church starts are expected to send a tithe (10%) of their giving receipts to the Conference on a quarterly basis.
 - b. Calculation of Ministry Shares for merged churches: the statistics of the merging churches will be added together before calculating the Ministry Shares of the newly formed church for the ensuing year. Reasons for departure from this procedure will be reviewed by CF&A upon appeal, and adjustments may be made on a case-by-case basis.
 - c. Calculation of Ministry Shares for vital merger churches: a new classification of merged churches will be "Vital Mergers." Those mergers fulfilling the Vital Merger qualifications will be considered a new church start by the New Church Development Committee. As part of the Vital Merger process, the congregations involved will create a proposed budget for the merged church which will go into effect on the date the merged church begins worshipping and meeting as one congregation. This budget will be developed in consultation with, and given approval by, the District Superintendent and the District Committee on Church Building and Location. This budget will then be forwarded to the Conference Treasurers office to be used to formulate Ministry Share figures for the newly merged church. A new total base figure will be calculated for the merged church based on the formula outlined in paragraph 6. This new total base figure will be in effect until the actual financial records of the merged church are reported for the first full year of its existence and can be used to calculate a total base figure based on actual expenditures. The Vital Merger church will be assigned Ministry Shares by the Conference and District at 25% of its "full" amount during the first calendar year after the merger. During the second calendar year, the Ministry Shares will be 50%; 75% for the third calendar year; and 100% for the fourth calendar year and thereafter. The church must submit to the District Superintendent and Conference Treasurer's offices and the Board of Pensions a plan for managed debt repayment for any conference pension or health care arrearages.
10. As Ministry Shares are received during the year, the World Service apportionment from the General church shall be paid at the level of receipts.
11. The portion of the Ministry Share for each local church designated for the Episcopal Fund shall be paid in the same proportion as the church pays its pastor. (§1818.3 of *The Book of Discipline of The United Methodist Church 2016*)

12. Funds received in excess of expenses for the Conference fiscal year shall be placed in the reserves of the respective Ministry Share funds and maintained by the Conference Treasurer.

13. During the Conference fiscal year, the Council on Finance and Administration, by a two-thirds (2/3) vote of its members, may use for the benefit of, or distribute to, Conference agencies and causes from the respective funds, such amounts as the Council by its action, upon concurrence with the Bishop, shall determine are required for use or distribution before the next session of the Annual Conference.

Section I - Administration

A. Local Church Contributions

1. All ministry shares apportioned to individual churches for the conference fiscal year shall be divided in ten (10) monthly installments. A statement will be sent from the treasurer's office 12 times a year.
2. All contributions, whether apportioned or un-apportioned, for Michigan Conference agencies and institutions, and for all benevolent causes of The United Methodist Church, shall be sent to the Conference Treasurer for distribution.

B. Clergy Support Items

1. Travel Reimbursement - Churches shall reimburse pastors of local congregations for travel expenses using a voucher system based on reimbursement equivalent to the IRS allowance for business mileage.
2. Expense Reimbursement - Churches may reimburse pastors of local congregations for professional expenses as defined by IRS code. A voucher system shall be used for such reimbursement.
3. Utilities - Churches shall pay all utilities in full for their parsonages, including heat, electricity, water, sewage, and basic telephone service.
4. Annual Conference – The Michigan Conference recommends that the local church pay living expenses for their clergy and lay members who attend Annual Conference. Such expenses should be paid at the rate specified for registration, meals and lodging as shown on the Annual Conference registration materials.
5. Health Insurance
 - a. Enrollment in the conference active group health care plan in most situations will be mandatory for all eligible participants. Enrollment of eligible dependents is optional at the discretion of the participant.
 - b. Each charge or conference-approved group shall share with the participant the full cost of conference group health insurance covering the pastor/conference lay employee and his/her dependents according to the approved premium sharing schedule.
 - c. Even if a pastor is enrolled as a dependent in a spouse's health care plan, the church will be expected to share a portion of the cost of the conference active group health care.
 - d. In the case of health benefits coverage for dependents when there is a legal separation or divorce, please refer to the conditions established by the healthcare policy of the Conference Board of Pension & Health Benefits.
 - e. At the time of a pastoral move, the insurance should be paid to the end of the billing period by the church from which the pastor is moving.
 - f. If a pastor chooses to be enrolled as a dependent on a spouse's health insurance plan, the pastor must have a signed waiver of coverage placed in the file in the

Benefit's office. Joining the active conference group health care plan during the open enrollment period is always an option. Enrollment since the last previous open enrollment period is a prerequisite to receiving certain retirement benefits.

6. Effective dates for salary and Clergy Retirement Security Plan/Comprehensive Protection Plan (CRSP/CPP) Payments for Ministerial Appointment Changes
 - a. The salary shall be paid through June 30 when an appointment change is made at the session of Annual Conference. Salary payments for mid-year appointments will coincide with the effective date of the appointment.
 - b. Payment on CRSP/CPP billing from the General Board of Pension and Health Benefits shall be made for the entire month of June for those appointment changes made during the session of Annual Conference. CRSP/CPP payments for mid-year appointments with an effective date of the first of the month shall be made for the previous month for the outgoing pastor and for the current month for the incoming pastor. Payments for appointment changes effective the 15th of a month shall be made for half of the current month for the outgoing pastor and half of the current month for the incoming pastor.
7. United Methodist Personal Investment Plan (UMPIP) - This is the pastor's recommended contribution (at least three percent) to his/her own personal retirement account. The local church is not required to contribute to this. Where churches do, however, it shall be considered as part of the total cash salary and so reported.

C. **Cabinet Level Salaries**

The salaries of District Superintendents, Director of Connectional Mission and Ministries, Director of Conference Benefits and Human Resources Services, Director of Administrative Services and Conference Treasurer, Director of Communications, Director of Clergy Excellence, and the Director of Congregational Vibrancy shall be set by Council of Finance & Administration. Council of Finance & Administration shall consider the best information available, including, but not limited to, the denominational average compensation, Conference average compensation, the average salary of the top 10 highest paid pastors, and the US Consumer Price index or inflation rate.

Section I – Travel Expense Policies

A. Conference travel

Expenses incurred due to travel on behalf of the Michigan Conference of the United Methodist Church may be reimbursed. All persons who are entitled to travel and other expense reimbursements must complete and submit an expense reimbursement form on a regular basis. Expenses within the appropriate budget limits will be reimbursed. Each form should include detailed explanations of trip expenses and mileage. Receipts for all expenses exceeding \$10 must be attached to the report. According to IRS regulations, reimbursed expenses which are inadequately supported or un-documented may be considered additional compensation and thus be taxable to the recipient.

1. Who May Request Travel Reimbursement – Any Conference employee or member of a Commission, Board, or agency who has traveled for a required Conference purpose may request travel reimbursement. Such amounts must be reasonable. Expenses relating to commuting will not be reimbursed.
2. Information and Documentation Requirements
 - a) Airlines – Receipt from airline must be provided. Electronic tickets may be documented with the emailed receipt from the airline company. Air travel insurance is not a reimbursable expense.
 - b) Auto Expenses – Includes parking fees, tolls, car rental (see below), taxicab, shuttles and other expense incurred in ground transportation; all of which are eligible to be reimbursed. No police or court fines or tickets for parking violations will be reimbursed.
 - c) Car Rental – Rental cars are reimbursable where common carriers are not available or feasible due to scheduling needs, or actual rental cost including gas and other charges are less than the standard mileage rate or common carrier cost.
 - d) Dates of Travel – The expense report should clearly indicate the dates of travel for each trip.
 - e) Incidentals – Tips for baggage handling, porters, bellhops, restaurant service, and business telephone charges are reimbursable. Incidentals should not exceed \$10 per day.
 - f) Lodging – Lodging should be obtained at the most reasonable rate available for the location. A copy of the bill should be submitted with the expense report. Actual cost will be reimbursed when a copy of the bill is submitted. Entertainment expenses are not reimbursable.
 - g) Meals – Meals are reimbursable when travel begins prior to or ends after the normal meal time. Reimbursement will not be made for alcoholic beverages. Generally, meals should not exceed \$40 per day. The maximum daily meal allowance begins when you leave your office. The trip ends when you arrive back at your office but excludes personal travel during the total trip.
 - h) Mileage – Miles traveled on Conference business will be reimbursed at the appropriate rate approved by the Internal Revenue Service. Total miles per trip should be itemized for each day reported. Mileage to be reimbursed is the round trip miles from the primary office location unless the trip originates from home in a different city in which case the mileage to be reimbursed is **the lesser** of the round trip miles from the primary office location or the home location. Odometer readings are not required but may be reported. Commuting miles and miles incurred for personal business enroute for Conference business are not reimbursable. A group mileage report may be completed for committee meetings where there are no other expenses which require receipts to be attached to the report. Any expense reimbursement requiring a receipt must be reported separately by individuals.
 - i) Purpose – The business purpose of each trip must be clearly documented on the travel expense report. Confidential information need not be disclosed but should be maintained in a personal log or diary for your own records. Group meal receipts must document all individuals included in the expense.
 - j) Receipts – Receipts must be submitted for all expenses exceeding \$10. The receipt should report individual items purchased. The original detailed receipts and

the credit card authorization receipt showing the partial card number and any tip amounts must accompany any requisition submitted for expenses paid by credit card. Please submit original receipts only. If costs are being shared by another organization and receipts are required for that entity, a copy of the shared items and corresponding expense report submitted to the second organization may be submitted.

k) Registration Fees – Evidence of fees paid must be submitted.

l) Spouse Expenses – Spousal travel expenses will only be reimbursed in situations where their presence is required by the Conference on Conference business. To avoid any perception that personal expenses are being reimbursed, Board minutes or other written documentation should document a spouse's required presence.

3. Who May Approve Expense Reports

The Bishop may approve travel reimbursement of District Superintendents; the Director of Connectional Ministries may approve travel reimbursement request for Associate Directors and Treasurer. The Treasurer may approve reimbursement requests by any employee of the Conference and the Bishop. No individual may approve a reimbursement to themselves.

Group Mileage Reports may be approved by an officer of the committee, Director of Connectional Ministries or Treasurer. The individual approving the group travel should not be listed as a payee for travel on the same report.

4. Timing of Check Requests and Processing

Forms for each month should be received in the Treasurer's Office as soon as feasible after the month's travel is completed. Travel expense reimbursement requests will be processed in the normal processing schedule. Forms which are incomplete or improperly filled out may result in a delay in processing the check or may be returned for further information.

5. Travel and other expense advances are issued only in very rare instances, except for District Superintendents and conference staff. Upon signing a promissory note, an advance may be obtained, which will be due and payable when the person leaves the staff position.
6. Conference personnel who draw travel allowance by voucher shall receive reimbursement equivalent to the federal IRS allowance for business mileage. This is designed to cover the cost of automobile operation.
7. All others drawing travel expenses from conference funds shall receive reimbursement equivalent to the federal IRS allowance for moving and medical care mileage for car and travel and \$.02 per mile per passenger up to five people. This is designed to cover out-of-pocket expenses (i.e. gas and oil).

B. Travel expense by conference agencies

1. The travel expense of authorized representatives of conference agencies attending meetings convened by conference agencies drawing their full budget from the conference shall be paid by the agency which calls the meeting.

2. Dependent reimbursement cost necessary for dependents (children, sick or elderly) may be distributed from the Administrative budget for a member of any board, commission or committee meeting. The amount reimbursed shall not exceed \$40 per day, per member.

3. Travel to non-United Methodist agencies - The travel expenses of authorized conference representatives attending meetings convened by non-United Methodist

agencies within the state of Michigan, shall be paid by the conference, as provided in Part 1 of this section, to the extent the expenses are not borne by the convening agency.

Section III – Moving Expense Policy

A. Eligible Persons and Moves

1. No moving expenses will be approved until the Appointment Status Sheet is received by the Conference Treasurer's office.
2. All pastors under active appointment within the Michigan Conference structure are eligible to receive moving expense benefits. This will include local church pastors, district superintendents, staff members of conference or district councils, boards, and agencies, treasurers, bishop's assistants, superintendents or directors of parish development, conference-approved evangelists, and campus ministers.
3. Seminary students and pastors from outside the Michigan Conference who are accepting appointment in the conference are eligible for moving expense benefits as provided in this code up to a limit of 750 miles.
4. The conference will pay for one retirement move for pastors who have retired or plan to retire from Episcopal appointment in the conference. The move must be taken within five years of the retirement date. The designation of a retirement move must be declared in writing before the moving expenses are incurred. A move within the state of Michigan shall be paid in accordance with the provisions of this code. A move outside the state shall be paid up to the cost equivalent of 600 miles beyond the state border. Pastors called out of retirement and assigned to a charge will be granted an additional retirement move.
5. A disability move or the move of the surviving spouse of an eligible pastor shall be paid in accordance with the policy for retiring pastors. The conference shall pay for the move out of the parsonage or other approved housing, to another residence in the event of an eligible pastor's death, in accordance with the policy for retiring pastors.
6. When a separation or pending divorce action makes a move advisable, the spouse of a pastor is entitled to reimbursement for one move. Benefits are the same as those available to a surviving spouse of a deceased pastor.
7. Moves within a charge from one parsonage to another are the responsibility of the local charge unless ordered by the cabinet.
8. Pastors not eligible for moving expense benefits include those:
 - a. under appointment outside the structure of the conference.
 - b. on sabbatical, leave of absence, or location.
 - c. who no longer have membership in the annual conference.

B. Policy for Moves

1. Interstate moves – Moves to or from states other than Michigan. Interstate moves are very competitive and 2 or 3 estimates should be obtained before choosing a moving company to get the lowest rate available. Most movers will provide a "Not to Exceed" estimate.
2. Intrastate moves - Moves greater than 40 miles within the State of Michigan. These moves are regulated by State Law and the cost is based solely on weight and distance. Multiple estimates are not required.
3. Local zone moves (40 miles outside of corporate limits) - Local zone moves are not regulated as are other moves within the state. Therefore, 2 or 3 estimates should be obtained to

get the lowest rate available. Charges will be based on an hourly rate times the number of employees involved. Most movers will provide “Not To Exceed” estimates if asked.

4. Family travel - Family travel for pastors covered by this policy will be paid upon request, for one car, at the IRS rate (except the first 100 miles), plus tolls. One overnight lodging will be paid for moves of more than 350 miles upon presentation of receipts.

5. Expenses covered by this code:

- a. Normal state tariff provision for loading, transporting and unloading of household goods up to a maximum weight of 20,000 pounds, including professional books and equipment. Reasonable additional weight will be allowed for clergy couples to enable movement of professional books and equipment for each clergy person. Handwritten weight certificates will not be accepted.
- b. Up to \$150 will be paid by the conference to cover needed packing materials, including wardrobes and dish packs. Mattress boxes will be provided.
- c. One extra pickup and one extra delivery for each clergy person defined as the church office or local storage unit within 15 miles of the clergy member’s housing.
- d. Reasonable charges for necessary handling of special items such as a piano or freezer.
- e. Standard liability insurance of 60 cents per pound which is furnished by the moving company, at no extra charge, under basic tariff provisions.

NOTE: It is now required that the householder sign a release statement on the Bill of Lading on the day of the move to release the shipment to a value of 60 cents per pound per article. Failure to do this will allow the moving company to charge a premium for insurance to cover the shipment at a value of up to \$1.50 per pound.

- f. Where there are medically recognized physical limitations, up to \$1,000 additional shall be allowed for packing. A physician’s authorization must be provided. Contact the Conference Treasurer for authorization.
 - g. Storage charges are the responsibility of the local church if the parsonage is not ready for occupancy. The conference will pay only to the place of storage.
 - h. When a moving company has been selected and an estimate given, contact the treasurer’s office for authorization to be given to the mover. Because Michigan in-state moves are regulated by tariff, only one estimate is needed if items 1 and 2 above do not apply to the move.
6. Expenses NOT covered by this code:
- a. Moving of items other than normal household goods and books, such as boats, trailers, autos, building materials, firewood, fishing shanties, dog houses, etc.
 - b. Packing and/or unpacking services, except as noted in 5.f.
 - c. Full value insurance beyond standard liability insurance provided by the moving company.
 - d. Charges for waiting time, extra labor, connecting and disconnecting appliances.
 - e. Consequential damages resulting from any part or aspect of the move.
 - f. Emotional or pain and suffering damages arising directly or indirectly, from any part or aspect of the move.

C. Miscellaneous Policies

1. No moving company shall employ a pastor or an immediate member of his/her family to solicit business at any time for the purpose of receiving a commission or other consideration.
2. No company shall be allowed to establish an office at the seat of the conference for the purpose of soliciting business.

3. Each pastor is advised to request a copy of his/her inventory sheet from the mover at the time of loading and that it be signed by both the pastor and the moving company.
4. Pastors may want to check with their moving company or home insurance company and request an all-risk policy that would cover all damages in the moving of their household goods from one residence to another.

D. Administration

1. The Conference Treasurer shall administer the Moving Expense Fund.
2. Pastors anticipating a move shall consult with the Conference Treasurer's office to review the guidelines of this code.
3. The pastor shall be responsible for contacting a moving company and for scheduling the loading and unloading of household goods.
4. A written estimate of the cost of moving services shall be made by the moving company and a copy shall be sent to the conference treasurer's office in advance of the move.
5. A letter of authorization shall be sent from the Conference Treasurer's office in advance of the move.
6. Billing for the cost of moving expenses covered by this code shall be made directly to the Conference Treasurer's office. Moving expenses not covered by this code shall be billed directly to the pastor.
7. Provision for payment of any unusual expenses which are not defined by this code shall be arranged through consultation with the Conference Treasurer prior to the move.
8. Requests for exception to the provisions of this code shall be made to the Conference Treasurer in advance of the move. The Treasurer shall review and decide on each exception after consultation with the cabinet and/or CFA, as necessary.
9. **Pursuant to IRS rules, employer paid moves are considered taxable to the employee. The treasurer's office will provide 1099-MISC to the employee in accordance with the IRS rules.**

Approved Moving Companies
(Listed Alphabetically)

- | | |
|---|--|
| <p>1. ** Corrigan Moving Systems
United Van Lines</p> <p>4204 Holiday Dr.
Flint 48507
810-235-9700 / 800-695-0540</p> <p>7409 Expressway Court St
Grand Rapids 49548
616-455-4500
www. Corriganmoving.com</p> | <p>2. Escanaba Moving Systems
United Van Lines
2601 Danforth
Escanaba 49829
906-786-8205</p> <p>3. Frisbie Moving and Storage
United Van Lines
14225 Schaefer Hwy
Detroit 48227
313-837-0808</p> <p>4. Guindon Moving & Storage Co.
1600 3rd Ave. N.
Escanaba 49829
800-562-1075 / 906-786-6560</p> |
|---|--|

CFA Financial Policies 2018–2019

5. Henry L. Myers Moving
Allied Van Line
1621 11th Avenue
Port Huron 48060
6. Palmer Moving & Storage
North American Van Lines
24660 Dequindre
Warren 48091-3332
800-521-3954
7. Rose Moving & Storage
Allied Van Lines
41775 Ecorse Road, #190
Belleville, MI 48111
800-521-2220
www.rosemoving.com
8. Stevens Worldwide Van Lines
Clergy Move Center
527 Morley Drive
Saginaw 48601
989-755-3000 / 800-678-3836
www.stevensworldwide.com
9. Taylor Moving & Storage
8320 Hilton Rd.
Brighton, MI 48114
810-229-7070 / 800-241-7122
www.taylormoving-storage.com
10. Thunder Bay Moving & Storage
Atlas Van Line
2630 US 23 South
Alpena 49707
989-356-9394/800-828-2016

Section IV – Investment Policy

A. **Statement of Purpose**

The purpose of this Investment Policy (IP) is to provide governance and oversight to investments of conference funds under the control and responsibility of the Michigan Conference Council of Finance & Administration. The intent is to facilitate and not hinder conference agencies in the execution of their duties related to the management of their investment portfolios and in the use of their funds as provided in the *2016 Book of Discipline of The United Methodist Church*. In recognition of its fiduciary responsibilities and the mandate of the *2016 Book of Discipline of The United Methodist Church (613.5)*, the Council of Finance & Administration has developed this IP governing investment of their respective conference funds.

B. **Delineation of Responsibilities**

1. Under the *2016 Book of Discipline of The United Methodist Church (612.1)*, the purpose of the Council of Finance & Administration shall be to develop, maintain, and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services for the conference. Accordingly, the Council of Finance & Administration is responsible for establishing principles, policies, standards and guidelines for the investment of all monies, assets and properties of the conference.
2. The Council of Finance & Administration is ultimately responsible for the financial integrity and oversight of conference financial resources. Under this IP all operational and implementation of policy decisions may be delegated to the Investment Committee.
3. The Council of Finance & Administration shall at least once per year review the IP, the effectiveness of the Investment Committee and the overall results of the investments, and will acknowledge in writing that they have done so.

C. **Members of the Investment Committee**

The Conference Investment Committee shall be a sub-committee of Council of Finance & Administration and be composed of five Council of Finance & Administration members selected by Council of Finance & Administration. The members' individual terms shall not exceed eight years and shall be staggered to provide for continuity and experienced leadership. The chairperson and other offices shall be nominated by the Committee from among its members and approved by the Council of Finance & Administration.

Responsibilities of the Investment Committee:

1. To define and develop investment goals, and other operational guidelines.
2. To recommend to the Council of Finance & Administration the selection and discharge of the Investment Managers.
3. To monitor and evaluate the performance results and risk posture of the Investment Manager(s).
4. To provide semi-annually to the Council of Finance & Administration a written account of the investment results, accounting summary and any significant developments.
5. To provide annually to the Council of Finance & Administration a written annual evaluation of the Investment Managers.

6. To require all portfolios will be managed with the aim of maximizing funds available for mission in a manner consistent with the preservation of capital, the Policies Relative to Socially Responsible Investments and the Social Principles of The United Methodist Church.
7. To establish effective communication procedures between the Committee, Council of Finance & Administration, the staff and the outside service providers.
8. To monitor and control investment expenses.
9. To delegate the execution and administration of certain Committee responsibilities as appropriate to the Conference Treasurer who serves as its staff.
10. To carry out any other duties required for the legal operations of the investments, including but not limited to hiring outside vendors to perform various services.
11. To report to the Council of Finance & Administration any significant deviations from this policy for prior approval before they are implemented.

D. Investment Managers

To achieve its investment objectives and to ensure alignment with United Methodist Policies Relative to Socially Responsible Investments and Social Principles, the Investment Managers of Conference Funds, shall be The United Methodist Foundation of Michigan and Wespeth Benefits and Investments.

E. Investment Performance Benchmarks

The investment performance of total portfolios and asset class components will be measured against the published benchmark for the respective investment funds, as well as, against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives and guidelines as set forth in this IP. The standard of care when making decisions is the Prudent Expert Standard, defined as:

“...the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.”

F. Responsibilities of Investment Managers

The Investment Managers shall provide the Investment Committee quarterly or as necessary the following written reports:

1. the portfolio’s complete holdings;
2. a review of the investment performance measured against the respective benchmarks;
3. a commentary on investment results in light of the current investment environment and the goals and guidelines;
4. a review of the key investment decisions and the rationale for these decisions;
5. a discussion of the manager’s outlook and what specific decisions this outlook may indicate;
6. any recommendations as to changes in goals and guidelines in light of material and sustained changes in the capital market; and any significant change in the manager’s investment outlook, ownership or key employees.

G. Socially Responsible Investment Guidelines

As an Annual Conference of The United Methodist Church we are committed to implementation of the socially responsible investment policies in *2016 Book of Discipline of The United Methodist Church (717)*. (We encourage all of our congregations to be socially responsible investors.)

“Sustainable and Socially Responsible Investments-In the investment of money, it shall be the policy of The United Methodist Church that all general boards and agencies, including Wespeth Benefits and Investments, and all administrative agencies and institutions, including hospitals, homes, educational institutions, annual conferences, foundations, and local churches, make a conscious effort to invest in institutions, companies, corporations, or funds with policies and practices that are socially responsible, consistent with the goals outlined in the Social Principles. All United Methodist institutions shall endeavor to seek investments in institutions, companies, corporations, or funds that promote racial and gender justice, protect human rights, prevent the use of sweatshop or forced labor, avoid human suffering, and preserve the natural world, including mitigating the effects of climate change. In addition, United Methodist institutions shall endeavor to avoid investments in companies engaged in core business activities that are not aligned with the Social Principles through their direct or indirect involvement with the production of anti-personnel weapons and armaments (both nuclear and conventional weapons), alcoholic beverages or tobacco; or that are involved in privately operated correctional facilities, gambling, pornography or other forms of exploitative adult entertainment. The boards and agencies are to give careful consideration to environmental, social, and governance factors when making investment decisions and actively exercise their responsibility as owners of the companies in which they invest. This includes engaging with companies to create positive change and hold them accountable for their actions, while also considering exclusion if companies fail to act responsibly.”

H. **Target Asset Allocations and Rebalancing Guidelines**

The purpose of allocating among asset classes is to ensure the proper level of diversification and risk for each portfolio. The primary considerations in the asset allocation decision process are:

1. maintaining inflation-adjusted purchasing power;
2. growing the corpus of the funds to meet future obligations;
3. achieving a minimum return in excess of inflation but with minimal annual fluctuations in the corpus; and,
4. maintaining the longevity of the assets and their distributions while taking into consideration that there may be no additional contributions.

I. **General Investment Policies**

- a. Not less than 30% nor more than 70% of the market value of the assets of the fund shall be in equity securities, unless otherwise determined by the Investment Committee.
- b. Not more than 20% of the market value of the assets of the fund shall be in cash or cash equivalents, unless otherwise determined by the Investment Committee.
- c. No more than 10% of the market value of the assets are in the securities of any one issuer, except for securities of the U.S. Government or its agencies.
- d. No more than 20% of the market value of the equity assets are in the equity issues of companies in any one industry.
- e. Periodically market conditions may cause the portfolio’s investments in various equities (mutual funds) to temporarily vary from the established industry allocation policy.

J. General Investment Policies

- a. Fixed-Income securities may be held only if such securities are issued by the U.S. Treasury or any agency of the U.S. Government, or are corporate bonds rated in one of the top two letter classifications by Moody's or Standard and Poor's. Convertible securities will be considered as equity securities.
- b. Short-term securities may be held only if such securities are issued by the U.S. Treasury or an agency of the U.S. Government; are commercial paper rated P-1 by Moody's, A-1 by Standard and Poor's or F-1 by Fitch's; or are certificates of deposit of U.S. banks which have or whose holding companies have a Standard and Poor's rating of A+ or better.
- c. No direct investments shall be made in foreign currency denominated securities, including American Depository Receipts except as follows: Investments may be made in common stocks, bonds and American Depository Receipts of those foreign securities listed on the New York, American or NASDAQ exchanges. Investments in a foreign securities pooled fund operated by a U.S. based money manager is also permitted provided that all transactions are in dollars.
- d. Investments shall not be made in commodities, real estate (except Real Estate Investment Trusts [REITs]), commodity contracts, financial futures, oil, gas mineral leases, mineral rights or royalty contracts.
- e. Margin transactions, short sales, options, put, calls, straddles, and/or spreads shall not be used.
- f. Investments shall not be made in the securities of an issuer which, together with any predecessor, has been in operation for less than three years.
- g. Investments shall not be made in securities for which market quotations are not readily available.
- h. Investments shall not be made in securities for the purpose of exercising control or management.
- i. Private placements of debt or equity will not be purchased.
- j. Investments shall not knowingly be made in securities of companies which have significant interest in the following activities: alcoholic beverages, tobacco, or gambling.
- k. Investments shall not knowingly be made in voting securities of companies which derive more than 15% of revenue from military contracts including both domestic and foreign customers. In the case of nonvoting securities the limit shall be 5% of revenue.
- l. Investments shall not knowingly be made in companies which derive more than 3% of revenue from nuclear weapons contracts.
- m. Investments shall not be made if such investments will result in income which would require the filing of federal, state or local tax returns.

K. Amendments and Revisions

Amendments or changes to this IP may be made by the Council of Finance & Administration and incorporated directly into the policy as a revision and restatement or acknowledged and noted in an addendum until such time as the IP is revised and restated.

L. Investment of Other Conference Funds

The Conference Board of Pensions and Health Benefits and the Board of Trustees are given separate authority and responsibility in *2016 Book of Discipline of The United*

Methodist Church for the management and investment of funds under their control. In carrying out their investment responsibilities, they may, if they determine, engage the services of the Investment Managers under this Policy to manage their funds, provided such funds shall be maintained in separate accounts. They shall also acknowledge that the responsibilities of the Investment Committee and Investment Managers and other investment guidelines as outlined in the Policy shall apply to their separate funds.

Section V – Miscellaneous Policies

A. Conference-Wide Appeal for Funds

No proposal for apportionments or conference-wide appeals for funds shall be recognized from the conference floor until it has first been submitted to the Council on Finance and Administration prior to completion by the Council of its annual budget recommendation to the conference [See ¶614.5 a-c of *The 2016 Book of Discipline*.]

B. World Service Apportionment

1. Special attention should be given to the *2016 Book of Discipline* which reads in part: “The World Service Fund is basic in the financial program of The United Methodist Church. World Service on apportionment represents the minimum needs of the general agencies of the church. Payment in full of these apportionments by local churches and annual conferences is the first benevolent responsibility of the church.” (¶812 of *The 2016 Book of Discipline*).
2. Likewise attention is called to ¶820.5 which reads: “Churches and individuals shall give priority to the support of the World Service and conference benevolences and other apportioned funds.”

C. General Church Apportionments - Recognizing the importance of ministries supported by the General Church apportionments, the Michigan Conference shall make every effort to support all apportioned items at 100%. If the level of receipts in any year is insufficient to do so, the CFA shall use general reserve funds to achieve the 100% goal, at the discretion of the Council of Finance & Administration. The Episcopal Fund shall be paid at 100%.

The Michigan Conference will continue to make monthly remittance on General Church Apportionments and challenges its churches to do the same. Interpretive, educational and motivational assistance will be given to local church leaders in an effort to improve understanding of and support for all Ministry Shares.

D. Presentation of Proposed Budgets - The budgets of all conference boards, commissions, committees, institutions and agencies seeking support from the conference or from churches, groups or individual members of the churches of the conference, shall present their proposed budget for the ensuing year to the Council on Finance and Administration for recommendation to and approval by the annual conference. Conference program budgets will be processed by the Conference Leadership Team.

The following limitations shall apply only to those conference boards, commissions, committees, institutions, and agencies which receive their total budget support from the conference through Ministry Shares, fees, or gifts.

1. No annual conference agency expense of the budget under Connectional Ministry and Administration shall exceed the annual amount budgeted except as authorized by the conference Council on Finance and Administration.
 2. Gifts and Bequests
 - a) No board, agency or commission may accept gifts or bequests that will obligate that board, agency or commission beyond its present budget.
 - b) If the receipt of such gifts or bequests could obligate the annual conference in the future, it cannot be received or accepted until it has been approved by the board, agency or commission, the Council on Finance and Administration, and the Annual Conference.
 - c) If the acceptance of such a gift or bequest must be determined prior to a session of the annual conference, approval may be given by a two-thirds vote each of the Board of Trustees and the Council on Finance and Administration voting separately.
 3. Within the budget approved by the Annual Conference, the various conference boards, commissions, committees, institutions and agencies are individually given the task of distributing this in ways consistent with their assigned responsibilities.
 4. No funds shall be shifted between budget areas of administration, program, and projects without the approval of the Council of Finance & Administration.
 5. No program should be initiated or continued unless there is a reasonable assurance of adequate funds on a continuing basis to allow the program to be successful.
- E. **Auditing Requirements** - All agencies receiving financial support from conference benevolences, or from any other authorized conference-wide appeal, shall make audited reports (as defined in the *2016 Book of Discipline*) to the Council on Finance and Administration concerning all such receipts and the disbursement thereof in such detail and at such times as the Council may direct. Furthermore, the books of the Conference Treasurer shall be audited annually as defined in the *2016 Book of Discipline of The United Methodist Church*.
- F. **Bonding of Treasurers** - The conference contracts for fidelity bonds covering financial personnel of the conference agencies located in the conference headquarters and the conference treasurer as required by the *2016 Book of Discipline of The United Methodist Church*. In addition, a fidelity bond is provided for each conference trustee and for related staff up to \$1,000,000 by the General Council on Finance and Administration through the General Church Insurance Program.
- G. **Control System** -The Council on Finance and Administration shall have a system of control in the disbursement of funds apportioned for conference staff, boards and agencies to insure that they remain within their allocated budget. During the first six months of the fiscal year, the conference treasurer's office will honor vouchers presented for expenditures up to 70% of the amount approved by the annual conference for that board or agency. For the remainder of the year, spending by a board or agency may not exceed that board or agency's prorated amount of Ministry Shares receipts to date not yet expended, with the exception of salaries and like expenses. Exceptions will be made only with the approval of the appropriate supervising council or its executive committee (Conference Leadership Council or the Council on Finance and Administration) as documented in its minutes.

There shall be no carrying forward of budgeted funds from Ministry Shares receipts from one year to the next by any agency or board of the conference without approval of the Council on Finance and Administration. The following exceptions have been approved:

- a. A fund of up to \$10,000 may be accumulated for transitional activities at the time of a change of bishop, administered by the Episcopacy Committee.
 - b. A fund of up to \$25,000 may be accumulated for maintenance of conference-owned properties, administered by the Board of Trustees.
 - c. A fund of up to \$25,000 may be accumulated for counseling needs, administered by the Conference Treasurer at the direction of the Episcopal Office, for victims of clergy sexual misconduct.
 - d. A fund of up to \$14,000 may be accumulated for district office equipment, to be administered by the Cabinet, and \$7,500 for equipment for the Conference Treasurer's office.
- H. Housing/Furnishing Allowance** - An amount of the salaries of the District Superintendents, Director of Connectional Mission and Ministries, Director of Conference Benefits and Human Resources Services, Director of Administrative Services and Conference Treasurer, Director of Communicatins, Director of Clergy Excellence, Director of Congregational Vibrancy, Associate Directors, assistant to the bishop and director of the United Methodist Foundation (if listed under the appointments) may be designated by that person and approved by CFA as a fair housing/furnishing allowance for Internal Revenue Service Section 107 purposes.
- I. Conflict of Interest** - Michigan Conference officials, employees and/or members of the various boards and commissions of the conference shall not, during their time of service, receive any compensation or have any financial interest in any contract or in any firm or corporation which provides goods or services (excluding publicly held companies where the official employee or member owns less than 1 percent of the voting stock thereof) or in any contract for the supply of goods or services or the procurement of furnishings or equipment, interest in any construction project of the conference, site procurement by the conference, or any other business whatsoever unless approved in writing in advance by the official's or employee's immediate supervisor and/or the board or commission upon which the member participates after full disclosure of the conflict including the amount of compensation and/or benefit the official, employee, or member will receive.

The term "official" "employee" or "member of the board or commission" shall include the official's, employee's or member's immediate family. Immediate family shall be defined as any person residing with the official, employee or member and their mother, father, and/or sons or daughters.

- J. Depositories** – Depositories for the funds of Central Treasury shall be determined by the Council of Finance & Administration upon recommendation by the Conference.
- K. Interest Earnings** – All interest earned on General Funds carried in Central Treasury shall be accumulated in a General Funds Interest Account. (This does not include funds in Central Treasury which are being held for specific purposed, and have been designated as Interest Earning Funds by the Council.) At the end of each fiscal year, this General Interest Account shall be transferred and accumulated in the Conference Contingency Fund to be administered by the Council of Finance & Administration.

- L. **Policy on Electronic Mail and Internet Usage.** Conference employees are provided with e-mail and Internet access for the purpose of furthering the business of the Detroit Annual Conference. All computing equipment provided to employees for their use remains the property of the Detroit Annual Conference, and use thereof is subject at any time to monitoring by management without notice.

Use of conference e-mail accounts is limited to business purposes. As such, they may not be used to solicit participation in any non-conference-sponsored activities. Employees who engage in personal use of conference e-mail do so at their own risk and expense. The Detroit Annual Conference will neither assume nor share any responsibility for any harassment, defamation, copyright violation, or other violations of civil or criminal law that may occur as a result of personal and/or inappropriate e-mail use. Responsibility for such incidents shall rest solely with the person who engages in such activities. Employees are prohibited from accessing other employees' files without the express consent of appropriate management personnel. Employees are also prohibited from using conference computer equipment and e-mail accounts to forward chain letters, jokes, or "spam."

Employees are reminded that e-mail communications should be drafted with the same thought and concern that would be devoted to other types of written communications, such as letters or memoranda.

The conference reserves the right at any time and without notice to access and disclose all messages, sent from and received by conference e-mail accounts.

Employee access to the Internet on conference-owned computer equipment is strictly limited to business purposes. Employees are expressly prohibited from accessing any illegal websites. Accessing websites with racist, pornographic, defamatory, sexist, or otherwise offensive content is strictly prohibited. Employees who download copyrighted material in violation of the Copyright Act of 1976, 17 U.S.C. §101, *et seq.*, are reminded that they are subject to federal criminal prosecution. The Detroit Annual Conference will not assume any responsibility for any civil or criminal prosecutions of employees in connection with improper Internet activity, nor will the Detroit Annual Conference bear any portion of any legal fees employees may incur in connection with such improper activity.

The use of chat rooms with conference-owned computer equipment is strictly prohibited.

Conference employees are urged to exercise caution in opening e-mail attachments from unknown persons due to the risk of computer worms and viruses. Any conference employees who knowingly allow conference computer equipment to become infected by a virus or worm shall be subject to disciplinary action, up to and including immediate termination. Such employees may also be held legally and financially liable for these actions. The Detroit Annual Conference reserves the right to commence civil litigation or to press criminal charges in such circumstances.

Violation of any conference rule regarding e-mail and Internet usage may result in disciplinary action, up to and including immediate discharge from employment.

Special Offerings

The annual conference recommends:

- A. The support of general and conference Advance Specials as particularly approved by the annual conference (see *Jubilee/Spotlight Book*).
- B. The special days designated in the *Discipline* and by the Detroit Annual Conference with offerings for:
 - 1. Christian Education Sunday
 - 2. World Communion Sunday
 - 3. Rural Life Sunday
 - 4. United Methodist Student Day
 - 5. Human Relations Day
 - 6. One Great Hour of Sharing
 - 7. Native American Sunday
 - 8. Golden Cross Sunday
 - 9. Peace With Justice Sunday
 - 10. Disability Awareness Sunday (without offering)

Calendar

The following dates are established:

- A. **January 9, 2019** Last day for submitting payments to the conference treasurer for credit on the previous conference fiscal year.
- B. **January 25, 2019** Deadline for all boards, commissions, committees, and agencies to submit their budget requests for the ensuing conference fiscal year to the Council on Finance and Administration
- C. **January 31, 2019** Last day for receiving pastor's annual report by the conference statistician and treasurer.

2019 MICHIGAN CONFERENCE BUDGET

	2017 Detroit Actual	2017 West Michigan Actual	2018 Detroit Budget	2018 West Michigan Budget	2018 Combined Budget	2019 Michigan Budget	Increase/ (Decrease)
A) Clergy Support Budget							
1) District Superintendents	\$1,279,748	\$1,092,545	\$1,481,153	\$1,130,276	\$2,611,429	\$2,102,743	(508,686)
2) Episcopal Fund	\$331,615	\$217,333	\$322,776	\$252,534	\$575,310	\$562,632	(12,678)
3) Ministerial Education Fund	\$213,246	\$243,940	\$368,132	\$288,019	\$656,151	\$641,692	(14,459)
4) Episcopal Residence Committee	\$4,000	\$2,558	\$4,000	\$3,500	\$7,500	\$7,500	-
5) Equitable Compensation Committee	\$47,332	\$82,026	\$81,200	\$70,000	\$151,200	\$125,000	(26,200)
6) Clergy Advocacy	\$-	\$-	\$-	\$2,000	\$2,000	\$2,000	-
7) Abuse Prevention Team	\$-	\$450	\$-	\$10,500	\$10,500	\$10,500	-
8) Clergy Moving Expense Fund	\$236,466	\$219,740	\$250,000	\$160,000	\$410,000	\$350,000	(60,000)
Sub-total Clergy Support Budget	\$2,112,408	\$1,858,591	\$2,507,261	\$1,916,829	\$4,424,090	\$3,802,067	(622,023)
Provision for Unpaid Ministry Shares	\$-	\$-	\$407,453	\$392,745	\$800,198	\$601,976	(198,222)
Total Clergy Support Budget	\$2,112,408	\$1,858,591	\$2,914,714	\$2,309,574	\$5,224,288	\$4,404,043	(820,245)
B) Administration Budget							
1) Council on Finance & Administration	\$832	\$938	\$1,500	\$1,200	\$2,700	\$2,000	(700)
2) Treasurer's Office	\$410,574	\$277,068	\$448,661	\$294,800	\$743,461	\$684,164	(59,297)
3) Jurisdictional Conference	\$16,498	\$12,871	\$20,723	\$16,000	\$36,723	\$36,723	-
4) General Conference Delegation	\$2,500	\$-	\$2,500	\$2,000	\$4,500	\$20,000	15,500
5) General Church Administration	\$98,626	\$77,148	\$129,422	\$101,257	\$230,679	\$225,596	(5,083)
6) Area Administration	\$284,238	\$317,416	\$324,427	\$280,805	\$605,232	\$556,453	(48,779)
7) Operations	\$225,024	\$-	\$206,018	\$-	\$206,018	\$332,783	126,765
8) Conference Secretary	\$4,047	\$875	\$8,300	\$10,000	\$18,300	\$18,300	-
9) Conference Statistician	\$2,796	\$604	\$3,100	\$500	\$3,600	\$3,600	-

Budget 2018–2019

	2017 Detroit		2017 West Michigan		2018 Detroit		2018 West Michigan		2018 Combined Budget		2019 Michigan Budget		Increase/ (Decrease)
	Actual	Budget	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	
10) Conference Trustees	\$1,218	\$795	\$215,117	\$145,000	\$145,795	\$1,000							(144,795)
11) Committee on Archives & History	\$11,191	\$20,342	\$18,000	\$18,000	\$38,342	\$40,586							2,244
12) Committee on Human Resources	\$1,419	\$1,500	\$505	\$1,500	\$3,000	\$5,000							2,000
13) Legal Fees	\$17,592	\$30,000	\$17,091	\$25,000	\$55,000	\$55,000							-
14) Contingency Funds	<u>\$130,395</u>	<u>\$23,000</u>	<u>\$893</u>	<u>\$30,500</u>	<u>\$53,500</u>	<u>\$50,000</u>							(3,500)
Sub-total Administration Budget	\$1,206,951	\$1,220,288	\$938,527	\$926,562	\$2,146,850	\$2,031,205							(115,645)
Provision for Unpaid Ministry Shares	\$-	\$207,784	\$-	\$189,846	\$397,630	\$343,926							(53,704)
Total Administration Budget	\$1,206,951	\$1,428,072	\$938,527	\$1,116,408	\$2,544,480	\$2,375,131							(169,349)
C) Conference Benevolences Budget													
<i>1) Agencies Relating to Christ-Centered Mission and Ministry</i>													
a) Commission on Annual Conference Session	\$135,500	\$230,500	\$68,689	\$104,000	\$334,500	\$325,000							(9,500)
b) Commission on Communications	\$166,076	\$168,000	\$170,000	\$179,126	\$347,126	\$396,000							48,874
c) Committee on Journal	\$237	\$11,220	\$-	\$-	\$11,220	\$11,220							-
d) Board of Justice	\$9,402	\$6,950	\$-	\$-	\$6,950	\$15,000							8,050
e) Board of Global Ministries	\$53,020	\$62,567	\$44,655	\$56,000	\$118,567	\$210,000							91,433
f) Engage Program Promotion	\$256	\$7,000	\$-	\$-	\$7,000	\$-							(7,000)
<i>2) Agencies Relating to Bold and Effective Leaders</i>													
a) Conference Leadership Council	\$1,261	\$3,000	\$-	\$2,750	\$5,750	\$10,000							4,250
b) Board of Ordained Ministry	\$92,359	\$116,232	\$36,333	\$47,000	\$163,232	\$95,279							(67,953)
c) Committee on Nominations	\$378	\$3,000	\$377	\$3,000	\$6,000	\$7,500							1,500
d) Committee on the Episcopacy	\$1,200	\$1,200	\$800	\$800	\$2,000	\$2,000							-
e) Protection Policy	\$2,494	\$3,500	\$-	\$-	\$3,500	\$5,000							1,500

Budget 2018–2019

	2017 Detroit Actual	2017 West Michigan Actual	2018 Detroit Budget	2018 West Michigan Budget	2018 Combined Budget	2019 Michigan Budget	Increase/ (Decrease)
3) Agencies Relating to Vibrant Congregations							
a) United Methodist Men	\$480	\$-	\$-	\$-	\$-	\$-	-
b) United Methodist Women	\$-	\$-	\$-	\$-	\$-	\$-	-
c) Board of Laity	\$2,811	\$2,400	\$6,000	\$3,000	\$9,000	\$10,000	1,000
d) Board of Young People's Ministry	\$37,477	\$437,329	\$46,250	\$223,000	\$269,250	\$350,000	80,750
e) Board of Congregational Life	\$253,551	\$427,732	\$270,500	\$287,000	\$557,500	\$581,000	23,500
f) Committee on Hispanic/Latino Ministry	\$24,762	\$529	\$27,000	\$40,000	\$67,000	\$39,000	(28,000)
g) Committee on Asian-American Ministry	\$2,947	\$-	\$7,000	\$-	\$7,000	\$47,000	40,000
h) Committee on Native American Ministry	\$592	\$108,243	\$2,757	\$100,000	\$102,757	\$115,000	12,243
i) Committee on African-American Ministry	\$1,412	\$-	\$3,000	\$-	\$3,000	\$66,000	63,000
j) Racial & Ethnic Local Churches	\$-	\$141,843	\$-	\$118,000	\$118,000	\$-	(118,000)
4) Administrative Expenses/Compensation	\$810,178	\$463,338	\$792,000	\$422,600	\$1,214,600	\$2,147,841	933,241
5) World Service Fund	\$825,025	\$692,684	\$1,089,942	\$852,749	\$1,942,691	\$1,899,882	(42,809)
6) Pathways Funding	\$105,654	\$27,000	\$135,000	\$-	\$135,000	\$-	(135,000)
7) MI Area Camping	\$204,771	\$176,730	\$270,000	\$200,000	\$470,000	\$400,000	(70,000)
8) Contingency Funds	\$-	\$-	\$15,000	\$-	\$15,000	\$25,000	10,000
9) Assets Released from Restrictions	\$20,000	\$-	\$-	\$-	\$-	\$-	-
Sub-total Conference Benevolences Budget	\$2,751,843	\$2,798,683	\$3,277,618	\$2,639,025	\$5,916,643	\$6,757,722	841,079
Provision for Unpaid Ministry Shares	\$-	\$-	\$416,700	\$540,717	\$957,417	\$925,303	(32,114)
Total Conference Benevolences Budget	\$2,751,843	\$2,798,683	\$3,694,318	\$3,179,742	\$6,874,060	\$7,683,025	808,965

Budget 2018–2019

	2017		2017 West Michigan		2018 Detroit		2018 West Michigan		2018 Combined		2019 Michigan		Increase/ (Decrease)
	Actual	Detroit	Actual	Michigan	Budget	Detroit	Budget	Michigan	Budget	Combined	Budget	Budget	
D) Other Apportioned Causes													
1) Black College Fund	\$112,259		\$88,504	\$146,844	\$114,888	\$255,965	\$261,732	\$255,965					(5,767)
2) Africa University Fund	\$28,267		\$28,450	\$32,863	\$25,712	\$57,284	\$58,575	\$57,284					(1,291)
3) Interdenominational Fund	\$21,935		\$17,055	\$28,791	\$22,525	\$50,185	\$51,316	\$50,185					(1,131)
Sub-total Other Apportioned Causes	\$162,460		\$134,009	\$208,498	\$163,125	\$363,434	\$371,623	\$363,434					(8,189)
Provision for Unpaid Ministry Shares	\$-		\$-	\$-	\$33,423	\$-	\$33,423	\$-					(33,423)
Total Other Apportioned Causes	\$162,460		\$134,009	\$208,498	\$196,548	\$363,434	\$405,046	\$363,434					(41,612)
Total Conference Common Budget	\$6,233,662		\$5,729,810	\$8,245,602	\$6,802,272	\$14,825,633	\$15,047,874	\$14,825,633					(222,242)
E) Benefits Ministry Shares Budget													
1) Pension/Welfare Payments to Wespath	\$-		\$-	\$1,260,000	\$-	\$3,128,220	\$1,260,000	\$3,128,220					1,868,220
2) Benefits Office	\$-		\$-	\$500,000	\$-	\$711,780	\$500,000	\$711,780					211,780
Total Benefits Ministry Shares Budget	\$-		\$-	\$1,760,000	\$-	\$3,840,000	\$1,760,000	\$3,840,000					2,080,000

2019 Minimum Base Compensation Schedule

2019 MINIMUM BASE COMPENSATION SCHEDULE

YEARS	Local Pastor			Associate Member			Provisional Member			Full Member		
	DAC 2018	WMAC 2018	2019	DAC 2018	WMAC 2018	2019	DAC 2018	WMAC 2018	2019	DAC 2018	WMAC 2018	2019
1	\$35,173	\$35,662	\$36,375	*	*	*	\$39,252	\$39,797	\$40,593	***	***	***
2	\$35,524	\$36,019	\$36,739	*	*	*	\$39,644	\$40,193	\$40,997	***	***	***
3	\$35,879	\$36,376	\$37,104	*	*	*	\$40,040	\$40,591	\$41,403	***	\$42,464	\$43,313
4	\$36,239	\$36,732	\$37,467	*	*	*	\$40,439	\$40,990	\$41,810	\$42,310	\$42,897	\$43,755
5	\$36,600	\$37,090	\$37,832	\$38,232	\$38,764	\$39,539	\$40,804	\$41,387	\$42,215	\$42,731	\$43,327	\$44,194
6	\$36,968	\$37,448	\$38,197	\$38,613	\$39,148	\$39,931	\$41,252	\$41,784	\$42,620	\$43,158	\$43,754	\$44,629
7	\$37,337	\$37,804	\$38,560	\$38,999	\$39,533	\$40,324	\$41,665	\$42,181	\$43,025	\$43,591	\$44,142	\$45,025
8	\$37,710	\$38,161	\$38,924	\$39,389	\$39,923	\$40,721	\$42,083	\$42,580	\$43,432	\$44,026	\$44,613	\$45,505
9	\$38,086	\$38,519	\$39,289	\$39,784	\$40,317	\$41,123	**	\$42,978	\$43,838	\$44,467	\$45,045	\$45,946
10	\$38,468	\$38,875	\$39,653	\$40,181	\$41,630	\$42,463	**	\$43,376	\$44,244	\$44,912	\$45,475	\$46,385
11		\$39,653	\$40,446		\$42,463	\$43,312		\$44,244	\$45,129		\$46,385	\$47,313
12		\$40,431	\$41,240		\$43,296	\$44,162		\$45,112	\$46,014		\$47,295	\$48,241
13		\$41,209	\$42,033		\$44,129	\$45,012		\$45,980	\$46,900		\$48,205	\$49,169
14		\$41,987	\$42,827		\$44,962	\$45,861		\$46,848	\$47,785		\$49,115	\$50,097
15		\$42,765	\$43,620		\$45,795	\$46,711		\$47,716	\$48,670		\$50,025	\$51,026
16		\$43,543	\$44,414		\$46,628	\$47,561		\$48,584	\$49,556		\$50,935	\$51,954
17		\$44,321	\$45,207		\$47,461	\$48,410		\$49,452	\$50,441		\$51,845	\$52,882
18		\$45,099	\$46,001		\$48,294	\$49,260		\$50,320	\$51,326		\$52,755	\$53,810
19		\$45,877	\$46,795		\$49,127	\$50,110		\$51,188	\$52,212		\$53,665	\$54,738
20		\$46,655	\$47,588		\$49,960	\$50,959		\$52,056	\$53,097		\$54,575	\$55,667

continued on next page

2019 Minimum Base Compensation Schedule

continued from previous page

YEARS	Local Pastor		Associate Member		Provisional Member		Full Member		
	DAC 2018	WMAC 2018	DAC 2018	WMAC 2018	DAC 2018	WMAC 2018	DAC 2018	WMAC 2018	
21		\$47,433	\$48,382	\$51,809		\$52,924	\$53,982	\$55,485	\$56,595
22		\$48,211	\$49,175	\$52,659		\$53,792	\$54,868	\$56,395	\$57,523
23		\$48,989	\$49,969	\$53,508		\$54,660	\$55,753	\$57,305	\$58,451
24		\$49,767	\$50,762	\$54,358		\$55,528	\$56,639	\$58,215	\$59,379
25		\$50,545	\$51,556	\$55,208		\$56,396	\$57,524	\$59,125	\$60,308
26		\$51,323	\$52,349	\$56,057		\$57,264	\$58,409	\$60,035	\$61,236
27		\$52,101	\$53,143	\$56,907		\$58,132	\$59,295	\$60,945	\$62,164
28		\$52,879	\$53,937	\$57,756		\$59,000	\$60,180	\$61,855	\$63,092
29		\$53,657	\$54,730	\$58,606		\$59,868	\$61,065	\$62,765	\$64,020
30		\$54,435	\$55,524	\$59,456		\$60,736	\$61,951	\$63,675	\$64,949
31		\$55,213	\$56,317	\$60,305		\$61,604	\$62,836	\$64,585	\$65,877
32		\$55,991	\$57,111	\$61,155		\$62,472	\$63,721	\$65,495	\$66,805
33		\$56,769	\$57,904	\$62,005		\$63,340	\$64,607	\$66,405	\$67,733
34		\$57,547	\$58,698	\$62,854		\$64,208	\$65,492	\$67,315	\$68,661
35		\$58,325	\$59,492	\$63,704		\$65,076	\$66,378	\$68,225	\$69,590
36		\$59,103	\$60,285	\$64,554		\$65,944	\$67,263	\$69,135	\$70,518
37		\$59,881	\$61,079	\$65,403		\$66,812	\$68,148	\$70,045	\$71,446
38		\$60,659	\$61,872	\$66,253		\$67,680	\$69,034	\$70,955	\$72,374
39		\$61,437	\$62,666	\$67,103		\$68,548	\$69,919	\$71,865	\$73,302
40		\$62,215	\$63,459	\$67,952		\$69,416	\$70,804	\$72,775	\$74,231

\$200 shall be added to the Minimum for a 2-Point Charge
 \$350 shall be added to the Minimum for a 3-Point Charge