



# Holston Conference

## *The United Methodist Church*

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### STATISTICAL END-of-YEAR REPORTING GUIDELINES

Return all completed Statistical End-of-Year Report Forms (Table I, II and III) to your District Office by the date established in your district. *Please be sure to make a copy of each report for your church records and reference, prior to turning in your forms.* You can download these at <http://2017statforms.holston.org>

#### Introduction

We are now in the first year of the new 2017-2020 Quadrennium; therefore this year there are changes that were made by General Council on Finance and Administration (GCFA) to the end-of-year report forms. The forms will ***not*** remain the same as used in your churches last year, 2016. Every four years GCFA updates the forms prior to the beginning of each new Quadrennium. As you begin filling out the report for your church, be sure to ***carefully check the form for changes.***

The intent of this document is to provide local churches in the Holston Conference with guidance for completing Statistical Tables I, II, and III from GCFA. These documents are also used, by the Holston Conference, to determine which churches qualify for the 5-Star Church Award and will be listed as a recipient in the 2018 Book of Reports.

This guide has been developed to provide clarity, consistency, accuracy, and accountability to the statistical reporting process and the calculations for the tithe that is being used by the Holston Conference.

#### Table I Guidelines

Table I addresses church membership and program participation. This data is critical, not just for Holston, but for the General Church as well. This data allows the General Church to discern membership statistics for the United Methodist Church as a whole, which determines the direction of resources and the implementation of specific strategic initiatives. GCFA uses this data to report overall membership numbers and the makeup of membership in terms of ethnicity, gender, groups, types of ministry, etc.

In filling out Table I for the local church, it is important to accurately calculate the membership for the end of the year. You ***MUST*** use your 2016 end-of-year Membership total (Table I-#9) as the beginning membership figure on your 2017 Statistical report - Table I-Line #1...this number has been provided for you on the label on your 2017 Statistical Packet. If you need to adjust this total, you must adjust these amounts in line ***#2d*** or Line ***#3c***. In providing the numbers of the ethnic and gender composition of your congregation, each ***MUST*** equal your Table I-Line #4 EOY Membership total.

## **Table II Guidelines**

Table II collects both asset and expense data related to operation of the local church and should have a strong correlation between your annual operating budget and the report totals.

### **Specific Questions for clarification:**

- ***How should clergy and family-related health benefits be recorded?***

Only clergy-related health benefits paid by the local church should be recorded on Line #40 (for 2017, only \$8,232 should be listed for each appointed clergy member). If the local church paid for the pastor's individual/family portion of health insurance, in addition to their church portion, then these amounts will be included on Line #41a, as part of the Total Base Compensation listed on PSW Line #4.

- ***How should base compensation and salary for pastors, associates, and deacons be recorded?***

Base compensation and salary expenses, for all appointed clergy, should be recorded on Table II, Lines #41a, #41b, and #41c. Compensation and salary expense amounts should be taken directly from the Pastor Support Worksheet as follows: Table II, Line #41a, #41b or 41c = PSW Line #4 (Base Compensation); Table II, Line #42a, #42b or #42c = PSW Line #11 (Cash Housing Allowance); Table II, Line #43 = PSW Line #8 (Reimbursable Expenses). Any amounts listed on PSW Line #2 (Salary Supplements) will already be included in the PSW Line #4 amount, but it also needs to be listed on Table III, Lines #54a or #54b. Equitable Compensation Funds received are to be listed on Table III, Line #54a. All other Salary Supplements (Sustentation Funds, New Church Development Funds, and District Funds) are to be listed in Table III, Line #54b.

Compensation and salary expenses should not be allocated to benevolence (Table II, Line #37 or #38) or program and/or operating expenses (Table II, Line #46 and/or #47).

- ***How should compensation and salary for other church staff be recorded?***

Compensation and salary for other church staff should be recorded on Table II, Line #45.

- ***How do we record pension expenses?***

Expenses for pension costs of the pastor(s), billed by and paid to the Holston Conference by the church, should be recorded in line #39. You can confirm this number by multiplying **16.3% x Line #12** on the Pastor's Support Worksheet. The costs that are billed by the General Board of Pensions (now called Wespath) in Glenview, Illinois, directly to the local church, should not be listed on line #39 since these costs should be deducted from the pastor's salary and are not an expense of the local church. If a church pays additional retirement benefits on behalf of the pastor these costs should be included in line #41a.

- ***Where do we record premium costs and administrative charges for the medical spending account or other various benefit costs paid by the local church?***

Any amounts, for premiums or administrative fees, that are deducted from a pastor's paycheck should not be included in Table II. If any additional costs are paid by the local church they should be included in line **#41a**. This would include the \$3 administration fee for PBS (Flex Spending Account); minister's contributions for health insurance that are paid by the local church should also be included in line **#41a**.

- ***How should in/out costs be recorded?***

Payments received from participants and subsequently paid out for church related programs or benevolence activities are not to be recorded as part of Table II. Examples include fees for events like Resurrection, Divine Rhythm, church suppers, mission trips, etc.

- ***How should church-run preschool or funds from a cemetery be recorded?***

Some church-run preschool or cemetery associations operate independently without direct oversight by the church council. There may be an independent relationship if these groups have the following characteristics:

- Are managed by a separate board of directors (authorized by the Church Council)
- Are operated under a separate Federal Tax ID #
- Has a separately adopted budget
- Makes payments to the church for use of the space, pays for utilities, or provides funds for maintenance expenses to the church.
- Files a 990 form with the IRS or has its own 501(c)(3) organization separate from the local church

If your independent organization meets these criteria, the associated revenues and expense amounts should not be included as part of your end of year reports. If these organizations do not meet the above standards, the revenues should be recorded on Table III (see later explanation in Table 3 instructions) and associated expenditures should be listed on Table II.

- ***How should expenditures for a church-run food pantry be recorded?***

Most church-run soup kitchens and food pantries support the local community and are inherently mission-oriented beyond the immediate congregation. As a result, the expenses associated with the operation of these programs should be reported on Table II, Line **#37** (total amount given to United Methodist causes). A church will need to calculate the portion of utility expenses that should be reported on Line **#37** based upon the space usage and the hours of operation for each activity.

- ***How should building use costs by non-United Methodist groups be recorded?***

The use of a local church building by a non-United Methodist group will typically increase the expenses of the local church. The increased costs of hosting these groups should be reported on Table II, Line **#38** (total amount given to non-United Methodist benevolent causes). To complete this information, a church will need to calculate the portion of utility expenses that should be reported on Line **#38** based upon the space usage and the number of hours for each activity.

## **Table III Guidelines**

Table III of the statistical tables is used primarily to gather data on the church's income and how that income is designated. This information is used to determine the amount that should be paid to the Holston Conference for apportionments and assists in better understanding the overall financial picture of the local church. Whether income is received for the Annual Budget/spending plan, for capital campaigns or other designated special projects, or received from other institutional sources outside of the local church it is important to report information as **accurately** as possible. The Holston Conference also uses this information to develop its annual spending plans and strategic initiatives.

### **Specific questions for clarification:**

- ***What is a designated gift?***

A donor has the ability to specifically direct gifts to areas within the church that they are passionate about. The most common way a donor directs gifts is by listing an adopted project on the memo line of their check. Income directed by the local church council, through official action of the administrative council, does not make the income designated. Typically, a church should develop guidelines related to specific designations for items such as missions, building funds, etc.

- ***How is it determined whether my church receives the 5-Star status?***

Since the Annual Conference adopted the apportionment formula as a tithe (10% of undesignated or operating income), we use the **Table III-Line #52** total to determine the amount of undesignated income for the local church. Therefore, after each local church submits its completed forms to their district office, we do a calculation of **10% x Line #52** to determine an apportionment amount for each church. This number is then compared to the payments received by the Holston Conference (**Table II-Line 29a**) to determine the percentage of apportionments paid.

In addition to the **payment of apportionments at 100%**, a local church must also satisfy the other 4 requirements of the 5-Star designations. This includes paying at least **\$25** in each of the following categories: **Conference Initiated, International Advance, U.S. Advance, and UMCOR Advance**. To insure that your church is receiving the proper credit, **please have your Treasurer review the quarterly financial statements that are sent to each church to insure that your gifts are categorized in the expected areas**. A full listing of each project and their associated numbers are included on our website. **\*Important Note: Table III-Line #52 multiplied by 10% MUST equal the amount of Tithe Apportionment Paid (Table II-Line #29a) in order to satisfy the Tithe portion of the 5-Star requirements!**

- ***What if someone in our church designates all of their gifts?***

We believe that each church should address this on an individual basis and adopt an official procedure on addressing these situations. Our belief is that we are called to share our resources unconditionally and designated gifts should only be used after a donor shares sacrificially with the local church from our resources we have been blessed to receive. Churches that allow designations for specific individuals or expenditures of the local church that has no oversight from the finance committee or church council may impact the tax deductibility of specific gifts and should take care in including or excluding these from annual reports to donors.

***Where do we record specific items of income?***

- **Preschool/Cemetery Revenues**
  - Unrelated to church     **Line #54c**
  - Related to church     **Line #54b**
- **Resurrection, Mission Trips, Divine Rhythm, or other in/out sources of income**
  - Not listed on report-the income should be netted against expenses
- **Building Fund donations**
  - **Line #53a**
- **Equitable Compensation Funds received from Holston Conference - Line #54a**
- **Apple butter sales or special offerings**
  - Proceeds, net of expenses, should be recorded in **Line #52g**