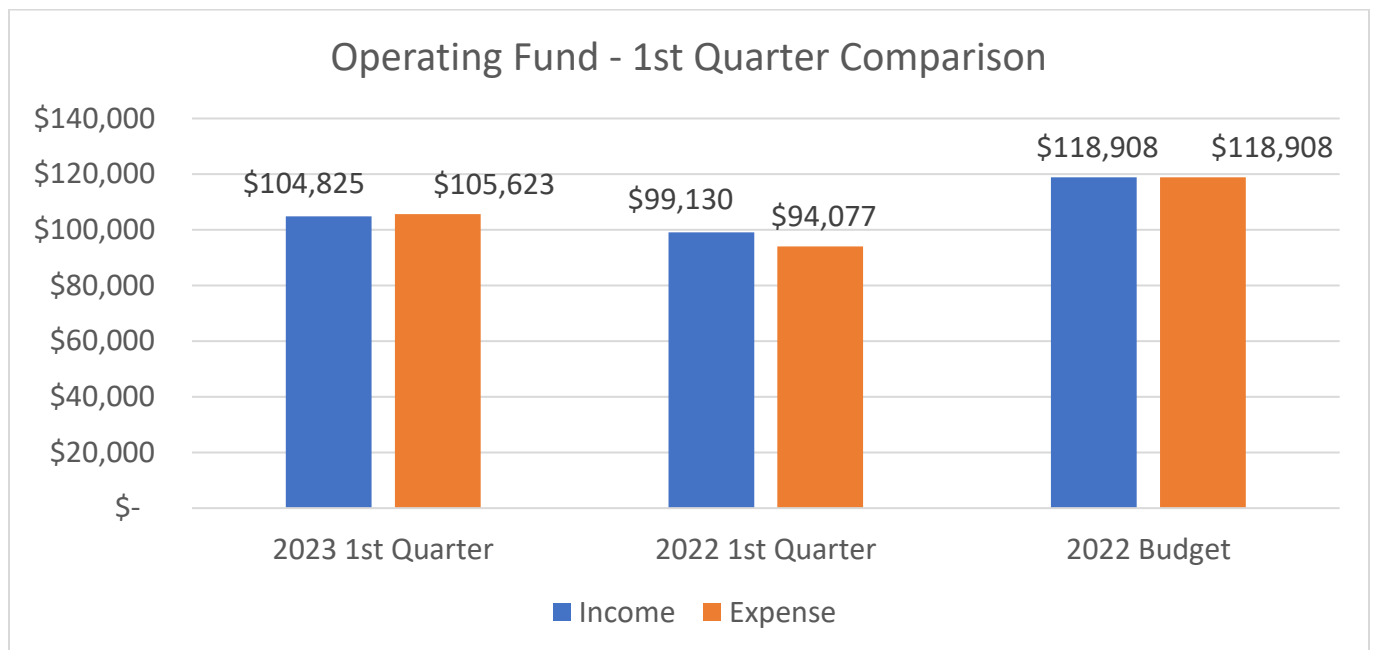
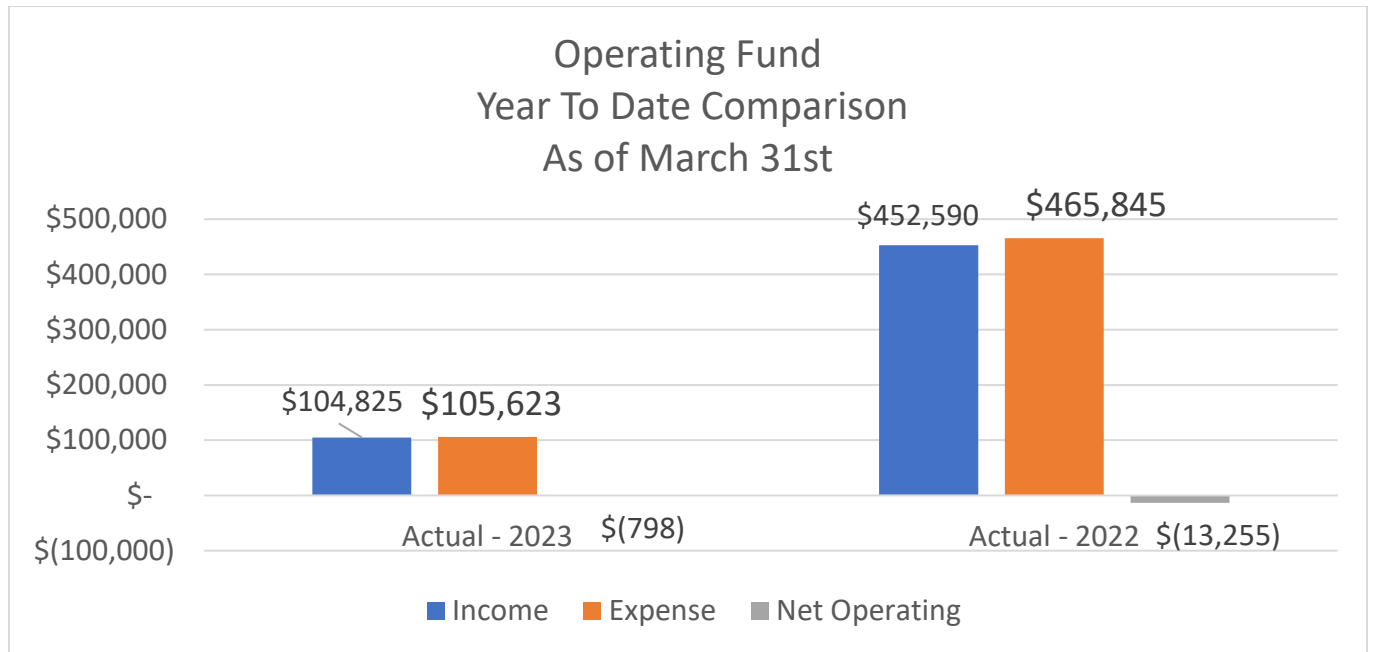


State of the Church – 1st Quarter Report

Stacey Rodgers, CPA, Treasurer, and Finance Committee Chair



Financial Highlights: 1st Quarter

Operating Fund Total - \$11,741

Income – 81.96% of budget --Includes what would be needed to pay full apportionments

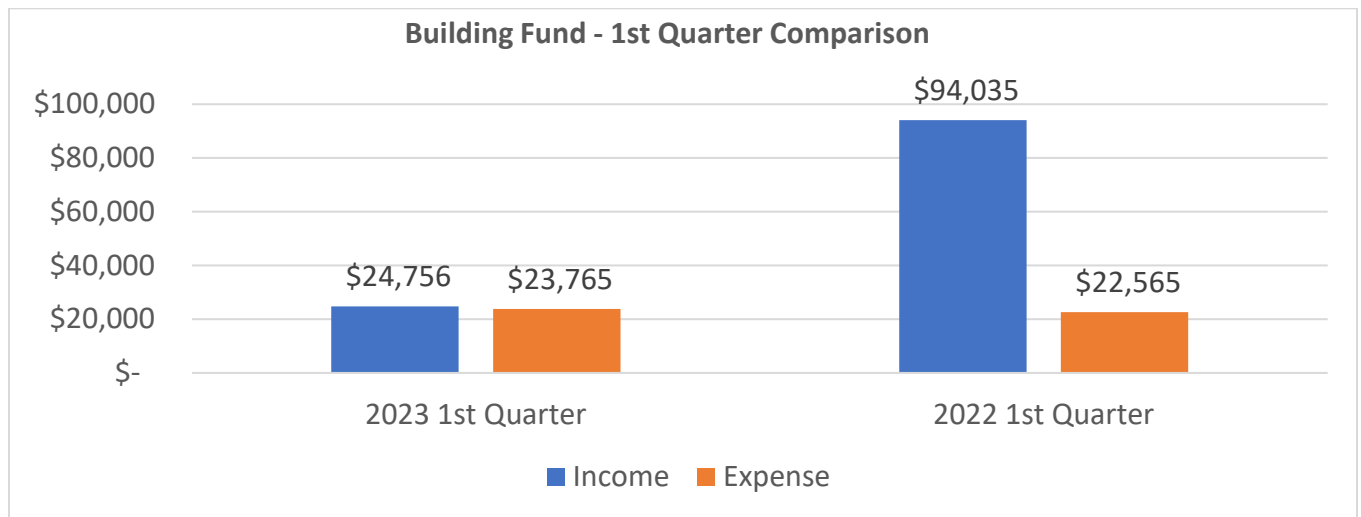
Expenses – 88.5% of budget --No additional apportionments made

Other Funds Total - \$54,557

- Funds designated for special purposes
 - Food Pantry - \$8,050, Concert Series – \$10,533, Pastor’s Discretionary - \$2,293

This Quarter Focus:

- Audit completed:
 - Improve Counting and Posting Process
 - Financial Committee should continue to create written policies



Building Fund Total - \$174,526

Several projects to be covered in the upcoming months:

- Stained glass window repair
- Pinnacle project

Parsonage Endowment - \$36,657

- Receive \$2,000 annually to cover parsonage maintenance

This Quarter Focus

- Continued planning for Pinnacle project
- Execution of the stained glass window repair

Conference Apportionments

- 20 full-color hand-outs have been printed and are available in the Circle Room for your perusal
- See below for additional information

District Apportionments

- Western Reserve District
 - Helped a church pay the pastor's pension and healthcare until the end of the appointment year when they could retire
 - New outreach ministries, Leadership training events, Substitute pastors

"Together we can.."

- Apportionments allow the church to produce goods and services funded by all for the benefit of all – collective goods.

How Apportionments Work:

The basic idea behind apportionments is that local congregations pool a portion of the money they collect to accomplish things that are either beyond their ability to do as individual congregations (run a seminary, for instance) or that can be done more effectively or efficiently together (develop resources on preventing harassment and abuse). Apportionments allow the church to produce goods and services funded by all for the benefit of all – collective goods.

Local congregations are requested to pay a certain dollar amount in apportionments that is determined by their annual conference. That amount is determined on the one hand by the budget of the annual conference, including the amount the remit to the general church, and on the other hand by the budget of the congregation and possibly its membership size (this varies by annual conference). Larger congregations with larger budgets are asked to pay more, on the principle that those with greater ability should contribute more.

Apportionments are often referred to as "church taxes." This label comes from the fact that the government is the prime example of an organization that collects money from many individual to produce goods that cannot be produced by any individual yet are for the benefit of all individuals.

Yet it's worth pointing out that governments are not the only such organizations. Subscriptions services like Netflix do the same thing. No one family can produce "Orange Is the New Black" or "Unbreakable Kimmy Schmidt," but by collecting money from all of their subscribers, Netflix as a whole is able to produce these collective goods. Moreover, Netflix determines the fees it charges, just as the government determines the tax rate. Thus, apportionments could just as fairly be called "United Methodist subscription fees" as they could "church taxes."

The system of apportionments evolved in the late 19th and early 20th centuries. Prior to apportionments, boards, agencies, and other collective ministries relied upon direct fundraising. The evolution of apportionments was driven by three overlapping desires: Boards and agencies wanted a more reliable source of income than the varying amounts they collected in fundraising. Local churches wanted a simpler approach to giving that the multiple appeals with which they were bombarded. And General Conference wanted more control over the boards and agencies. The apportionment system achieved all of these goals simultaneously.

As it stands today, the apportionment system in The United Methodist Church has several levels that reflect the broader polity levels of the church: In the US, there are apportionments paid that go to support the work of the district, the annual conference, the jurisdiction, and the general church.

Despite the frequent focus on general church apportionments in the UMC, the majority of apportionments actually go to the annual conference. For every dollar United Methodists in the US give to the church, only \$0.02 goes to general church apportionments, whereas \$0.07 goes to district, annual conference, and jurisdictional apportionments, mostly to the annual conference.

Within general church apportionments, there are seven different funds:

- The World Service Fund, which pays for the work of those general boards and agencies funded through apportionments, the work of the Connectional Table, and special ministries such as the Central Conferences Theological Education Fund. Just over half of general church apportionments go to the World Service Fund.
- The Episcopal Fund, which pays for episcopal salaries, housing, and travel costs for all bishops throughout the world. About 1/6 of general church apportionments go to the Episcopal Fund.
- The Ministerial Education Fund, which supports the work of the 13 official United Methodist seminaries in the US. About 1/8 of general church apportionments go to the Ministerial Education Fund.
- The Black College Fund, which supports the work of the 11 historically black colleges and universities in the US affiliated with the UMC. About 7 percent of general church apportionments go to the Black College Fund.
- The General Administration Fund, which supports the work of the General Council on Finance and Administration and the General Commission on Archives and History, covers the costs associated with planning and holding General Conference, and covers the costs of the work of the Judicial Council. About 6 percent of general church apportionments go to the General Administration Fund.
- The Interdenominational Cooperation Fund, which supports the work of the Office of Christian Unity and Interreligious Cooperation. Less than 2 percent of general church apportionments go to the Interdenominational Cooperation Fund.
- The Africa University Fund, which supports the work of Africa University. Less than 2% of general church apportionments go to the Africa University Fund.

Giving from churches in the United States supplies the vast majority of general church apportionment funds – over 90 percent. Churches in Europe have long given voluntarily to support some general church funds. General Conference 2016 approved the collection of apportionments from churches in all the Central Conferences to support the Episcopal Fund and the General Administration Fund. European churches continue to pay at a level in excess of that requested of them.

Currently, the system of apportionments is facing two major developments that could significantly curtail the amount of money collected through the apportionments system.

First, the GCFA board of directors has proposed a significant cut in the amount of general church apportionments requested from US churches. Last August they proposed an 18% reduction. Since annual conferences and not local congregations determine how apportionments are collected, annual conferences will ultimately determine how much of that reduction is passed on to local churches. Again, general church apportionments are only a quarter of the total apportionments collected.

The Connectional Table has worked with the GCFA board of directors to determine how that 18% overall reduction for general church apportionments would translate to various specific funds. The CT controls the World Service Fund, Ministerial Education Fund, Black College Fund, Interdenominational Cooperation Fund, and Africa University Fund. GCFA controls the Episcopal Fund and the General Administration Fund. A full report of the CT's recommendations can be found [here](#).

The recommended budget from GCFA and CT needs to be approved by General Conference 2020 before it can go into effect. It is possible the GC would increase general church apportionments from the level proposed, but significant reductions are likely.

The other factor which will likely impact apportionment giving at all levels –district, annual conference, jurisdiction, and general church – is the conflict over the Traditional Plan and the uncertainty about the future of the denomination. Some local congregations are withholding all apportionments in protest of the Traditional Plan's passage. Some annual conferences are working out system to pay only portions of the general church apportionments. Moreover, a division of the church, which seems increasingly likely, will reduce the amount of apportionments further.

The opinions and analysis expressed here are Dr. Scott's own and do not reflect in any way the official position of Global Ministries. by David W. Scott MAY 21, 2019