



# **FINANCE & ADMINISTRATION**

General Council on Finance and Administration

**THE UNITED METHODIST CHURCH**



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# General Agency Reserves

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## What is GCFA Doing On Reserves

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- ❖ Christine Dodson is heading a committee to review General Agency reserves and develop a method to better measure “what is appropriate”
  - ❖ The Committee has developed a revised reserve reporting tool
  - ❖ Meeting with the General Secretaries and Agency Treasurers on August 17, 2017 to discuss the new reporting tool as well as how we prepare together for any questions that are likely to be raised





## Types and Definitions of Reserves

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- ❖ **Permanently Restricted Net Assets**
  - ❖ Principal balance remains in tact
  - ❖ Income can be used for a purpose as specified the donor
  
- ❖ **Temporarily Restricted Net Assets**
  - ❖ Principal & Income to be used for specific purpose as directed by the donor





## Types and Definitions of Reserves

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- ❖ Unrestricted Net Assets – Board Designated
  - ❖ Funds are not restricted by the donor
  - ❖ The Board designates the funds for a particular purpose
  - ❖ The Board can move these funds back to undesignated at any time if circumstances change or warrant
- ❖ Unrestricted Net Assets – Undesignated
  - ❖ Funds can be used for any purpose deemed necessary





## Types and Definitions of Reserves

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- ❖ Liquid Net Assets
  - ❖ Cash
  - ❖ Securities
  - ❖ Receivables
- ❖ Net Assets not easily convertible to cash
  - ❖ Fixed assets
  - ❖ Certain investments or holding that are not marketable





## 2016 Reserve Analysis

*In Thousands*

Agency	2016 Total Reserves	Permanently Restricted	Temporarily Restricted	Unrestricted
UM Communications	\$ 39,008	\$ 23	\$ 1,580	\$ 37,405
Global Ministries	\$ 173,776	\$ 107,284	\$ 31,479	\$ 35,012
Higher Education	\$ 137,579	\$ 19,493	\$ 97,403	\$ 20,684
Church & Society	\$ 24,565	\$ 2,603	\$ 2,684	\$ 19,277
Discipleship Ministries	\$ 12,033	\$ 1,121	\$ 3,845	\$ 7,067
GCFA	\$ 7,282	\$ 0	\$ 10	\$ 7,272
Religion & Race	\$ 4,652	\$ 109	\$ 796	\$ 3,747
United Methodist Men	\$ 1,534	\$ -	\$ 24	\$ 1,510
Archives & History	\$ 1,056	\$ 183	\$ 24	\$ 848
Status & Role of Women	\$ 819	\$ 93	\$ 164	\$ 562
Connectional Table	\$ 416	\$ -	\$ -	\$ 416
<b>Totals</b>	<b>\$ 402,720</b>	<b>\$ 130,909</b>	<b>\$ 138,010</b>	<b>\$ 133,801</b>



## 2016 Reserve Analysis

*In Thousands*

Agency	Unrestricted	Fixed Assets @ NBV	Unrestricted After Fixed Assets	Investments Not Readily Convertible to Cash	Proceeds from Foreign Property Sale	Working Capital / Cashflow Require.	Readily Available Unrestricted Net Assets
UM Communications	\$ 37,405	\$ 2,238	\$ 35,167	\$ -	\$ -	\$ 2,603	\$ 32,564
Global Ministries	\$ 35,012	\$ 14,635	\$ 20,378	\$ -	\$ 1,402	\$ 5,347	\$ 13,629
Church & Society	\$ 19,277	\$ 8,361	\$ 10,916	\$ -	\$ -	\$ 1,116	\$ 9,799
Higher Education	\$ 20,684	\$ 673	\$ 20,011	\$ 7,561	\$ -	\$ 3,442	\$ 9,008
Religion & Race	\$ 3,747	\$ 90	\$ 3,657	\$ -	\$ -	\$ 186	\$ 3,471
Discipleship Ministries	\$ 7,067	\$ 2,114	\$ 4,953	\$ 260	\$ -	\$ 3,829	\$ 864
Archives & History	\$ 848	\$ 6	\$ 843	\$ -	\$ -	\$ 195	\$ 648
Status & Role of Women	\$ 562	\$ 8	\$ 553	\$ -	\$ -	\$ 110	\$ 443
United Methodist Men	\$ 1,510	\$ 935	\$ 575	\$ -	\$ -	\$ 161	\$ 415
Connectional Table	\$ 416	\$ -	\$ 416	\$ -	\$ -	\$ 164	\$ 253
GCFA	\$ 7,272	\$ 6,510	\$ 761	\$ -	\$ -	\$ 750	\$ 11
<b>Totals</b>	<b>\$ 133,801</b>	<b>\$ 35,571</b>	<b>\$ 98,230</b>	<b>\$ 7,822</b>	<b>\$ 1,402</b>	<b>\$ 17,901</b>	<b>\$ 71,105</b>





## 2016 Reserve Analysis

*In Thousands*

Agency	Readily Available Unrestricted Net Assets	Projected Change During 2017-2020 (1)	Projected Readily Available in 2020	Other Contingencies (1)	2020 Available After Contingencies
UM Communications	\$ 32,564	\$ (13,600)	\$ 18,964	\$ 11,320	\$ 7,644
Church & Society	\$ 9,799	\$ (2,318)	\$ 7,481	\$ 1,732	\$ 5,749
Higher Education	\$ 9,008	\$ (5,001)	\$ 4,007	\$ 200	\$ 3,807
Religion & Race	\$ 3,471	\$ (1,225)	\$ 2,246	\$ -	\$ 2,246
GCFA	\$ 11	\$ 500	\$ 511	\$ -	\$ 511
United Methodist Men	\$ 415	\$ 5	\$ 420	\$ 45	\$ 375
Archives & History	\$ 648	\$ (335)	\$ 313	\$ -	\$ 313
Status & Role of Women	\$ 443	\$ (237)	\$ 206	\$ -	\$ 206
Connectional Table	\$ 253	\$ (186)	\$ 67	\$ -	\$ 67
Global Ministries	\$ 13,629	\$ (4,000)	\$ 9,629	\$ 13,853	\$ (4,224)
Discipleship Ministries	\$ 864	\$ (5,864)	\$ (5,000)	\$ 173	\$ (5,173)
<b>Totals</b>	<b>\$ 71,105</b>	<b>\$ (32,261)</b>	<b>\$ 38,844</b>	<b>\$ 27,323</b>	<b>\$ 11,521</b>

(1) Per Agency 2017 spending plan submission



Further Questions, Discussion and  
Information Requests



*Thank  
you*