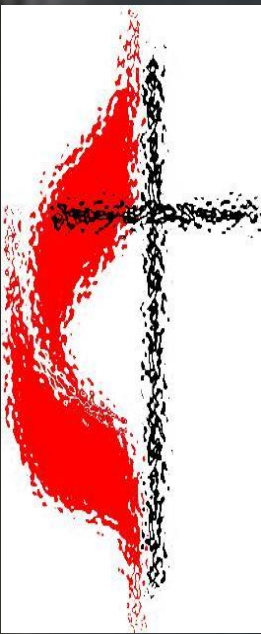


United Methodist Church of Whitefish Bay



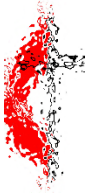
# FINANCE

# 101

Craig Walker  
Pam Vaughan  
Steve Mortenson  
Kathy Schluter  
Katie Daniels

February 8, 2015

# Agenda



Subject	Presenter	Time
Overview	Craig Walker	11:45
Operating Budget	Pam Vaughan	11:55
Designated Funds		
Balance Sheet		
Other Funds/Organizations Tree of Life Carpenter's Shop North Shore School for Seniors Mission Store		
Auditing Process	Craig Walker	12:25
Apportionments		
Capital Campaign	Kathy Schluter	12:45
Foundations & Memorials	Steve Mortonson	12:55
United Methodist Women	Katie Daniels	1:05
Wrap –up	Craig Walker	1:15

Lots to cover – let's parking lot unanswered questions

# Church Finance Overview

Guided by United Methodist Book of Discipline

- Finance Committee oversees raising and allocation of resources
- Business Manager – day-to-day financial activities
- Church Treasurer – signs checks
- Auditor reviews practices and financial controllership
- Two people “not of the same household” count money
- Periodic report of activities to church council

Generally Accepted Accounting Practices apply

- Income statement – Operating Budget
- Balance Sheet
- Managed in software for churches from Shelby Systems
- Differences of a non-profit – Designated funds, endowment with rules

Visibility of Financial Activity for Members

- Improvement needed
- Reports at Church Council – Annual Finance Night
- Look for better ways to communicate more regularly



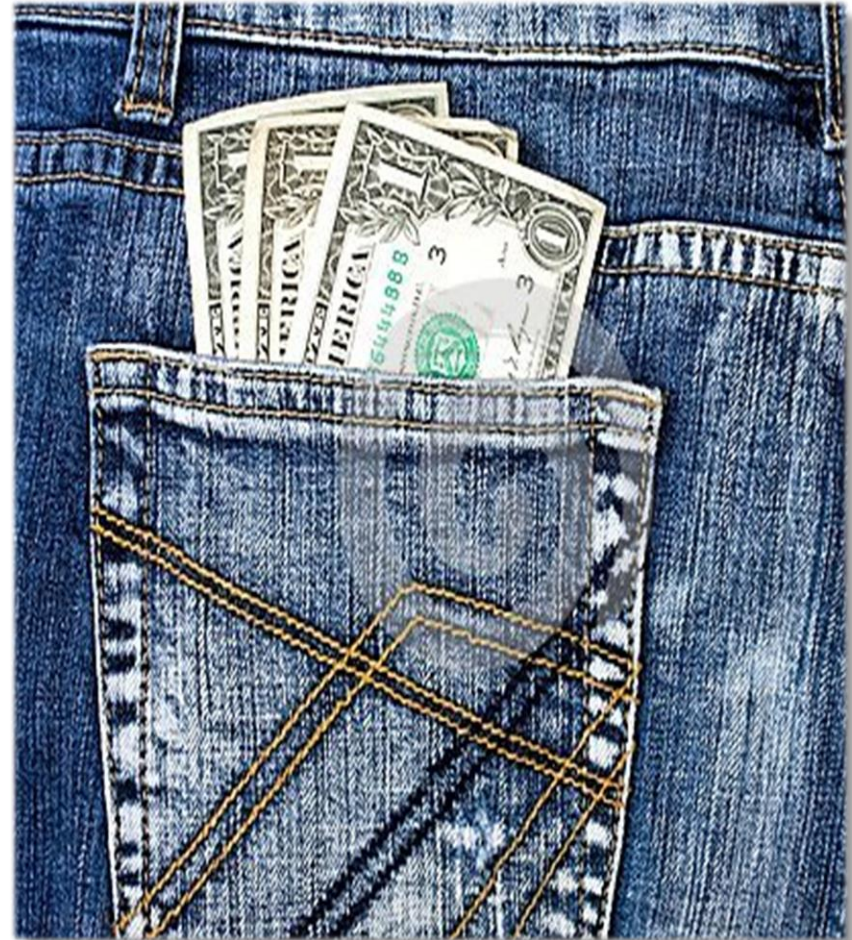


# Principle Fund Groups in Shelby

- *Operating Budget*
- *Land/Buildings/Equipment*
- *Designated Funds*
- *North Shore School for Seniors*
- *Carpenter's Shop*

## Other Fund Groups

- *Tree of Life*
- *Foundations/Memorials*
- *Mission Store*
- *United Methodist Women*





# Operating Budget

“ . . . The committee on finance shall compile annually a complete budget for the local church and submit it to the church council for review and adoption. . . “

*Book of Discipline 258.4*

<b>Income</b>	<b>%</b>
Pledge	76
Non-Pledge	10
Special Appeal	2
Carpenter's Shop/ TOL/NSSS	5
Alternate/Misc	2
House Rental	5

<b>Expense</b>	<b>%</b>
Staff	55
Building/Utilities	17
Apportionment	11
Program	5
Office	4
Technology	2
Debt	3

- Operating Budget contains financial activities essential to church operations
- Contains no designated funds to prevent comingling
- Similar to a business income statement
- In effect for a Fiscal Year 1 July – 30 June





# Principle Accounting Groups

## Land/Building/ Equipment

- Inventory of significant physical or “Capital” assets
- Loans and payment status
- Capital improvements
- Building
- Automobiles

## Designated Funds

- Money donated for a specific purpose
- Separated to ensure funds are applied to the purpose
- Missions Giving
- Feed My Starving Children
- Pastor’s Emergency Fund

## Additional School/Program

- Tree of Life/Carpenter’s Shop
- North Shore School for Seniors
- Finances managed separately from church budget
- Each pays share of facility expenses - reflected as income to church Operating Budget

## Balance Sheet

- Cash
- Other major assets
- Liabilities
- Snapshot in time

# Annual Financial Audit

“ . . . The committee shall make provision for an annual audit of the financial statements of the local church and all its organizations and accounts. . . An audit is defined as an **independent evaluation** of the financial reports and records and the internal controls of the local church **by a qualified person or persons**.. . . “ *Book of Discipline 258.4(d)*



## Recent Audits

- Conducted by Mike Rupp – church member, career financial officer, ex-officio Finance
- Reviewed procedures and compliance with policies and laws
- Process changes as a result of 2012-13 audit – Resolving 2 open questions
- 2013-14 audit nearly complete
- Results for both will be reported in May to Charge Conference

## Additional audit considerations

- Independent audit by an outside firm desirable
- Cost expected to be \$30-40K



# Conference Apportionments

Local support for the collective benefit of all churches

Broad development of the church and the clergy

Managed on a calendar year

Expense	%	Activities
Connectional Ministries	48	<ul style="list-style-type: none"> <li>Camps and retreats</li> <li>World Service Fund</li> <li>Board of Global Ministries</li> </ul>
Circuit, Local Congregation Development	28	<ul style="list-style-type: none"> <li>Board of congregational development</li> <li>Cabinet</li> <li>Communications and Technology</li> </ul>
Clergy/Lay Leadership Development	18	<ul style="list-style-type: none"> <li>Africa University</li> <li>Black College Fund</li> <li>Ministerial education fund</li> <li>Pension and Insurance</li> </ul>
Conference Support Ministries	6	<ul style="list-style-type: none"> <li>Board of Trustees</li> <li>Conference Office</li> <li>General Administration</li> </ul>

- Conference plays a vital, yet largely unseen, role in our church



# Apportionment Details



Apportionments are approved by delegates to Annual Conference

Cost is divided based on local percentage of all conference churches' budgets and membership

Local church budget is weighted twice the membership

## 2015 Apportionment Calculation

Church Membership	
UMCWFB Members	934
Less Equity Adjustment	<u>-25</u>
Adjusted UMCWFB Membership	909
Total members of conference churches	59,318
UMCWFB % of Members	1.532

Adjusted Apportionment Percentage	
UMCWFB % of Members	1.532
UMCWFB % of Budget X2	<u>+3.438</u>
Total Factor	4.970
Divide by 3 for UMCWFB % of Apportionments	<b>1.657</b>

Church Expenses	
UMCWFB	\$858K
Total budget of conference churches	\$49,947MM
UMCWFB % of Budget	1.719

$$\begin{array}{rclcl}
 \text{UMCWFB} & & & & \\
 \text{Adjusted \%} & \times & \text{Conference} & = & \text{UMCWFB 2015} \\
 1.657 & & \text{Budget} & & \text{Apportionments} \\
 & & \$7.98\text{MM} & & \mathbf{\$132K}
 \end{array}$$

# Summary

Church finance can get a bit complicated

Your Finance Committee and staff take the job seriously

Communication will increase

Please keep asking questions



# Glossary



Shelby	Financial and membership management software from Shelby Systems
Designated Account	A method to segregate funds donated and set aside for a specific purpose
Pledge Income	Undesignated money donated to satisfy a written commitment to the church
Non-pledge Income	Undesignated money donated without a written commitment to the church
Apportionment	Share of church conference expenses to be paid by a church. The amount is calculated annually based on church budget and membership. The funds are used to support global missions and administration of the global church.