



Date: October 22, 2018

To: All Pastors & Local Church Leadership

Dear Sisters and Brothers in Christ,

Thank you for your leadership in the Iowa Annual Conference during this time of both transition and transformation. Recently, the Bishop's Operational Team formed a Budget Team, of which we are a part. We write to a) inform you of our work; b) begin building lines of communication and relationship, and; c) ask for your input.

First, we want to make sure you are aware of the status of the 2018 apportionment receipts. We are trending toward a time where our leadership decisions will need to be accompanied by careful financial awareness.

As of September 30, we have received \$7,148,285 from a total budget of \$14,794,211. This is \$128,100 less than September, 2017 on a total budget of \$14,171,974. In other words, we are receiving less funds than a year ago on a budget that is \$622,237 higher. Using this information, we project the percentage of apportioned funds received by year end will be about 73% of the total funds apportioned. At this time, we project we will finish the year 8% below our projected receipts.

This shortfall will be covered in two ways. First, we rarely spend 100% of the budget in every program and the shortfall can first be absorbed by the unspent portions of the budget. Second, if the shortfall exceeds the unspent budget, we will dip into our reserves of \$3.2 million. To avoid this, we encourage you to complete your 2018 apportionments.

The Council of Finance and Administration (CF&A) expressed concern about the sharply lower apportionment receipt rate to the Bishop's Operational Team and other senior leadership earlier this fall. This lower apportionment receipt rate, in addition to the upcoming General Conference in February 2019 and its possible ramifications, has led to the formation of this Budget Team.

The Budget Team has been tasked to recommend a 2020 budget that reduces expenses by \$1 million and is missionally directed by the three Strategic Priorities adopted by the Annual Conference in 2013 [included at end of letter]. The team seeks collaboration and open communication with all the stakeholders of the Conference Budget. We intend to communicate to the Boards and Agencies, the churches, and the pastors on a regular basis. Our team will make its recommendation to the Bishop's Operational Team which will then communicate their recommendation to CFA for the upcoming budget years.

As we work, we invite your questions, comments and suggestions all along the way. We do not want to realign our future budgets without your continued feedback and

input. A temporary email address has been set up for you to use if you'd like to communicate with the Budget Team. It is budget@iaumc.org.

Please know we strive to be good stewards of both the financial and human resources with which we have been blessed. We will also continue to hold you in our prayers and we invite your prayerful support as well.

Grace and Peace,

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Strategic Priorities

- 1. Creating World-Transforming Communities of Faith**
 - A. Establishing new communities of faith
 - B. Increasing vitality in existing communities of faith
- 2. Equipping Ourselves and Others as Transformational Leaders**
 - A. Equipping lay leadership to disciple others and transform the world
 - B. Equipping clergy leadership to disciple others and transform the world
- 3. Directing our Resources to Our Common Goals**
 - A. Developing and implementing an effective communication ministry
 - B. Aligning organizational structures and staffing resources for the sake of the mission and vision
 - C. Increasing the financial health of the Iowa Conference