



IOWA ANNUAL CONFERENCE



TREASURY NOTES

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Apportionment Myths

The term “apportionments” has been used for more than a century to describe the system by which the churches of an Annual Conference fund their shared ministries. Since its use, from time to time assumptions about apportionments develop and ideas float around our congregations that may or may not be true. In this month’s treasury notes, I want to address some facts regarding them and several myths that have developed over the years.

Myth One: *Because my local congregations’ apportionments increased, the Conference apportionment budget must have also increased.*

Fact: The 2010 apportionment budget decreased by 0.58% from 2009. In 2009, the total apportionment budget was \$16,346,779 and in 2010, it is \$16,251,151. Each year that I have been involved in sending congregations their share of the apportionment budget some churches experience an increase and some a decrease. Even the year the apportionments increased by 5%, some churches still experienced a decrease while others received an increase. A secondary statement made is, the size of the congregation does not determine whether they have an increase or decrease. Each year some large, medium, and small congregations reflect an increase in their apportionment share, and each year all three types of churches have experienced decreases.

Question: What is the major driving factor as to whether my congregation’s share of the apportionment increases or decreases? Any formula used in calculating apportionments whether it has been income or expenses becomes a ratio of one congregation’s income or expense with all the others. Every year a congregation supplies operating income data. We combine the churches income data and your congregation receives a percent share of that income. That percent share becomes your

percent of the apportionments.

An Example: The operating income for all churches is \$65,000,000 and Anywhere UMC reports an income of \$100,000. Anywhere UMC’s ratio of that income is 0.1538%. The apportionments are \$15,000,000. As a result, Anywhere UMC’s share of the apportionments is \$2,307. The next year Anywhere UMC’s income is the same but other congregations report decreases so the total income for all is now \$60,000,000. Anywhere UMC’s ratio is 0.1666%. The apportionments stay the same but now Anywhere UMC’s share of the apportionments is \$2,499. Thus, it is possible for a congregation to reduce income but if other congregation’s reduce by a higher percentage, apportionments will still increase. It could be the same for increases in income.

Myth Two: *Apportionments are taking a larger and larger percent of a congregation’s resources.*

Fact: Since we do not have income reports from congregations for the last ten years, I compared apportionment percentage to the Grand Total Paid (GTP) by congregations for all causes. The following chart is what I discovered.

Year	Apportionment	GTP	Percent
'98	\$12,809,965	\$ 77,820,806	16.46%
'99	13,106,979	82,752,488	15.84%
'00	13,464,636	82,329,588	16.35%
'01	13,553,111	106,374,451	12.74%
'02	13,821,736	104,486,752	13.21%
'03	14,374,374	112,620,571	12.76%
'04	14,822,282	94,770,515	15.64%
'05	14,874,377	94,259,796	15.78%
'06	14,872,580	96,616,263	15.39%
'07	15,401,066	100,866,202	15.27%
'08	15,676,704	99,746,414	15.71%

At this time, we are in the process of collecting the 2009 statistical information from churches.

Question: What conclusions can we make from this report? Everyone that looks at this chart can make some conclusions for himself or herself. What I conclude is that (a) the apportionments over the last eleven years have had a slow and steady increase. The average percentage increase over these years has been about 2%. (b) The obvious, the amount of money congregations spent over the years varies greatly which then affects the percent of the apportionments for that year. (c) If one looks at only one year, a variance of percentage is noted but if one takes a longer view over the years, the apportionments are not really taking a larger percent of money from a congregation.

Myth Three: *If my congregation increases or decreases its income or expenses, it will have an immediate affect on my apportionments.*

Fact: Decisions by a local congregation take six years before its full impact affects the apportionments. The statistical information for 2009 will have an affect on the 2011 apportionments. The statistics are always two year behind the need to calculate apportionments. In addition, there is a four-year average used for calculating purpose. Therefore, the 2011 apportionment sent to churches in August of 2010 will use information from 2009, 2008, 2007, and 2006.

Myth Four: *The "Conference" has large administrative costs.*

Fact: Over the last several the years, the income per year to the Conference is about \$30,000,000. The administrative costs including fundraising costs as defined by accounting standards ranges between 11-12%. Most of the money that comes to the "Conference" is really pass through money. A congregation sends money to the Conference; it has pooled with money from other congregations giving to the same purpose then sent or given for the intended purpose. The administrative costs of the "Conference" compares very favorably with other not-for-profit agencies.

Charitable Contributions and Tax Reporting

Just a reminder that donors who make a single contribution of \$250 or more must have a written acknowledgement from the church. The written document should include the church's name and provide the following:

- the name of the donor

- listing of each individual contribution of \$250 or more (You are not required to add smaller contributions that total \$250 together)
- date the gift was given
- Statement that "no goods or services were provided to the donor in exchange for the contribution except intangible religious benefits provided by the church's ministry
- Description of any noncash property contributed

When a donor wishes to donate property that is valued in excess of \$500, they must complete Federal Tax Form 8283. There are two sections on this report. Complete Section A for property valued less than \$5,000 and for publicly trade securities, while Section B is for property valued in excess of \$5,000 excluding publicly traded securities.

The churches would be required to complete section B par IV, Donee Acknowledgement, only property listed in section B of this tax form. The acknowledgement certifies that your organization is qualified under section 170(c), which it does, and affirms that should the property be sold or otherwise be disposed of within two years after date of receipt that you file Federal Tax form 8282.

January 2010 Receipts

As reported in the last Treasury Notes, the receipts for the Annual Conference for 2009 were 0.43% greater than the year 2008. The chart below is our 2010 receipts and we are starting out ahead of 2009. A big thank you for your faithfulness to the covenant our churches have with each other in supporting our shared ministries. Your support helps Christ's reign on earth become realized. **Thank you cannot be said enough!**

	2009	4 YR AVG	2010
General Church	123,576 4.55%	104,159 4.25%	128,060 4.92%
Conference Ministries	308,073 2.99%	326,078 3.23%	301,194 2.94%
Conference Missions	100,842 3.03%	94,855 3.12%	108,805 3.18%
Total Apportionments	532,492 3.26%	525,092 3.37%	538,059 3.31%