

Council on Finance and Administration (CFA)
Minnesota Annual Conference
March 24, 2014

Dear lay and clergy members of the Minnesota Annual Conference:

Attached is the 2015 recommended budget that was developed through our collaborative process. The CFA (Council on Finance and Administration) established guidelines for the 2015 budget. Teams, committees, and boards submitted their apportioned budget requests to the budget process team. The budget process team, which consists of representation from the conference teams, boards, and committees, made necessary changes to stay within the ceiling rule and CFA guidelines.

Following the work of the budget process team, the CFA and the Common Table reviewed the 2015 budget in January, 2014. In February, 2014, we received the final amounts of General Funds from the General Council on Finance and Administration (GCFA). We also incorporated a change in how we pay for the active clergy health insurance subsidy following action of the Conference Board of Pension and Health Benefits. The final recommendation is included here for your review and vote at the 2014 annual conference session.

The Conference Council on Finance and Administration 2015 budget recommendation is for an apportioned budget of \$6,000,008. This is \$434,042 less than the amount set by our ceiling rule and \$247,952 less than the 2014 approved budget. With the uncollectible contingency of \$600,000, the total to be apportioned is \$6,600,008.

The format for the 2015 budget recommendation is organized around key missional areas which express our primary work together as an annual conference. We strongly encourage you to read the materials provided here prior to your arrival in St. Cloud.

For the Council on Finance and Administration:

Barbara A. Carroll
Director of Finance and Administration

Lynn R. Swon
Chair, Council on Finance and Administration

2015 Apportioned Budget Recommendation

Submitted by: Council on Finance and Administration, Lynn Swon, President, swonlynr@aol.com; Barbara Carroll, Director of Finance and Administration and Conference Treasurer, (612) 870-0058, barbara.carroll@minnesotaumc.org

Action: Approve the 2015 apportioned budget as detailed below.

Grow in Love of God and Neighbor, Reach New People, and Heal a Broken World Through

Developing Missional Leaders

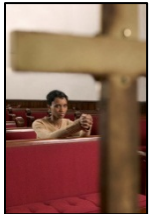
Equipping Missional Congregations

Extending Our Missional Impact

Generating Missional Resources

Aligning Our Work – Leadership and Support

A MISSIONAL BUDGET



What does it mean to be missional? Missional means to focus on Gods' preferences for Christ's mission, not our personal or institutional preferences. It means to turn outward and engage the world with a burning desire to have a transforming impact on individuals, communities and global systems.

The 2015 budget recommendation is organized around our primary work expressed in the missional areas listed above. The expenditure of programmatic and administrative funds is tightly focused to address our strategic imperatives. Our administrative costs are low compared to benchmarks set by nonprofit monitoring groups. We have significant activities, such as the self-funded conference health insurance program, camping ministry, youth events, and voluntary group workers' compensation policy, which are mainly funded by premiums and fees. None of these programs would be possible without the internal support system provided by staff, technology, stewardship and management processes funded by apportionments. In addition, the same internal support system allows 100% of donations for ministries such as Imagine No Malaria and Advance Specials to go to the specified cause. Apportionments provide avenues of giving so that we can be strong local churches and annual conferences, both missional in our context and connected in mission around the world.

2015 APPORTIONED BUDGET RECOMMENDATION

Following a collaborative process that includes the ministry teams and boards and agencies of the annual conference, the Conference Council on Finance and Administration recommends an apportioned budget of \$6,000,008. This is \$434,042 lower than the amount set by our ceiling rule and \$247,952 lower than the 2014 approved budget. With the uncollectible contingency of \$600,000, the total to be apportioned is \$6,600,008.

The 2015 apportioned budget includes a change in the source of funds for the active clergy health insurance premium. In the 2014 and prior budgets, the apportionments paid for 10% of the active clergy health insurance premium. In 2015 the Conference Board of Pensions determined that the MAC Plan (conference self-funded health insurance plan) reserves were sufficient to pay the active clergy subsidy. Future use of funds from the MAC Plan reserves will be determined on a year-by-year basis.

This does not change the allocation of premium payment between church and clergy—it remains 80% paid by the local church and 10% paid by the clergy person. It does change the source of funds to pay the remaining 10% by removing it from the apportioned budget. If this were apportioned it would increase the apportioned amount by \$350,000 in the 2015 budget.

2015 BUDGET DETAIL – MISSIONAL AREAS

Missional Budget Area	2015 Recommended Apportioned Amount
<p>Developing Missional Leaders</p> <p>We train, coach, and support leaders as they increase in their skills and commitment to ensure our churches reach new people, grow in love of God and neighbor, and heal a broken world.</p> <p>Includes: reaching the next generation, campus ministry, clergy leadership development, clergy health insurance and retirement benefits, lay leadership development, and staff in connectional ministries and camping.</p> <p>Sources Apportioned \$ 914,196 <u>Other Sources</u> <u>6,529,415</u> Total \$ 7,443,611</p>	\$914,196
<p>Equipping Missional Congregations</p> <p>We resource congregations to catalyze innovation, encourage revitalization, generate multiplication, and support connections in communities here and around the world.</p> <p>Includes: new church starts, congregational vitality, and staff in congregational development.</p> <p>Sources Apportioned \$ 817,588 <u>Other Sources</u> <u>493,600</u> Total \$ 1,311,188</p>	\$817,588
<p>Extending Missional Impact</p> <p>Our missional impact is local, national, and global. It is developed through relationships and resources. We engage in tangible actions to assist with human needs and address systemic issues.</p> <p>Includes: General Conference apportioned funds (World Service, Episcopal, General Administration, Interdenominational Cooperation, Ministerial Education, Black College, Africa University) North Central Jurisdiction, MN Council of Churches, Compassion and Justice, and staff.</p> <p>Sources Apportioned \$ 1,852,856 <u>Other Sources</u> <u>1,140,000</u> Total \$ 2,992,856</p>	\$1,852,856

Generating Missional Resources	\$264,076
---------------------------------------	------------------

We tell stories of lives changed, leverage apportioned dollars, and encourage cycles of generosity through resources for churches and individuals.

Includes: Communications, Journal, MN United Methodist Foundation, staff in communications and capital campaign.

Sources	
Apportioned	\$ 264,076
<u>Other Sources</u>	<u>98,157</u>
Total	\$ 362,233

Aligning Our Work – Leadership of the Annual Conference	\$894,180
--	------------------

Leadership of the annual conference develops vision and strategy; works to align all parts of the conference; addresses adaptive challenges in our geographical, cultural and demographic context.

Includes: Bishop and Cabinet, District Offices, District Superintendents, elected leaders and volunteers, Annual Conference sessions, delegate expenses for General and Jurisdictional conferences, start of a reserve fund to host General Conference in 2020.

Sources	
Apportioned	\$ 894,180
<u>Other Sources</u>	<u>227,500</u>
Total	\$ 1,121,680

(Note: In the 2014 budget, District Superintendent and District Office costs were split between Developing Missional Leaders and Equipping Missional Congregations.)

Aligning Our Work – Support of the Annual Conference	\$1,257,112
---	--------------------

Support systems provide accounting, accountability, risk management, insurance, legal, property, and good stewardship of all resources. In addition to providing internal support systems for all Minnesota Conference outcomes, apportionments allow 100% of gifts to advance specials and all other benevolences to go to the designated mission or ministry.

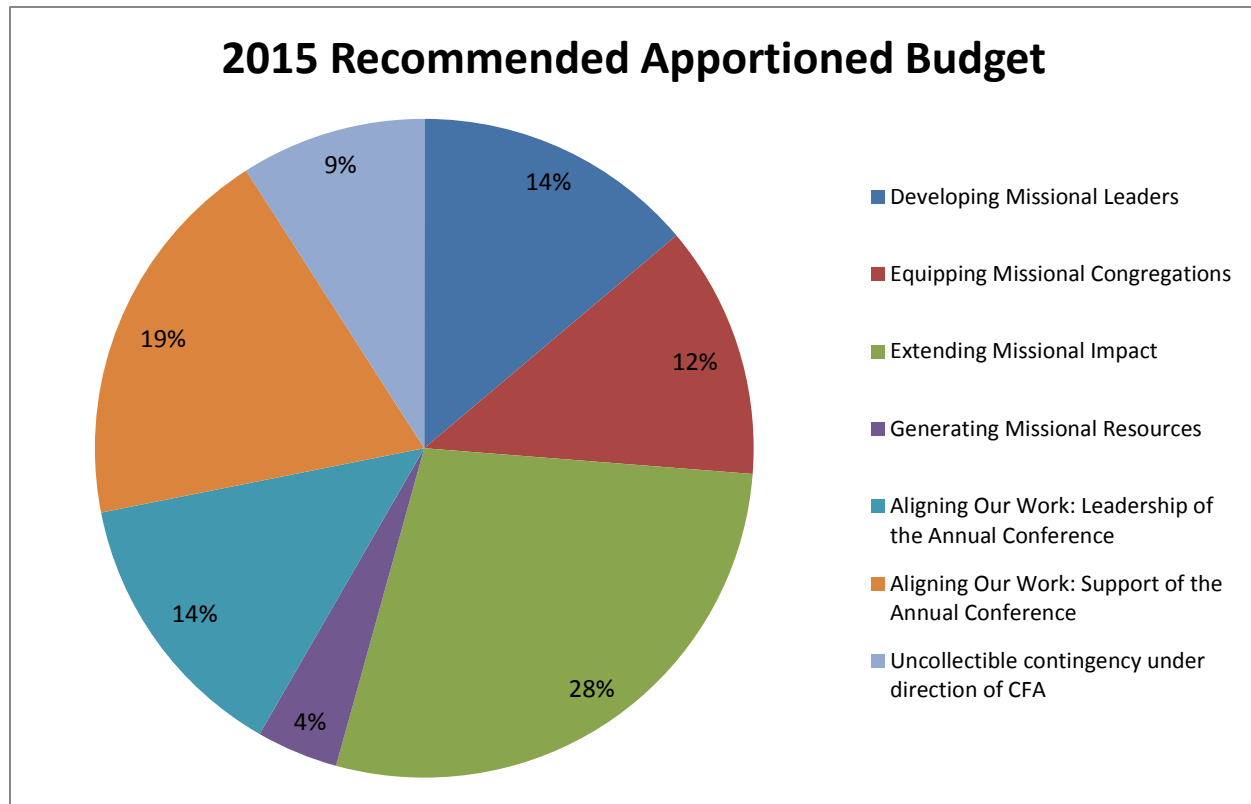
Includes: Property, Archives & History, Financial Administration, Risk Management, Legal, Operations (rent, equipment, supplies, insurance), staff in finance, archives, technology, camp accountant, general office, plus HR administration and certain costs for staff in all ministry areas.

Sources	
Apportioned	\$ 1,257,112
<u>Other Sources</u>	<u>642,000</u>
Total	\$ 1,899,112

2015 Recommended Apportioned Budget	\$ 6,000,008
Plus: Uncollectible Contingency	600,000
Total to Apportion	\$6,600,008

The 2015 recommended apportioned budget is about the same amount as the 2002 apportioned budget. Twelve of the last sixteen budgets have been below ceiling; three have been at the ceiling, and one (2012 budget) was above the ceiling. The ceiling calculation is based on total local church expenditures.

Ceiling for 2015 Budget	\$6,434,050
2014 Budget	6,247,960
2013 Budget	6,236,788
2012 Budget	6,367,332



2015 BUDGET – INCOME AND EXPENSE FORMAT

Our total projected income and expenses for 2015 are shown below, including non-apportioned items and pass-through amounts.

Income

Apportionments, Including Uncollectible 6,600,008

Other Sources Of Income In Apportioned Budget

Retiree Benefit Deposit Account	827,000
MAC Plan Reserves	350,000
Permanent Church Extension Fund, Legacy Funds, and <i>Reach. Renew. Rejoice.</i> (campaign)	493,600
For Personnel:	330,572
Area Office & Episcopal Residence Support	27,500

Subtotal Other Income - Apportioned Items 2,028,672

Other Income - Insurance Premiums

Voluntary Group Workers Comp Policy	200,000
MAC Plan - Premiums, Medicare Part D, Stop Loss Recovery	5,000,000

Subtotal Other Income - Insurance Premiums 5,200,000

Other Income - Events

Annual Conference Session	200,000
Youth Events - UMYs, JUMYs, Confirmation	100,000

Subtotal Other Income - Event Registration 300,000

Other Income - Discontinued Church Buildings

Contracts For Deed, Leases, Event Fees	405,000
--	---------

Subtotal Other Income - Discontinued Church Buildings 405,000

Other Income - Benevolences

Miscellaneous	12,000
Camping Special Asking	65,000
Hamline Special Asking	30,000
Pass-Through Benevolences	1,090,000

Subtotal Other Income - Benevolences 1,197,000

Total Income \$ 15,730,680

Expense

Developing Missional Leaders

Reaching the Next Generation	269,400
Camping Ministry	31,500
Clergy Leadership Development	338,800
Clergy Benefits	6,197,500
Lay Leadership Development	34,000
Staff	372,411

Subtotal Developing Missional Leaders 7,443,611

<u>Equipping Missional Congregations</u>	
New Church Starts	812,500
Congregational Vitality	294,000
Staff	204,688
	<hr/>
Subtotal Equipping Missional Congregations	1,311,188
<u>Extending Missional Impact</u>	
Connectional Church	1,789,007
Compassion and Justice	43,650
All Other UM Local and Connectional Giving	1,120,000
Staff	43,199
	<hr/>
Subtotal Extending Missional Impact	2,992,856
<u>Generating Missional Resources</u>	
Communications	56,300
Annual Conference Journal	13,700
Minnesota United Methodist Foundation	50,000
Staff, including RRR staff	242,233
	<hr/>
Subtotal Generating Missional Resources	362,233
<u>Aligning Our Work -Leadership of the Annual Conference</u>	
Bishop and Cabinet	100,500
District Offices & Superintendents	652,398
Ministry Staff (paid and unpaid)	24,500
Conference Sessions, NCJ, GC, Reserve for 2020	224,000
Staff	
	<hr/>
Subtotal Aligning Our Work - Leadership	1,121,680
<u>Aligning Our Work - Support of the Annual Conference</u>	
Property	460,380
Financial Administration	63,500
Risk Management	267,300
Operations	448,940
Staff	658,992
	<hr/>
Subtotal Aligning Our Work - Support	1,899,112
Other - Uncollectible contingency	<u>600,000</u>
Total Expenses	\$ 15,730,680

QUESTIONS?

Thank you for reviewing this information. If you have questions about the 2015 budget or other financial information in this report, please contact Barb Carroll, Director of Finance and Administration and Conference Treasurer at barbara.carroll@minnesotaumc.org or 612-870-0058. Additional information on the conference budget and conference finances may be found at www.minnesotaumc.org.