

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

**REPORT ON FINANCIAL STATEMENTS
(with supplementary information)**

**YEAR ENDED DECEMBER 31, 2013
(with comparative totals for the year ended December 31, 2012)**

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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, 2013 and 2012, 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, 2013, 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 audit. We conducted our audit 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.

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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 - modified cash basis of Detroit Annual Conference of the United Methodist Church as of December 31, 2013 and 2012, and its support, revenue and other receipts, expenses other disbursements and changes in net assets - modified cash basis for the year ended December 31, 2013, in accordance with the basis of accounting as described in Note 1.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Detroit Annual Conference of the United Methodist Church's 2012 financial statements, and our report dated May 6, 2013, expressed an unmodified opinion on those audited financial statements. 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, 2012 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 that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maney Costain PC

May 7, 2014

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**DETROIT ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 2,200,066	\$ 3,151,382
Investments	10,185,144	9,405,860
Receipts in transit	1,271,677	1,013,733
Due from affiliated church organizations, less allowance for doubtful accounts of \$90,000 and \$0 in 2013 and 2012, respectively	304,664	353,993
Notes and loans receivable	256,080	259,570
Property and equipment - net	<u>3,869,801</u>	<u>4,297,926</u>
TOTAL ASSETS	<u>\$ 18,087,432</u>	<u>\$ 18,482,464</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Assets held on behalf of others	<u>\$ 707,771</u>	<u>\$ 1,116,156</u>
NET ASSETS:		
Unrestricted	16,518,691	16,436,445
Temporarily restricted	797,461	866,354
Permanently restricted	<u>63,509</u>	<u>63,509</u>
Total net assets	<u>17,379,661</u>	<u>17,366,308</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,087,432</u>	<u>\$ 18,482,464</u>

See notes to financial statements.

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**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, 2013
(with comparative totals for the year ended December 31, 2012)**

	2013			Total	2012
	Unrestricted	Temporarily restricted	Permanently restricted		
SUPPORT, REVENUE AND OTHER RECEIPTS:					
Support and revenue:					
Apportionments	\$ 5,441,294	\$ -	\$ -	\$ 5,441,294	\$ 5,430,566
Special offerings/Ministry Jubilee	511	365,867	-	366,378	400,123
Investment income	1,228,243	16,649	-	1,244,892	797,295
Camp registration and rental fees	819,824	-	-	819,824	860,745
Other income	591,884	2,368	-	594,252	691,056
Net assets released from restrictions	453,777	(453,777)	-	-	-
Total support and revenue	8,535,533	(68,893)	-	8,466,640	8,179,785
Other receipts:					
Pension apportionments	2,352,409	-	-	2,352,409	2,303,845
Past years pension apportionments	30,029	-	-	30,029	43,861
Insurance reimbursements	8,613,652	-	-	8,613,652	9,315,013
Total support, revenue and other receipts	19,531,623	(68,893)	-	19,462,730	19,842,504
EXPENSES AND OTHER DISBURSEMENTS:					
Expenses:					
Salaries	2,193,173	-	-	2,193,173	2,073,515
Health insurance	363,143	-	-	363,143	414,141
Pension and post-employment benefit expense	811,341	-	-	811,341	922,146
Other employee costs	111,784	-	-	111,784	101,690
Training and continuing education	42,515	-	-	42,515	20,795
Travel, meeting and moving expenses	466,087	-	-	466,087	343,336
Operating and administrative expenses	1,501,921	-	-	1,501,921	1,239,248
Parsonage and building expenditures	113,294	-	-	113,294	72,967
Remittances to General Church	1,629,037	-	-	1,629,037	1,835,815
Conference benevolence	1,597,618	-	-	1,597,618	1,668,358
Depreciation	209,215	-	-	209,215	213,781
Total expenses	9,039,128	-	-	9,039,128	8,905,792
Other disbursements:					
Remittances to Board of Pensions	1,312,769	-	-	1,312,769	1,203,684
Health insurance	9,097,480	-	-	9,097,480	8,579,854
Total expenses and other disbursements	19,449,377	-	-	19,449,377	18,689,330
INCREASE (DECREASE) IN NET ASSETS	82,246	(68,893)	-	13,353	1,153,174
NET ASSETS - beginning of year	16,436,445	866,354	63,509	17,366,308	16,213,134
NET ASSETS - end of year	\$ 16,518,691	\$ 797,461	\$ 63,509	\$ 17,379,661	\$ 17,366,308

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 the General Board of Pensions and Health Benefits (GBOPHB) 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.
- Ministry Jubilee 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 Conference retreat centers.
- 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.
- Plant Fund - property and equipment owned and used directly in the operation of the Conference.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

- 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 include all highly liquid investments purchased with an original maturity of three months or less.

Investments are recorded at fair value and consist of various 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, 2013 and 2012 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 include cash held on behalf of others in an agency capacity.

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.

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

NOTE 2 - ORGANIZATION, RISKS AND UNCERTAINTIES (Continued)

The Conference is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of significant credit risk consist of cash and cash equivalents, and investments. The Organization 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 the General Board of Pension and Health Benefits of the United Methodist Church (GBOPHB).

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, 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.

UMF Money Market Fund - 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.

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

NOTE 2 - ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

GBOPHB 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.

GBOPHB 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 (45% Russell 3000 Index, 20% MSCI ACWI excluding USA IMI, 25% Barclays Capital U.S. Universal Index excluding Mortgage Backed Securities, and 10% Barclays Capital U.S. Government Inflation-Linked Bond Index) by 0.8% on average per year (net of fees) over an extended investment cycle (10 to 20 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 three to four 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 the auditor's opinion date, which is the date the financial statements were available to be issued.

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.

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

NOTE 3 - INVESTMENTS (Continued)

The Conference also invests funds with the General Board of Pension and Health Benefits (GBOPHB). The GBOPHB 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>2013</u>	<u>2012</u>
Direct investments:		
Equity mutual funds:		
Large cap growth	\$ -	\$ 122,917
Large cap blend	-	98,440
Mid cap blend	-	250,583
Large cap value	-	118,271
Commodities broad basket	-	142,473
Small cap growth	-	62,833
Small cap value	-	69,994
International equity	-	184,869
Emerging markets	-	158,308
World Allocation	-	129,338
Fixed income mutual funds:		
Intermediate term	-	384,633
High yield bond	-	367,143
Short duration governmental	-	349,220
Inflation protected bond	-	21,858
International fixed income	-	398,477
Balanced mutual fund	-	327,288
Equity securities	682,862	-
United States Treasury Notes	65,500	65,500
Money market	2,746,199	14,945
United Methodist Development Fund - certificates of deposit	314,850	307,124
Pooled funds managed by the Foundation:		
UMF Trust Fund	641,238	563,599
UMF Stock Fund	2,863,735	2,593,840
UMF Bond Fund	411,511	566,399
UMF Money Market Fund	8,267	12,475
Pooled funds managed by the General Board of Pension and Health Benefits (GBOPHB):		
Short Term Investment Fund	28,968	28,907
Multiple Asset Fund	2,422,014	2,066,426
	<u>\$ 10,185,144</u>	<u>\$ 9,405,860</u>

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

NOTE 3 - INVESTMENTS (Concluded)

Income from cash deposits and investments consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 81,918	\$ 93,294
Interest received from financing	5,090	5,171
Realized and unrealized gains	<u>1,157,884</u>	<u>698,830</u>
Total investment income	<u>\$ 1,244,892</u>	<u>\$ 797,295</u>

Investment income is net of related investment expenses of \$13,253 and \$12,256 for the years ended December 31, 2013 and 2012, respectively.

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.

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

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

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.

Pooled funds: Valued based upon the Conference's allocable share of the underlying investments made and reported by the United Methodist Foundation and the General Board of Pension and Health Benefits to the Conference.

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.

Description	2013			Total
	Level 1	Level 2	Level 3	
Direct investments:				
Equity securities	\$ 682,862	\$ -	\$ -	\$ 682,862
U. S. Treasury Notes	65,500	-	-	65,500
Certificates of deposit	314,850	-	-	314,850
Pooled funds held:				
Foundation	-	-	3,924,751	3,924,751
GBOPHB	-	-	2,450,982	2,450,982
Total investments	<u>\$ 1,063,212</u>	<u>\$ -</u>	<u>\$ 6,375,733</u>	7,438,945
Money market funds at cost				<u>2,746,199</u>
Total				<u>\$ 10,185,144</u>

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

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Description	2012			Total
	Level 1	Level 2	Level 3	
Direct investments:				
Mutual funds:				
Equity	\$ 1,338,026	\$ -	\$ -	\$ 1,338,026
Fixed income	1,521,331	-	-	1,521,331
Balanced	327,288	-	-	327,288
U. S. Treasury Notes	65,500	-	-	65,500
Certificates of deposit	307,124	-	-	307,124
Pooled funds held:				
Foundation	-	-	3,736,313	3,736,313
GBOPHB	-	-	2,095,333	2,095,333
Total investments	<u>\$ 3,559,269</u>	<u>\$ -</u>	<u>\$ 5,831,646</u>	9,390,915
Money market funds at cost				<u>14,945</u>
Total				<u>\$ 9,405,860</u>

Investments held at the General Board of Pension and Health Benefits as well as the Foundation include numerous securities that are combined with the investment portfolios of other church organizations. As such, they are considered Level 3 investments.

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

NOTE 4 - FAIR VALUE MEASUREMENTS (Concluded)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Funds held at the <u>Foundation</u>	Funds held at the <u>GBOPHB</u>	<u>Total</u>
Balance January 1, 2012	\$ 3,404,659	\$ 1,890,805	\$ 5,295,464
Total realized and unrealized gains or losses included in earnings	345,583	256,831	602,414
Purchases	6,209	-	6,209
Proceeds from sale	<u>(20,138)</u>	<u>(52,303)</u>	<u>(72,441)</u>
Balance December 31, 2012	3,736,313	2,095,333	5,831,646
Total realized and unrealized gains or losses included in earnings	634,401	355,649	990,050
Purchases	320,857	-	320,857
Proceeds from sale	<u>(766,820)</u>	<u>-</u>	<u>(766,820)</u>
Balance December 31, 2013	<u>\$ 3,924,751</u>	<u>\$ 2,450,982</u>	<u>\$ 6,375,733</u>

As of December 31, 2013:

	Funds held at the <u>Foundation</u>	Funds held at the <u>GBOPHB</u>	<u>Total</u>
The estimated amount of total gains and losses for the year included in earnings attributable to the change in unrealized gains or losses relating to assets still held at year end.	<u>\$ 634,401</u>	<u>\$ 355,649</u>	<u>\$ 990,050</u>

Gains and losses (realized and unrealized) included in earnings for the year ended December 31, 2013, are reported in investment income (loss).

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**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:

	<u>2013</u>	<u>2012</u>
Parsonages:		
District	\$ 812,905	\$ 1,194,458
Area	303,063	303,063
Camps:		
Land	359,450	359,450
Buildings	4,831,641	4,783,657
Vehicles	242,409	242,409
Equipment	531,726	526,627
Conference center furniture and equipment	<u>348,744</u>	<u>348,744</u>
	7,429,938	7,758,408
Less accumulated depreciation	<u>3,560,137</u>	<u>3,460,482</u>
Net property and equipment	<u>\$ 3,869,801</u>	<u>\$ 4,297,926</u>
Depreciation and amortization expense	<u>\$ 209,215</u>	<u>\$ 213,781</u>
	<u>2013</u>	<u>2012</u>
District parsonages:		
Marquette District Superintendent - Marquette	\$ 316,523	\$ 316,523
Detroit East Superintendent - Troy	-	381,553
Treasurer - Flint	218,010	218,010
Ann Arbor Superintendent - Ann Arbor	<u>278,372</u>	<u>278,372</u>
Total district parsonages	<u>\$ 812,905</u>	<u>\$ 1,194,458</u>
Area parsonages:		
15160 Duxbury Lane, DeWitt Township	\$ 213,878	\$ 213,878
Okemos office building	<u>89,185</u>	<u>89,185</u>
Total area parsonages	<u>\$ 303,063</u>	<u>\$ 303,063</u>

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 fifty-eight percent of the original cost basis of the property.

Land included in the parsonages listed above amounted to approximately \$82,300 and \$182,300 for the years ended December 31, 2013 and 2012, respectively.

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

NOTE 6 - FINANCING RECEIVABLES

Financing receivables consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Interest-free advances to Conference officials.	\$ 6,000	\$ 8,100
Land contract receivable from sale of the Devine parsonage, with monthly payments of \$540, including interest at 6.0%, matures May 2013.	84,080	85,470
Land procurement loan receivable from Canton Friendship United Methodist Church, with annual interest payments of \$7,740 at 4.5%, maturity to be determined.	<u>166,000</u>	<u>166,000</u>
	<u>\$ 256,080</u>	<u>\$ 259,570</u>

Maturities of financing receivables at December 31 are as follows:

<u>Years ending December 31,</u>	
2014	\$ 84,080
2015	-
2016	-
2017	-
2020	-
Thereafter	<u>172,000</u>
	<u>\$ 256,080</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, 2013 and 2012, management believes that no allowance is necessary.

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

NOTE 6 - FINANCING RECEIVABLES (Concluded)

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

	2013			2012		
	Principal	Interest	Total	Principal	Interest	Total
Current	\$ 256,080	\$ -	\$ 256,080	\$ 259,570	\$ -	\$ 259,570
Past due:						
30-59 days	-	-	-	-	-	-
60-89 days	-	-	-	-	-	-
≥ 90 days	-	37,350	37,350	-	29,880	29,880
Total past due	-	37,350	37,350	-	29,880	29,880
Total financing receivables	\$ 256,080	\$ 37,350	\$ 293,430	\$ 259,570	\$ 29,880	\$ 289,450

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

NOTE 7 - LEASES

The Conference has a facility operating lease with a member church. Minimum rental commitments are summarized as follows:

Year ending December 31,	
2014	\$ 57,906

The Michigan Area Headquarters (the Headquarters), supported jointly with the Council of Finance and Administration of the West Michigan Annual Conference, leased office space in 2000. The Headquarters pays rent expense from its budget, but the Detroit Annual Conference, the Council of Finance and Administration of the West Michigan Annual Conference and the Headquarters are jointly responsible for the lease. The lease expires in July 2014. The base monthly lease rate is \$6,500, with annual escalation for cost of living.

Audited Financial Reports 2014

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 the GBOPHB to fund clergy retirement benefits. The GBOPHB has taken the position that the Conference is responsible for funding any shortfall in benefits.

The Conference participates in a voluntary multi-employer defined contribution pension plan that covers substantially all Conference lay employees. The Conference contributes 6.5 percent of each participant's annual wages. Contributions made by the Conference approximated \$55,000 and \$60,000 for the years ended December 31, 2013 and 2012, 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 the GBOPHB and management believes that the plan is fully funded.

Additionally, the Conference contributed funding from member churches to the Clergy Retirement Security Pension Plan that was established January 1, 2007 amounting to \$1,165,805 and \$1,148,505 to fund clergy retirement benefits for the years ended December 31, 2013 and 2012, respectively.

The Conference's policy is to fund all costs of qualified retirees' (clergy and lay employees) health care coverage. Such costs are expensed when paid and totaled approximately \$748,000 and \$860,000 for the years ended December 31, 2013 and 2012, respectively.

The projected liability for retiree health benefits, as disclosed in the most recent actuarial calculation, was approximately \$61,360,000 and the fair market value of plan assets was approximately \$75,560,000, based on census data from January 1, 2013.

An actuarial valuation for pension benefits was not available.

Amounts reported as remittances to the Board of Pensions represent payments made to the GBOPHB for the purpose of providing pensions and other post-employment benefits to Conference clergy. Amounts on deposit with the GBOPHB at December 31, 2013 and 2012 were approximately \$122,000,000 and \$109,000,000, respectively, which were invested in diversified investment funds and are available to provide for future post-employment benefits.

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.

Audited Financial Reports 2014

**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>2013</u>	<u>2012</u>
Programs:		
Connectional Ministry and Administration	\$ 285,536	\$ 183,334
Conference Leadership Team	1,133,033	1,009,703
Ministry Jubilee	451,409	445,551
General Church Apportionments	1,311,387	1,486,390
New Church Development	61,942	7,498
Outdoor and Retreat Ministries	1,354,094	1,302,562
Pension and Health Benefits Fund	785,057	936,947
Other designated funds	<u>470,812</u>	<u>615,121</u>
Total programs	5,853,270	5,987,106
Management and general	<u>3,185,858</u>	<u>2,918,686</u>
	<u>\$ 9,039,128</u>	<u>\$ 8,905,792</u>

Fundraising has not been segregated on the basis of immateriality.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2013</u>	<u>2012</u>
LeBlanc Fund - restricted for pension benefits; for clergy in cases of disability, divorce or death	\$ 596,221	\$ 596,221
Ministry Jubilee - contributions restricted by local churches	157,478	243,020
Reed Fund School of Ministry - restricted for inspirational speakers	<u>43,762</u>	<u>27,113</u>
	<u>\$ 797,461</u>	<u>\$ 866,354</u>

Net assets amounting to \$453,777 and \$447,164 were released from restrictions during the years ended December 31, 2013 and 2012, respectively, by incurring expenses satisfying their restricted purposes.

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

NOTE 12 - ENDOWMENTS

Endowments consist of funds established for a variety of purposes and include both donor-restricted funds and funds internally designated to function as endowments. 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 organization 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 organization. The organization 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 organization 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 organization
7. The investment policies of the organization.

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.

Audited Financial Reports 2014

**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, 2012	\$ 18,689	\$ 63,509	\$ 82,198
Investment return:			
Investment income	2,285	-	2,285
Net appreciation (realized and unrealized)	6,139	-	6,139
Total investment return	8,424	-	8,424
Endowment net assets December 31, 2012	27,113	63,509	90,622
Investment return:			
Investment income	2,208	-	2,208
Net appreciation (realized and unrealized)	14,441	-	14,441
Total investment return	16,649	-	16,649
Endowment net assets December 31, 2013	<u>\$ 43,762</u>	<u>\$ 63,509</u>	<u>\$ 107,271</u>

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 \$75,000 annually or aggregate claims exceeding \$4.3 million 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 \$363,000 and \$414,000 for Conference employees for the years ended December 31, 2013 and 2012, respectively. The Conference is reimbursed for stop loss premiums and claims paid for affiliates covered under the Plan.

Audited Financial Reports 2014

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

NOTE 14 - COMMITMENT

In August 2013, the Michigan Area United Methodist Ministry Center entered into an \$825,000 mortgage agreement, the proceeds of which to be used for the acquisition of office space to be leased by the Michigan Area Headquarters of the United Methodist Church. The Conference has entered into an agreement with the Michigan Area Headquarters (the Headquarters) and the West Michigan Annual Conference of the United Methodist Church to provide support to the Headquarters for the lease payments. Lease payments are to be sufficient to repay the underlying mortgage note for the office space in the original amount of \$825,000 including accrued interest from August 15, 2013 through the completion date of the premises, and shall be based upon a fifteen year amortization schedule commencing upon completion of the premises and continue monthly for sixty months, including interest at 4.74% per annum. The Conference's portion of the monthly payments based on an anticipated completion date of August 2014 are expected to be approximately \$8,064.

The following anticipated maturity schedule for the Conference commitment is based on an anticipated completion date of August 2014:

Year ending December 31,	Principal	Interest	Total Commitment
2014	\$ 14,546	\$ 25,775	\$ 40,321
2015	79,622	17,148	96,770
2016	83,479	13,291	96,770
2017	87,523	9,247	96,770
2018	91,763	5,007	96,770
2019	55,568	881	56,449
	<u>\$ 412,501</u>	<u>\$ 71,349</u>	<u>\$ 483,850</u>

SUPPLEMENTARY INFORMATION

Audited Financial Reports 2014

**DETROIT ANNUAL CONFERENCE
COMBINING STATEMENT OF SUPPORT, REVENUE
AND OTHER RECEIPTS, EXPENSES, OTHER DISBURSEMENTS AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2013
(with comparative totals for the year ended December 31, 2012)**

	2013				
	Connectional Ministry and Administration fund	Conference Leadership Team fund	Ministry Jubilee fund	General Church Apportionments fund	New Church Development fund
SUPPORT, REVENUE AND OTHER RECEIPTS:					
Support and revenue:					
Apportionments	\$ 2,613,103	\$ 1,516,804	\$ -	\$ 1,311,387	\$ -
Special offerings/Ministry Jubilee	-	-	-	-	-
Investment income (loss)	28,311	85,795	-	-	159,149
Camp registration and rental fees	-	-	-	-	-
Other income	16,174	18,074	-	-	11,736
Net assets released from restrictions	-	-	451,409	-	-
Total support and revenue	2,657,588	1,620,673	451,409	1,311,387	170,885
Other receipts:					
Pension apportionment	-	-	-	-	-
Past years pension apportionments	-	-	-	-	-
Insurance reimbursements	-	-	-	-	-
Total support, revenue and other receipts	2,657,588	1,620,673	451,409	1,311,387	170,885
EXPENSES AND OTHER DISBURSEMENTS:					
Expenses:					
Salaries	1,068,769	491,053	-	-	-
Health insurance	217,109	73,857	-	-	-
Pension and post-employment benefit expense	35,829	1,903	-	-	-
Other employee costs	47,287	18,262	-	-	-
Training and continuing education	31,832	1,752	-	-	-
Travel, meeting and moving expenses	416,466	43,263	-	-	-
Operating and administrative expenses	741,478	98,152	-	-	-
Parsonage and building expenditures	10,698	-	-	-	32,984
Remittances to General Church	317,650	-	-	1,311,387	-
Conference benevolence	66,666	404,791	451,409	-	40,691
Depreciation	-	-	-	-	-
Total expenses	2,953,784	1,133,033	451,409	1,311,387	73,675
Other disbursements:					
Remittances to Board of Pensions	-	-	-	-	-
Health insurance	-	-	-	-	-
Total expenses and other disbursements	2,953,784	1,133,033	451,409	1,311,387	73,675
Increase (decrease) in net assets before transfers	(296,196)	487,640	-	-	97,210
Transfers	173,278	(304,158)	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(122,918)	183,482	-	-	97,210
NET ASSETS - beginning of year	372,918	803,724	14,400	-	2,044,071
NET ASSETS - end of year	\$ 250,000	\$ 987,206	\$ 14,400	\$ -	\$ 2,141,281

Audited Financial Reports 2014

2013								
Outdoor and Retreat Ministries fund	Pension and Health Benefits fund	Plant fund	Other designated funds	Total unrestricted	Temporarily restricted	Permanently restricted	Total	2012
\$ -	\$ -	\$ -	\$ -	\$ 5,441,294	\$ -	\$ -	\$ 5,441,294	\$ 5,430,566
511	-	-	-	511	365,867	-	366,378	400,123
146,766	356,063	-	452,159	1,228,243	16,649	-	1,244,892	797,295
819,824	-	-	-	819,824	-	-	819,824	860,745
170,319	900	-	374,681	591,884	2,368	-	594,252	691,056
-	-	-	2,368	453,777	(453,777)	-	-	-
1,137,420	356,963	-	829,208	8,535,533	(68,893)	-	8,466,640	8,179,785
-	2,352,409	-	-	2,352,409	-	-	2,352,409	2,303,845
-	30,029	-	-	30,029	-	-	30,029	43,861
-	8,613,652	-	-	8,613,652	-	-	8,613,652	9,315,013
1,137,420	11,353,053	-	829,208	19,531,623	(68,893)	-	19,462,730	19,842,504
473,364	99,344	-	60,643	2,193,173	-	-	2,193,173	2,073,515
62,243	9,934	-	-	363,143	-	-	363,143	414,141
9,966	762,900	-	743	811,341	-	-	811,341	922,146
42,220	-	-	4,015	111,784	-	-	111,784	101,690
8,259	672	-	-	42,515	-	-	42,515	20,795
4,574	1,506	-	278	466,087	-	-	466,087	343,336
453,734	195,140	-	13,417	1,501,921	-	-	1,501,921	1,239,248
69,612	-	-	-	113,294	-	-	113,294	72,967
-	-	-	-	1,629,037	-	-	1,629,037	1,835,815
230,122	12,223	-	391,716	1,597,618	-	-	1,597,618	1,668,358
-	-	209,215	-	209,215	-	-	209,215	213,781
1,354,094	1,081,719	209,215	470,812	9,039,128	-	-	9,039,128	8,905,792
-	1,312,769	-	-	1,312,769	-	-	1,312,769	1,203,684
-	9,097,480	-	-	9,097,480	-	-	9,097,480	8,579,854
1,354,094	11,491,968	209,215	470,812	19,449,377	-	-	19,449,377	18,689,330
(216,674)	(138,915)	(209,215)	358,396	82,246	(68,893)	-	13,353	1,153,174
230,880	(100,000)	-	-	-	-	-	-	-
14,206	(238,915)	(209,215)	358,396	82,246	(68,893)	-	13,353	1,153,174
1,588,604	10,735,903	4,158,452	(3,281,627)	16,436,445	866,354	63,509	17,366,308	16,213,134
\$ 1,602,810	\$ 10,496,988	\$ 3,949,237	\$ (2,923,231)	\$ 16,518,691	\$ 797,461	\$ 63,509	\$ 17,379,661	\$ 17,366,308

CFA Financial Policies 2014–2015

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.

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

CFA Financial Policies 2014–2015

Section I - CFA President's Report

2013 was a great year in Michigan! New economic growth continues to impact not only the business community but families and churches. CFA was pleased by apportionment receipts of 80.90% though it was a bit less than the 81.03% of 2012.

CFA appreciates how hard each congregation worked in 2013 to pay their apportionments. Two hundred eighty-seven churches of every size - approximately 66% of the four hundred thirty-four congregations in our annual conference - paid 100% of their apportionment contribution. Many other congregations endeavored to pay at least something beyond their pension apportionments. Twenty-nine congregations made no payment toward their common budget apportionments in 2013.

As we consider our financial commitment to the general church, an additional amount of \$67,837.35 was added to the Episcopal Fund to bring the total paid to 100%. All other general church apportionments were paid at 75.6%, the actual level of receipts.

It is hard to believe that our treasurer, David Dobbs, has completed his second year. We continue to appreciate his financial leadership, his inquisitive nature, and his work ethic as he strives to serve local churches and the Detroit Annual Conference.

There are many financial challenges ahead of the Detroit Annual Conference. The increasing cost of health care continues to impact the ability of many churches to meet their apportionments. Our commitment to pay the Episcopal Fund at 100% and to provide for a large number of pastoral moves continues to be a challenge. We appreciate the support of the Board of Pensions in providing necessary funds for retiree moves in 2013.

The challenges do not end here. Over the last several years, CFA has worked diligently to contain costs and significantly reduce the Annual Conference budget. It was our assumption that lower apportionments would help congregations meet their own financial responsibilities and pay their apportionments. Unfortunately, congregations continue to contribute at the same percentage regardless of the apportioned amount. It will be a continual challenge to fulfill the ministry of the Detroit Annual Conference at the current rate of 80.90% of apportionments received.

The support of every congregation is essential and appreciated. Together we can make a difference in the world. Thank you to the churches of the Detroit Annual Conference for your support and faithfulness.

Carol J. Johns
President of the Council on Finance & Administration

CFA Financial Policies 2014–2015

Section II - **Stewardship**

The members of the annual conference strongly urge each local church to conduct an every-member commitment program as outlined by the Board of Discipleship or some other effective means of involving the congregation in the needs and program of the church. Resources are also available through the Council on Ministries Division of Stewardship of the annual conference.

Section III - **Apportionments**

- A. The Council on Finance and Administration shall apportion the amount composing the annual budget among the churches of the Detroit Annual Conference for the fiscal year. These apportionments 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.
- B. For the purpose of establishing a uniform system of financing the conference, all apportionments made by the conference and district board of missions and church extension shall be based on the Grade Figure System employed by the conference for the common budget.
- C. The grade figure for the common budget shall be determined by the current operating budget (lines 53-62 of the Local Church Report) plus non-United Methodist benevolent giving (line 49 of the Local Church Report), except that in any year when the apportionments are paid in full, the non-United Methodist benevolent giving amount will be excluded from the calculation. Annual variances in the resulting apportionment will be moderated by using a four-year rolling average of these numbers.

Steps in determining the grade figure for the common budget:

- 1. For each local church, for each of the four most recent years reported, find the sum of lines 49 plus lines 53 through 62. For each year that apportionments were paid in full, exclude the amount from Line 49. Add the four annual sums, and find the simple average.
- 2. Divide the simple average by the conference total (simple average) for the same lines.

Example:

Local church total - 2009 = 89,750	Conference total - 2009 = 57,147,624
Local church total - 2008 = 86,317	Conference total - 2008 = 58,487,020
Local church total - 2007 = 71,725	Conference total - 2007 = 56,025,720
Local church total - 2006 = 75,726	Conference total - 2006 = 51,369,385
Sum of L.C. totals = 323,518	Sum of Conf totals = 223,029,749
Divided by 4 = 80,879	Divided by 4 = 55,757,437
<u>Local Church Average</u> <u>80,879</u>	

Divided by Conference Average 55,757,437 = .001451 (Grade Figure)

Multiply the total common budget by the grade figure to find the church's portion.

- D. The Grade Figure System has been chosen because it allows apportionments to the local church to be based on its relationship to the total of the churches of the conference. Each church is expected to assume its portion of the common budget. Giving in addition to the apportionments, 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 (§812)."

CFA Financial Policies 2014–2015

- E. The grade figure for the sharing of pension costs shall be separate from the grade figure for the common budget, and shall be determined based on the salary paid by each local church to its pastor/associate pastor(s), as reported in lines 64 and 65 of the Local Church Report. The amount determined as each local church's share will be billed to the church monthly by the conference treasurer.

Steps in determining the grade figure for the pensions & insurance portion:

1. For the local church, find the sum of Lines 64 and 65 as reported in the most recent Local Church Report.
2. Divide that sum by the sum of the Conference totals for those lines.

Example:

Local Church total, lines 53, 54	29,870	
Conference total, lines 53, 54	12,099,401	= .002469

- F. As apportionments are received during the year, the World Service apportionment from the General church shall be paid at the level of receipts.
- G. The amount apportioned to a charge for the Episcopal Fund shall be paid in the same proportion as the charge pays its pastor. (§17.3 of *The Book of Discipline of The United Methodist Church 2008*)
- H. Funds received in excess of the budget for the conference fiscal year shall be placed in the reserves of the respective apportioned funds and maintained by the conference treasurer.
- I. During the conference 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 this conference.
- J. Area expenses shall be shared by the Detroit and West Michigan conferences in the ratio of membership for the budget year based upon the previous year's membership.
- K. Calculation of Apportionments for New Churches: A new church will be apportioned 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 apportionments 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 to the Conference on a quarterly basis.
- L. Calculation of Apportionments for Merged Churches: The statistics of the merging churches will be added together before calculating the apportionment 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.
- M. Calculation of Apportionments for Vital Merger Churches: A new classification of merged churches will be "Vital Mergers." Those mergers fulfilling the Vital Merger qualifications will be considered as a new church start by the New Church Development Committee and will be apportioned as follows. 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 worked out in consultation with, and given approval by, the District Superintendent and the District Committee

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on Church Building and Location. This budget will then be forwarded to the Conference Treasurer's office to be used to formulate apportionment figures for the newly merged church. A new total base figure will be calculated for the merged church based on the formula outlined in Section III.C. The Vital Merger will be apportioned by the Conference and the District 25% of its "full" amount during the first calendar year after the merger. During the second calendar year the apportionment 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 office and the Board of Pensions a plan for managed debt repayment for any conference pension or health care arrearages. 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.

Section IV - Administration

- A. **Monthly Payments and Specials**
1. Monthly payments - All apportionments to individual churches for the conference fiscal year shall be payable in ten (10) monthly installments. A statement will be sent from the treasurer's office 12 times a year.
 2. Christian Education Sunday - The Christian Education Sunday asking shall be \$2.00 per church school member, to be divided in the following manner: one-half (1/2) to outdoor education and one-half (1/2) to local church education.
 3. Conference Youth Ministries - The Conference Youth Ministries asking shall be \$2.50 per youth.
- 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. Health Insurance
 - a. 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.
 - b. Medical coverage provided from another source will meet the conference requirement if it is equivalent to or better than the conference plan.
 - c. Any additional insurance shall be considered as part of total cash salary.
 - 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 Division of Insurance 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 instead of joining the conference group plan, it is strongly recommended that the church escrow an amount equal to one year's pre-

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mium of the conference group health plan. The pastor must have a signed waiver of coverage placed in the file in the treasurer's office. Joining the conference group 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.

5. 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.

Annual Conference Expenses and Salaries.

1. The annual 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 form.
2. Salary calculation of district superintendents, director of connectional ministries, benefits officer and conference treasurer: Beginning in 2003, the salary of the district superintendents, the director of connectional ministries, benefits officer and the conference treasurer shall be set by CFA, based on the best information available including, but not limited to the Denominational Average Compensation, Conference Average Compensation and the Consumer Price Index.

Travel Expense Policies:

1. Conference travel
 - Expenses incurred due to travel on behalf of the Detroit Annual 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 undocumented may be considered additional compensation and thus be taxable to the recipient.
 - a. 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.
 - b. Information and Documentation Requirements
 - 1) 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.
 - 2) 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.
 - 3) 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.

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4) Dates of Travel – The expense report should clearly indicate the dates of travel for each trip.

5) Incidentals – Tips for baggage handling, porters, bellhops, restaurant service, and business telephone charges are reimbursable. Incidentals should not exceed \$10 per day.

6) 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.

7) 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 \$30 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.

8) 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.

9) 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.

10) 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.

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

12) 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.

c. Who May Approve Expense Reports

The Bishop may approve travel reimbursement requires of District Superintendents; the Director of Connectional Ministries may approve travel reimbursement request for Associate Directors and Treasurer. The Treas-

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urer may approve reimbursement requests by the Director of Connectional Ministries or the Conference Benefits Officer. 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.

d. **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.

- e. 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.
- f. 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.
- g. 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).
2. Travel expense by conference agencies - 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.
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.

E. **Investment Policies**

1. **Purpose**

Provide general guidelines for investing reserve funds as required by the *Book of Discipline of The United Methodist Church*, ¶806.11.

2. **Standard of Care**

The Investment Committee of the conference Council on Finance and Administration and the conference treasurer are recognized to have fiduciary responsibility for the investment of reserve funds. All persons involved in the management of the assets of the Detroit Annual Conference shall use 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.

3. **Liquidity**

Provide for all anticipated operating cash needs and allow for timely withdrawal of designated funds.

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4. **Stability and Preservation of Capital**

To the degree consistent with specific rate of return objectives, all funds shall be invested to maintain a high level of stability and security by minimizing risk and volatility.
5. **Simplicity**

Maintain a minimal number of investment accounts to reduce administrative complexity while maintaining adequate diversification.
6. **Objectives and Policies for Invested Funds**
 - a. Objectives
 - 1) To obtain results in the upper half of a universe of comparable fund managers of a publicly recognized performance measurement service for any five-year period.
 - 2) To obtain a total rate of return of at least five percentage points per annum in excess of the increase in the Consumer Price Index for any five-year period.
 - b. Policies
 - 1) 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.
 - 2) 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.
 - 3) 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.
 - 4) No more than 20% of the market value of the equity assets are in the equity issues of companies in any one industry.
 - 5) Periodically market conditions may cause the portfolio's investments in various equities (mutual funds) to temporarily vary from the established industry allocation policy. To remain consistent with this guideline, each mutual fund will be reviewed on a quarterly basis and rebalanced to the desired weighting if the actual weighting varies by 3% or more.
 - c. Restrictions
 - 1) 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.
 - 2) 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.
 - 3) 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. Investment in a foreign securities pooled fund operated by a U.S. based money manager is also permitted provided that all transactions are in dollars.

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- 4) 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.
 - 5) Margin transactions, short sales, options, put, calls, straddles, and/or spreads shall not be used.
 - 6) 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.
 - 7) Investments shall not be made in securities for which market quotations are not readily available.
 - 8) Investments shall not be made in securities for the purpose of exercising control or management.
 - 9) Private placements of debt or equity will not be purchased.
 - 10) Investments shall not knowingly be made in securities of companies which have significant interest in the following activities: alcoholic beverages, tobacco, or gambling.
 - 11) 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 non-voting securities the limit shall be 5% of revenue.
 - 12) Investments shall not knowingly be made in companies which derive more than 3% of revenue from nuclear weapons contracts.
 - 13) Investments shall not be made if such investments will result in income which would require the filing of federal, state or local tax returns.
 - d. Mutual funds and pooled investment funds
The use of such funds alters the interpretation of the investment policies and restrictions as follows: The rules covering limits on the securities of single issuer are waived. The rules governing liquidity and quality are not waived. The rules governing social issues will be applied to the individual funds as if each were a separate company.
7. **Reporting and Documentation**
- a. The conference treasurer and the Investment Committee shall meet periodically to review investment policies and portfolio management performance.
 - b. The performance of all investment funds shall be reviewed at least annually with the conference Council on Finance and Administration.
 - c. There shall be written documentation in the treasurer's office cash book of all investments, signature cards, etc., in accordance with the procedures and protocols established by the conference treasurer and/or Council on Finance and Administration.
 - d. It will be the general policy that gifts received under \$25,000 would be made available to the appropriate program(s) in accordance with the intended purpose of the donor in the next applicable operations budget after they have been held in excess of one year.
 - e. Non-endowment funds currently on hand that have a balance of less than \$25,000 and have been held in excess of one year, will be made available to the appropriate agency/program in the next operations budget after notifying the beneficiary agency/program.
8. **Conflict of Interest**
No investment shall knowingly be made in which any member of the Council on Finance and Administration has a known, significant financial interest.

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9. **Changes in Investment Policy**

Any changes in this investment policy will require a majority vote of the conference Council on Finance and Administration.

F. **Other**

1. **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 ¶613.2 a-c of *The 2008 Book of Discipline*.]

2. **World Service Apportionment**

- a. Special attention should be given to the *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 2008 Book of Discipline*).
- b. Likewise attention is called to ¶819.5 which reads: "Churches and individuals shall give priority to the support of the World Service and conference benevolences and other apportioned funds."

3. **General Church Apportionments** - Recognizing the importance of ministries supported by the General Church apportionments, the Detroit Annual 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, subject to the following conditions:
 - a. the reserve levels must not fall below 50% of their specific, established target amounts;
 - b. in the event that the amount of a reserve fund required to make 100% payment of apportionments would cause a violation of item a) above, payment will be limited to the amount available above 50% of the reserve target amount;
 - c. the reserve target amounts will be reviewed annually by CFA and maintained at appropriate levels (Current established reserve targets: Connectional Ministries & Administration: \$250,000; World Service/Conference Benevolences \$250,000).

The Detroit Annual 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 apportionments.

4. **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 Council on Ministries.

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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 apportionments, fees, or gifts.

- a. 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.
 - b. Gifts and Bequests
 - 1) No board, agency or commission may accept gifts or bequests that will obligate that board, agency or commission beyond its present budget.
 - 2) 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.
 - 3) 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.
 - c. 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.
 - d. No funds shall be shifted between budget areas of administration, program, and projects.
 - e. 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.
5. **Auditing Requirements** - All agencies receiving financial support from conference benevolences, or from any other authorized conference-wide appeal, shall make audited reports 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.
6. **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. In addition, a fidelity bond is provided for each annual conference treasurer, each annual 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.
7. **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 apportionment receipts to date not yet expended. Exceptions will be made only with the approval of the appropriate supervising council or its executive committee (conference Council on Ministries or the Council on Finance and Administration) as documented in its minutes.
- There shall be no carrying forward of budgeted funds (from apportionment receipts) from one year to the next by any agency or board of the conference

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without approval of the Council on Finance and Administration. The following exceptions have been approved:

- a. A fund of up to \$8,000 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 \$15,000 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 \$70,000 may be accumulated for new church challenge support activities, administered by the Board of Global Ministries.
 - e. A fund of up to \$14,000 may be accumulated for district office equipment, to be administered by the Cabinet.
- 8. Housing/Furnishing Allowance** - An amount of the salaries of the district superintendent, director of connectional ministries, benefits officer, conference staff, conference treasurer, 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.
- 9. Conflict of Interest** - Detroit Annual 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.
- 10. 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.

11. Parsonage Capital Fund

The money received from the sale of Detroit Annual Conference-owned parsonages shall be placed in a segregated fund for use as directed by *The Book of Discipline*, ¶12541-2.

Investment of the segregated fund so established will be made in accordance with the restrictions of the *Discipline*, and as provided in the conference Council on Finance and Administration investment policies. Five percent of the previous year's ending balance will be available for use in supporting housing allowances for district superintendents and conference staff. The calculation to determine the payout amount will be reviewed annually by the Trustees and CFA Investment Committee, and adjusted as needed, by vote of the conference Council on Finance and Administration.

Principal of the fund may be used

1. to purchase a parsonage.
2. to make a down-payment for the purchase of a parsonage.

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It is recommended that when principal is used (as in 1 and 2 above), it be repaid, with interest, to the fund through future conference operating budget provisions.

Income from investment of the principal may be used as follows:

1. Income (as determined above) may be used for capital improvements on existing parsonages, so long as the items so financed would be allowed as capital items by Internal Revenue Service code.
2. A surplus of income (as determined above), not required for capital improvements on existing parsonages during the preceding year, may be made available for the funding of housing allowances for conference program staff and district superintendents.

Section V - Moving Expense Code

A. Eligible Persons and Moves

1. All pastors under active appointment within the Detroit 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.
2. Seminary students and pastors from outside the Detroit 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 beyond the state boundary.
3. The conference will pay for one "retirement move" for pastors who have retired from episcopal appointment in the conference. The move must be taken within five years of the retirement date. 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 not to exceed the cost of a 600-mile move under this code within the State of Michigan. Pastors called out of retirement and assigned to a charge will be granted an additional retirement move.
4. 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.
5. 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.
6. Moves within a charge from one parsonage to another are the responsibility of the local charge unless ordered by the cabinet.
7. 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. 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.
2. 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.
3. Local zone moves (up to 40 miles) - Local zone moves are not regulated as are other moves within the state. Therefore, 2 or 3 estimates should be obtained to get the

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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. If used and receipts presented, one overnight lodging will be paid for moves in excess of 350 miles.
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 authorized for ancillary services to include packing materials, packing and unpacking services.
 - c. One extra pickup and one extra delivery for each clergy person.
 - 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. (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 4.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.

CFA Financial Policies 2014–2015

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 moving expense fund shall be administered by the conference treasurer.
 2. The pastor shall be responsible for contacting a moving company and for scheduling the loading and unloading of household goods.
 3. 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.
 4. A letter of authorization shall be sent from the conference treasurer's office in advance of the move.
 5. 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.
 6. 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.
 7. 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.

CFA Financial Policies 2014–2015

Approved Moving Companies
(Listed Alphabetically)

- 1.** Corrigan Moving Systems
United Van Lines
4204 Holiday Dr.
Flint 48507
810-235-9700 / 800-695-0540
www.corriganmoving.com
2. Escanaba Moving Systems
United Van Lines
2601 Danforth
Escanaba 49829
906-786-8205
3. Frisbie Moving and Storage
United Van Lines
14225 Schaefer Hwy
Detroit 48227
313-837-0808
4. Guindon Moving & Storage Co.
1600 3rd Ave. N.
Escanaba 49829
800-562-1075 / 906-786-6560
5. Henry L. Myers Moving
Allied Van Lines
1621 11th Ave.
Port Huron 48060
810-982-0149
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 Lines
2630 US 23 South
Alpena 49707
989-356-9394 / 800-828-2016

**Although Corrigan has numerous offices, this office handles Detroit Conference moves, regardless of where the pastor is located within the state.

CFA Financial Policies 2014–2015

Section VI - **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)

Section VII - **Calendar**

The following dates are established:

- A. **January 9, 2015** Last day for submitting payments to the conference treasurer for credit on the previous conference fiscal year.
- B. **January 21, 2015** 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 30, 2015** Last day for receiving pastor's annual report by the conference statistician and treasurer.

Budget 2014–2015

[Budget 2013-2014]

	2013 Expenditures	2014 Budget	2015 Budget	% Chg from 2014
Section VIII - 2014 Annual Conference Budget				
Board of Pensions and Health Benefits				
Benefits Amount to be Apportioned	2,425,000	2,399,500	1,725,000	-28.1%
Connectional Ministry and Administration				
Episcopal Fund	317,650	320,450	327,399	2.2%
Connectional Ministry & Admin Core	2,520,791	2,665,248	2,752,643	3.3%
Provision for Unpaid Apportionments	565,276	565,276	586,675	3.8%
	2,838,441	3,550,974	3,666,717	3.3%
Conference Leadership Team				
Conference Program & Benevolences	1,406,440	1,693,955	1,737,115	2.5%
Provision for Unpaid Apportionments	322,658	322,658	330,879	2.5%
	1,406,440	2,016,613	2,067,994	2.5%
General Church Apportionments:				
World Service Fund	1,000,000	1,097,439	1,091,613	-0.5%
General Church Administration	104,220	132,440	131,764	-0.5%
Ministerial Education Fund	238,036	376,768	374,763	-0.5%
Black College Fund	128,216	150,282	149,497	-0.5%
Africa University	31,104	33,631	33,452	-0.5%
Interdenominational Fund	28,490	29,452	29,323	-0.4%
	1,530,066	1,820,012	1,810,412	-0.5%
Total pension amount apportioned to church				
	2,425,000	2,399,500	1,725,000	-28.1%
Total common budget amount apportioned				
	5,774,947	7,387,599	7,545,123	2.1%
Grand Total Apportioned				
	8,199,947	9,787,099	9,270,123	-5.3%

Note: The Provision for Unpaid Apportionments in the Connectional Ministry and Administration and Conference Council on Ministries budgets helps to insure that the common budget is fully funded.

2015 Budget Breakout by Section

Pensions & Health Benefits

A. Pensions				
1 Pension Payments (to GBOP)	5,285,779	4,586,273	4,633,580	
2 Current Retiree Health Ins. Payments	0	4,400,000	4,620,000	
3 Utilization of Earnings on GBOP account	(55,279)	(8,685,305)	(8,001,580)	
4 Temporary Disability Support	12,000	12,000	20,000	
5 Retirees' Health Ins. Endowment Fund	659,500	1,575,032	-	
6 Administration/Staffing/Special Grants	223,000	511,500	453,000	
Total for Pensions & Health Benefits	2,425,000	2,399,500	1,725,000	-28.1%

Connectional Ministries & Administration

A. Bishop and Cabinet				
1. Bishop				
a. Episcopal Fund	317,650	320,450	327,399	2.2%
b. Area Expenses	61,041	63,107	64,180	1.7%
c. Conf share of Episcopal Housing	8,000	4,000	4,000	0.0%
Total Episcopal Office	386,691	387,557	395,579	2.1%
2. District Superint				
a. Salaries	463,502	471,901	481,339	2.0%
b. Housing Allowance	58,333	60,000	60,000	0.0%
c. D.S. Pension	0	-	-	
d. Parsonage Utilities	16,375	15,000	15,000	0.0%
e. Parsonage Insurance	0	-	-	#DIV/0!
f. Parsonage Maintenance	8,005	18,000	18,000	0.0%
g. Health Insurance	98,449	154,451	166,807	8.0%
h. Travel	92,442	100,000	100,000	0.0%
j. Office Operations				
1) Ann Arbor	84,213	90,851	93,465	2.9%

Budget 2014-2015

[Budget 2013-2014]

	2013 Expenditures	2014 Budget	2015 Budget	% Chg from 2014
2) Detroit Renaissance	87,207	77,460	79,480	2.6%
4) Crossroads	90,867	100,627	104,192	3.5%
5) Marquette	69,584	75,173	76,954	2.4%
6) Blue Water	77,334	81,203	83,540	2.9%
7) Saginaw Bay	90,492	93,315	96,433	3.3%
k. Interview & Introduction Travel	3,364	1,500	1,500	0.0%
l. Cabinet Meeting Expense	3,060	2,000	2,000	0.0%
m. Supplemental Counseling	280	2,500	2,500	0.0%
n. Clergy Family Advocates	0	5,000	5,000	0.0%
o. Clergy Spouse Newsletter & Retreat	688	1,000	1,000	0.0%
p. Conf Victims Fund	0	1,000	1,000	0.0%
q. Office Equipment	0	1,500	1,500	0.0%
r. Appointive Contingencies	5,644	10,000	10,000	0.0%
s. FSA Administrative Fees	468	-	-	#DIV/0!
CBOPHB Offset	0	(8,500)	(8,500)	0.0%
DBOM and DCOM Offset	(1,800)	(7,000)	(7,000)	0.0%
Total District Superintendent Support	248,507	1,346,981	1,384,210	2.8%
B. Ministerial Support Systems				
1. Equitable Compensation				
a. Administration	143	1,200	1,200	0.0%
b. Salary Support	66,667	80,000	80,000	0.0%
Total Board of Equitable Compensation	66,810	81,200	81,200	0.0%
2. Committee on Moving	282,796	219,717	250,000	13.8%
3. Board of Ordained Ministry				
a. Administration	853	1,500	1,400	-6.7%
b. Travel & Meetings	19,866	16,000	16,000	0.0%
c. Candidates' Travel	677	1,200	1,000	-16.7%
d. Seminary Visitation	73	2,000	2,000	0.0%
e. Training	1,800	750	750	0.0%
f. Jurisdictional Local Pastors School	8,575	10,500	5,500	-47.6%
g. Ministry Booklet	2,627	2,200	2,200	0.0%
h. Transitions/New Beginnings	1,928	3,500	3,000	-14.3%
i. Recruitment	979	2,000	2,000	0.0%
j. Psychological Testing	25,850	9,000	9,000	0.0%
k. Order of Deacons	441	1,000	1,000	0.0%
l. Order of Elders	147	1,000	1,000	0.0%
m. Local Pastors	147	1,000	1,000	0.0%
n. Background Checks	82	300	300	0.0%
o. School for Pastoral Ministry (Senate)	4,000	3,500	4,000	14.3%
p. Third Year Ministry	1,248	1,400	1,900	35.7%
q. Clergy Mentor Training (new)	0	1,000	1,000	0.0%
r. Licensed Pastor Scholarship	5,898	-	5,000	#DIV/0!
s. Staff	20,182	21,934	23,723	8.2%
Total Board of Ordained Ministry	95,373	79,784	81,773	2.5%
C. Administration				
1. Jurisdictional Conference				
a. NCJ Administrative apportionments	19,236	18,223	18,223	0.0%
b. Jurisdictional "Quadrennial Fund"	0	2,500	2,500	0.0%
	19,236	20,723	20,723	0.0%
2. Area Administration				
a. Assistant to Bishop's Office	141,660	143,499	147,603	2.9%
b. Committee on Episcopacy	1,200	1,200	1,200	0.0%
Total Area Administration	142,860	144,699	148,803	2.8%
3. Annual Conference Administration				
a. Treasurer's Office				
1) Conference Treasurer				
a) Salary	71,400	78,650	80,223	2.0%
b) Parsonage Utilities	0	-	-	#DIV/0!
c) Parsonage Maintenance	0	-	-	#DIV/0!
d) Parsonage Insurance & Taxes	0	-	-	#DIV/0!
e) Travel	2,562	5,000	5,000	0.0%
f) Housing Allowance	20,000	20,000	20,000	0.0%
g) Continuing Education	149	-	-	#DIV/0!
2) Other Employees				
a) Salaries	128,821	167,082	170,424	2.0%
b) Staff Health Insurance	25,059	42,402	45,794	8.0%
c) Other Staff Benefits	39,570	33,074	33,405	1.0%

Budget 2014–2015

[Budget 2013-2014]

	2013 Expenditures	2014 Budget	2015 Budget	% Chg from 2014
3) Auditing & Bonding	25,680	25,109	25,862	3.0%
4) Office Operations	40,794	31,500	31,500	0.0%
Total Treasurer's Office	354,035	402,817	412,208	2.3%
b.Conf Council on Finance & Administration	1,772	1,500	1,500	0.0%
c.Conference Center				
1) Rent/Utilities/Etc.	96,311	83,630	86,175	3.0%
2) Conf Center Cleaning Service	8,580	11,254	11,479	2.0%
3) Insurance	16,916	21,000	21,000	0.0%
4) Equipment Maintenance	0	5,000	5,000	0.0%
6) Equipment Replacement	0	5,000	5,000	0.0%
8) Computer Software Maintenance	10,349	10,500	10,000	-4.8%
9) Computer Soft/Hardware R	0	1,000	1,000	0.0%
10) Floor Management	0	500	500	0.0%
Total Conference Center	132,156	137,884	140,154	1.6%
d. Annual Conference Session				
1) Program	36,014	61,700	61,700	0.0%
2) Member Travel	6,601	7,500	7,500	0.0%
3) Retiree Registrations	9,848	7,200	7,200	0.0%
4) Committee Meeting/Admin Exp	2,237	5,000	5,000	0.0%
5) General Conf Delegates	0	2,500	2,500	0.0%
Total Annual Conference Session	54,701	83,900	83,900	0.0%
e.Conference Secy				
1) Honorarium	3,000	3,300	3,300	0.0%
2) Secretarial Services				
a) Journal	0	2,500	2,500	0.0%
b) Supplemental Services	0	2,500	2,500	0.0%
3) Pre-Conference Reports	0	3,000	3,000	0.0%
4) Use of Journal Reserve	0	(3,000)	(3,000)	0.0%
Total Conference Secretary	3,000	8,300	8,300	0.0%
f.Conference Journal & Printing	12,651	11,220	11,220	0.0%
g.Conference Statistician	2,692	2,501	3,100	24.0%
h. Communications Commission. (see CLT Budget)				
i.Conference Trustees	1,222	795	795	0.0%
j.Legal Fees	19,501	13,500	13,500	0.0%
k. Archives & History	11,266	16,820	17,077	1.5%
l.Nominating Committee	2,482	2,800	3,000	7.1%
m.Committees Without Budgets	691	-	-	
D.Contingency Funds	0	23,000	23,000	0.0%
 Total Connectional Ministry & Admin Core	 2,838,441	 2,985,698	 3,080,042	 3.2%
Provision for Unpaid Apportionments	0	565,276	586,675	3.8%
	2,838,441	3,550,974	3,666,717	3.3%

Conference Leadership Team

A. Program, Mission and Benevolent Causes

1 Pathways 1-New Places/New People				
a.Pathways 1-New Places/New People	1,449	10,000	10,000	0.0%
b. New Church Start Table	214,756	250,000	225,000	-10.0%
c.Conference Hispanic Ministries	25,843	39,809	31,000	-22.1%
d. Asian American Ministry Committee	795	3,000	7,000	133.3%
e.Ethnic Local Church Concerns	0	2,000	2,000	0.0%
f.Vital Church Initiatives	25,000	45,000	53,400	18.7%
Total Congregational Development	267,843	349,809	328,400	-6.1%
2 Pathways 2-Principled Leaders				
a.Pathways 2-Principled Leaders	44,707	60,000	60,000	0.0%
b. Board of Outdoor & Retreat Ministries	234,000	210,000	205,000	-2.4%
c.Leader Development	686	2,000	-	-100.0%
d. Laity Commission	5,097	6,000	5,500	-8.3%
e.Board of Higher Education	34,219	35,000	30,000	-14.3%
f.Board of Christian Education	1,305	2,000	-	-100.0%
g.Board of Discipleship	1,388	2,000	5,000	150.0%
h. Council on Youth Ministries	3,119	4,000	4,000	0.0%
i.African-Amer Spiritual Formation	0	3,000	3,000	0.0%
j.Young Adult Task Force	2,316	3,000	3,000	0.0%
k. MI Area Resource Center	0	-	-	#DIV/0!
Total Leadership Development	326,837	327,000	315,500	-3.5%
3 Pathways 3-Transformed Communities				

Budget 2014-2015

[Budget 2013-2014]

	2013 Expenditures	2014 Budget	2015 Budget	% Chg from 2014
a.Pathways 3-Transformed Communities	50,000	50,000	50,000	0.0%
b. Religion & Race Commission	1,654	2,000	2,000	0.0%
c.Urban Alliance	0	2,000	-	-100.0%
d. Board of Justice, Advocacy and Equity	0	-	4,000	#DIV/0!
e.Board of Church and Society	592	2,000	-	-100.0%
f.COSROW	19	500	-	-100.0%
g.Board of Global Ministries	72,444	52,000	52,000	0.0%
h. Disability Awareness Committee	0	400	-	-100.0%
i.Native American Ministries	1,801	2,000	2,000	0.0%
j.Christian Unity	0	700	700	0.0%
k. United Methodist Men	0	-	-	#DIV/0!
l.Ministry Jubilee Promotion	586	6,000	6,000	0.0%
Total Community Mission Engagement	127,096	117,600	116,700	-0.8%
Total Program, Mission & Benevolent Causes	21,776	794,409	760,600	-4.3%
B. Administrative Expenses				
1 Meeting	2,517	5,000	5,000	0.0%
2 Personnel Committee	786	900	900	0.0%
3 Protection Policy Committee	1,546	2,800	2,300	-17.9%
4 Council Director's Office				
a. Office Operations	65,283	62,500	62,500	0.0%
b. Program & Support Staff Salaries	462,602	545,313	577,820	6.0%
c. Other Staff Benefits	95,456	201,033	144,995	-27.9%
d. Parsonage Utilities & Maintenance	0	-	-	#DIV/0!
e. Area Communications	7,245	18,000	119,000	561.1%
f. Travel	35,605	49,000	49,000	0.0%
Total CCOM Administration	671,040	884,546	961,515	8.7%
C. Contingency Funds	13,624	15,000	15,000	0.0%
Total Council on Ministries Core Budget	1,406,440	1,693,955	1,737,115	2.5%
Provision for Unpaid Apportionments	0	322,658	330,879	2.5%
Total for Council on Ministries Section	1,406,440	2,016,613	2,067,994	2.5%

General Church Apportionments

World Service	1,000,000	1,097,439	1,091,613	-0.5%
General Church Administration	104,220	132,440	131,764	-0.5%
Interdenominational Cooperation Fund	28,490	29,452	29,323	-0.4%
Black College Fund	128,216	150,282	149,497	-0.5%
Africa University Fund	31,104	33,631	33,452	-0.5%
Ministerial Education Fund	238,036	376,768	374,763	-0.5%
	1,530,066	1,820,012	1,810,412	-0.5%

Common Budget -	2013 Expenditures	2014 Budget	2015 Budget
Total to be Apportioned:	5,774,947	7,387,599	7,545,123
Percentage change (compared to previous year's budget)			2.13%

Taxes are payments made by citizens of the worldly realms.
 ~-#-#-#-~
 Apportionments are grateful gifts from recipients of
 God's grace.

Treasurer's Supplemental Report 2013

Detroit Annual Conference-Treasurer's Supplemental Report 2013

Fund	2013 Beg Balance	2013 Income	2013 Expense	2013 End Balance
Apportioned Funds:				
Connectional Ministries & Admin	316,981.97	2,655,787.25	(2,722,769.22)	250,000.00
Conference Leadership Team	767,957.16	1,599,143.60	(1,498,962.04)	868,138.72
General Church Apportionments	0.00	1,311,386.34	(1,311,386.34)	0.00
Ministry Jubilee				
Temporarily Restricted	296,067.30	347,017.05	(374,498.17)	268,586.18
New Church Develop/Camp Refurbishment				
Endowed Fund for Church/Camps	1,619,929.80	150,017.19	0.00	1,769,946.99
Earnings Available for Use	107,382.41	0.00	0.00	107,382.41
Land Procurement Loan Fund	105,211.02	9,132.48	0.00	114,343.50
Land Procurement Loans Receivable	166,000.00	0.00	0.00	166,000.00
New Church Start Funds	610,980.84	9,132.48	(20,000.00)	600,113.32
Pension & Health/Life Insurance				
<i>Unrestricted:</i>				
Clergy-Health Benefits	2,538,771.80	11,439,952.55	(9,472,000.35)	4,506,724.00
Canada Life Insurance	1,352,719.66	1,469,674.89	0.00	2,822,394.55
Conference Board of Pensions	1,383,094.99	3,368,319.04	(2,205,640.03)	2,545,774.00
Ira L. Fett Memorial Fund	0.00	0.00	0.00	0.00
LeBlanc Fund Income	664,177.80	229,016.89	(3,038.16)	890,156.53
LeBlanc Fund Loans Available	55,088.63	900.00	0.00	55,988.63
<i>Temporarily Restricted:</i>				
LeBlanc Fund Corpus	596,221.17	0.00	0.00	596,221.17
CFGF Piper Fund	0.00	2,368.03	(2,368.03)	0.00
Plant Fund	4,158,452.00	0.00	(209,215.00)	3,949,237.00
Outdoor and Retreat Ministries				
Combined Camping Reserves	1,455,635.26	1,382,073.28	(1,337,580.91)	1,500,127.63
Restricted-Endowment				
Reed Memorial Fund	8,423.91	20,291.56	(3,642.06)	25,073.41
Other Designated Funds:				
African-American Spiritual Formation	20,274.99	0.00	0.00	20,274.99
Annual Conference Registrar's Fund	49,351.14	132,374.37	(122,317.14)	59,408.37
Archives & History	1,635.77	0.00	0.00	1,635.77
Becker, Reginald Memorial Fund	23,364.53	2,032.73	(15,000.00)	10,397.26
Black Clergy Fund	220.16	0.00	0.00	220.16
Bridges	1,821.57	0.00	0.00	1,821.57
Buxton Fund Creative Leadership	13,983.10	1,296.25	(1,500.00)	13,779.35
Campus Ministries	3,387.00	0.00	0.00	3,387.00
Christian Education Fund	62,907.74	13,861.51	(6,176.18)	70,593.07
Clergy Assistance Fund	61,165.71	5,302.71	0.00	66,468.42
Coaching Practicum	0.00	0.00	0.00	0.00
Conference Victims Fund	15,000.00	0.00	0.00	15,000.00
Conflict Resolution	1,867.94	0.00	(15.54)	1,852.40
CORR, Hosting NCH Event	2,108.40	0.00	0.00	2,108.40
Cross-Racial Appts	4,940.66	0.00	0.00	4,940.66
Deacons' Red Bookshelf Project	50.00	0.00	0.00	50.00

Treasurer's Supplemental Report 2013

Disaster Response/UMCOR	1,375.19	0.00	0.00	1,375.19
Discipleship, Board	0.00	10,000.00	(2,500.00)	7,500.00
Energy Settlement-GCFA	0.00	0.00	0.00	0.00
Engaging the Powers	1,514.09	0.00	0.00	1,514.09
Episcopacy Committee	6,813.41	2,433.37	0.00	9,246.78
Evang: Hearts Strangely Warmed	(2,260.53)	0.00	0.00	(2,260.53)
Crossroads DCOM	(4,262.55)	14,609.37	(23,037.41)	(12,690.59)
Crossroads DCOM Postage Fund	234.95	0.00	(72.40)	162.55
Haiti Task Force	970.96	1,784.20	(200.00)	2,555.16
Heifer Project (Special)	3,009.50	0.00	(15.84)	2,993.66
Hispanic Ministries	11,331.97	250.00	(10,241.47)	1,340.50
Hispanic Program Funds	0.00	55.00	0.00	55.00
Hispanic TF, National (GBGM)	25,424.85	1,531.88	(26,476.02)	480.71
Holyland Trip for Ordinands	11,200.00	0.00	0.00	11,200.00
Intentional Interim Ministry	152.00	0.00	0.00	152.00
Journal Fund	32,320.11	1,649.73	(1,567.00)	32,402.84
Justice For Our Neighbors JFON	(2,806.42)	14,456.99	(12,985.68)	(1,335.11)
Liberia Connection - SB & DR	3,763.00	248.00	0.00	4,011.00
Liberia Truck Purchase	54,746.05	305.88	0.00	55,051.93
Looking Glass Project	0.00	0.00	0.00	0.00
Ministerial Education-Continuing Education	245,800.84	45,839.12	(17,878.50)	273,761.46
Ministerial Education-Seminary Grants	296,786.05	71,475.44	(22,405.00)	345,856.49
Mission Intern Program	(198.81)	2,000.00	(801.55)	999.64
Mission Intern Kingdom Project	1,632.00	0.00	0.00	1,632.00
Mission Itineration (BGM)	5,933.44	246.90	(2,647.82)	3,532.52
MJ Earnings 1999 to Present	169,348.37	14,670.90	(25,000.00)	159,019.27
Moving, Committee	0.00	0.00	0.00	0.00
Native American Ministry	55,335.96	12,796.22	(9,081.66)	59,050.52
Notes Receivable-Nicolet	3,810.02	0.00	0.00	3,810.02
Office Renovation/Rent Advance	(17,093.15)	0.00	0.00	(17,093.15)
Ordained Ministries, Board	4,374.37	0.00	0.00	4,374.37
Cattell Fund (BOM)	(9,498.00)	9,498.00	(6,999.00)	(6,999.00)
Matthews Scholar Fund (BOM)	(2,000.00)	2,000.00	0.00	0.00
<i>Other Benevolences</i>	82,200.05	0.00	(699.76)	81,500.29
Africa University Endowment	0.00	2,824.40	(2,824.40)	0.00
Conference Advance Specials	0.00	423.88	(423.88)	0.00
General Advance Specials	0.00	940,677.73	(599,697.19)	340,980.54
Other Benevolences	0.00	33,566.12	(30,240.84)	3,325.28
Special Sunday Offerings	0.00	134,802.43	(134,516.43)	286.00
Peace with Justice	14,809.21	13,322.36	(14,413.25)	13,718.32
Blue Water DCOM Fund	1,009.07	15,070.80	(15,070.95)	1,008.92
Quadrennial Fund-General Conference	2,391.48	0.00	0.00	2,391.48
Rural Life Sunday	3,013.84	810.00	0.00	3,823.84
Saginaw Bay DCOM	(21,116.22)	26,267.30	(31,330.84)	(26,179.76)
Student Day Scholarships	(1,419.00)	0.00	0.00	(1,419.00)
Timothy Project	3,711.04	0.00	(3,711.04)	0.00
Trustee-Brotherhood Insurance Rebate	351.36	0.00	0.00	351.36
Trustee-Capital Fund	1,281,788.59	318,351.96	289,915.92	1,890,056.47
Trustee-Closed Churches Fund	0.00	0.00	(10,033.87)	(10,033.87)

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Trustee-Deeds, Articles Inc	11,155.63	0.00	0.00	11,155.63
Trustee-Land Contract	(82,765.00)	0.00	0.00	(82,765.00)
Trustee-Landmark Policy	15,000.00	0.00	0.00	15,000.00
Trustee-Maintenance Fund	9,541.67	0.00	408.35	9,950.02
Trustee-MI Area Capital Fund	116,793.07	(1,096.03)	(1,945.26)	113,751.78
Trustee-MI Area Office Construction	0.00	0.00	(22,809.00)	(22,809.00)
VIM Containers/Medicine Boxes	21,435.14	0.00	0.00	21,435.14
Volunteers in Mission	20,493.65	1,855.94	(4,936.60)	17,412.99
Vital Church Initiatives	44,392.62	48,200.00	(64,062.89)	28,529.73
WMRP Capital	460,992.48	39,297.52	0.00	500,290.00
WMRP/Communications	(14,144.21)	0.00	(25,328.58)	(39,472.79)
Youth Fall Rally	(534.26)	100.00	0.00	(434.26)
Youth, Reserve & YSF	37,443.62	5,775.66	(5,795.00)	37,424.28
Youth/Young Adult Ministries	<u>955.49</u>	<u>0.00</u>	<u>0.00</u>	<u>955.49</u>
	<u>19,370,431.42</u>	<u>25,935,181.27</u>	<u>(20,145,534.03)</u>	<u>25,160,078.66</u>

2015 Minimum Base Compensation Schedule

2015 Minimum Base Compensation Schedule

In accordance with paragraph 625.3 of the *Discipline*, the Commission on Equitable Compensation recommends the Minimum Base Compensation Schedule of the Detroit Annual Conference as of January 1, 2015 shall be established at the following amounts:

Completed Years of Service	Local Pastor			Associate Member			Provisional Member			Full Member		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Year 1	\$32,974	\$33,502	\$33,904	*	*	*	\$36,797	\$37,386	\$37,835	***	***	***
Year 2	\$33,303	\$33,836	\$34,242	*	*	*	\$37,164	\$37,759	\$38,212	***	***	***
Year 3	\$33,636	\$34,174	\$34,584	*	*	*	\$37,536	\$38,137	\$38,595	***	***	***
Year 4	\$33,973	\$34,517	\$34,931	*	*	*	\$37,911	\$38,518	\$38,980	\$39,664	\$40,299	\$40,783
Year 5	\$34,312	\$34,861	\$35,279	\$35,841	\$36,415	\$36,852	\$38,291	\$38,904	\$39,371	\$40,060	\$40,701	\$41,189
Year 6	\$34,656	\$35,211	\$35,634	\$36,199	\$36,778	\$37,219	\$38,673	\$39,292	\$39,764	\$40,461	\$41,108	\$41,601
Year 7	\$35,002	\$35,562	\$35,989	\$36,561	\$37,146	\$37,592	\$39,060	\$39,685	\$40,161	\$40,866	\$41,520	\$42,018
Year 8	\$35,352	\$35,918	\$36,349	\$36,927	\$37,518	\$37,968	\$39,451	\$40,082	\$40,563	\$41,274	\$41,934	\$42,437
Year 9	\$35,706	\$36,277	\$36,712	\$37,296	\$37,893	\$38,348	**	**	**	\$41,687	\$42,354	\$42,862
Year 10	\$36,063	\$36,640	\$37,080	\$37,669	\$38,272	\$38,731	**	**	**	\$42,104	\$42,778	\$43,291

* Associate Members shall have "served four years as full-time local pastor" (paragraph 322, 2008 *Discipline*).

** "No member shall be continued on probation beyond the eighth regular session following their admission to provisional membership" (paragraph 327, 2008 *Discipline*).

*** Full members shall have "...served full time under episcopal appointment for at least two full annual conference years..." (paragraph 335, 2008 *Discipline*).

The Commission realizes that many churches are experiencing financial stress, based on the Consumer Price Index, we are recommending a 1.2% increase this year.

The chart reflects the minimums, not maximums which pastors will be paid. Congregations can pay their pastors an increase of at least 1% of the tenth year compensation for each additional year of service. For example: A Local Pastor with 15 years of service could be paid \$37,080 for their ten years of service, plus an additional \$1854 for the five years beyond the schedule, or a minimum of \$38,934.

Any questions, please contact Rev. Mark E. Zender at revmarkzender@sbcglobal.net or cell phone 313-690-7248.