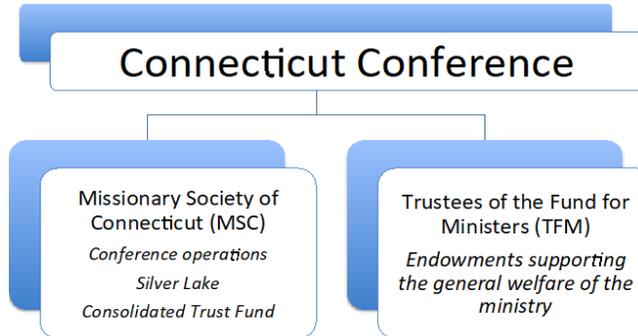


**Treasurer's Report**  
**Calvin Price, Treasurer**  
**For the period ended December 31, 2017**



The Connecticut Conference has two financial arms: The Missionary Society of Connecticut (MSC), established in 1798, and the Trustees of the Fund for Ministers (TFM), established in 1867. MSC conducts Conference operations, owns and operates Silver Lake Conference Center, and is the trustee of the Consolidated Trust Funds (CTF). CTF is the vehicle for investing Conference assets and is also open to member churches.

Please visit [www.ctucc.org/ctf](http://www.ctucc.org/ctf) for more information about CTF. (Only Conference investments are shown on our financial statements.) TFM is a collection of endowments supporting the general welfare of the Conference Ministry.

## Asset Classification

### Restricted by Donors

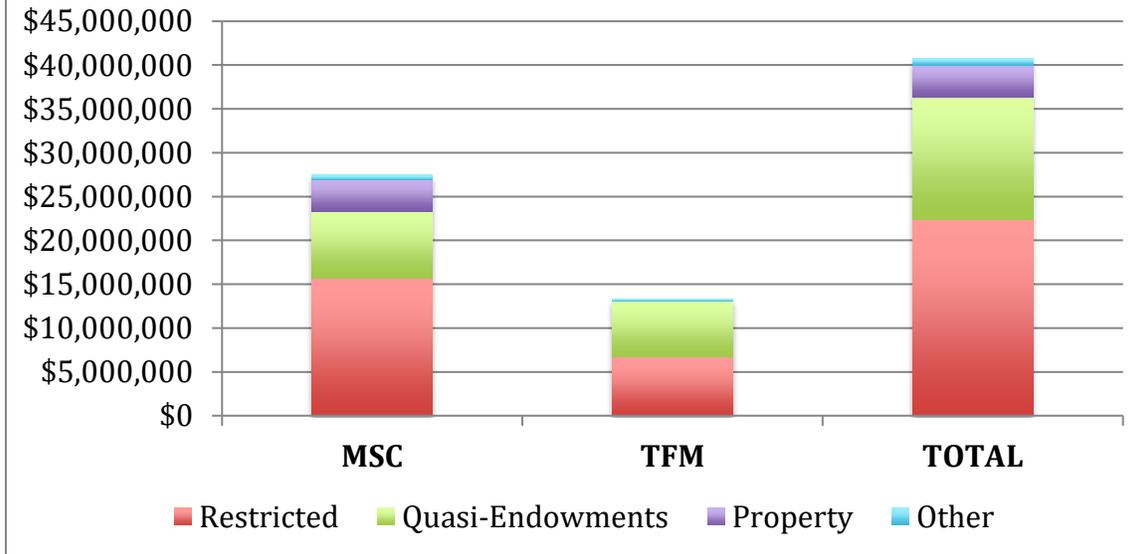
- Permanent Funds – Endowments
- Purpose Restrictions

### Unrestricted – Not Restricted by Donors

- Board-Designated – Functioning as Endowment
- Board-Designated – Reserve Funds
- Equity in Property and Equipment
- Undesignated

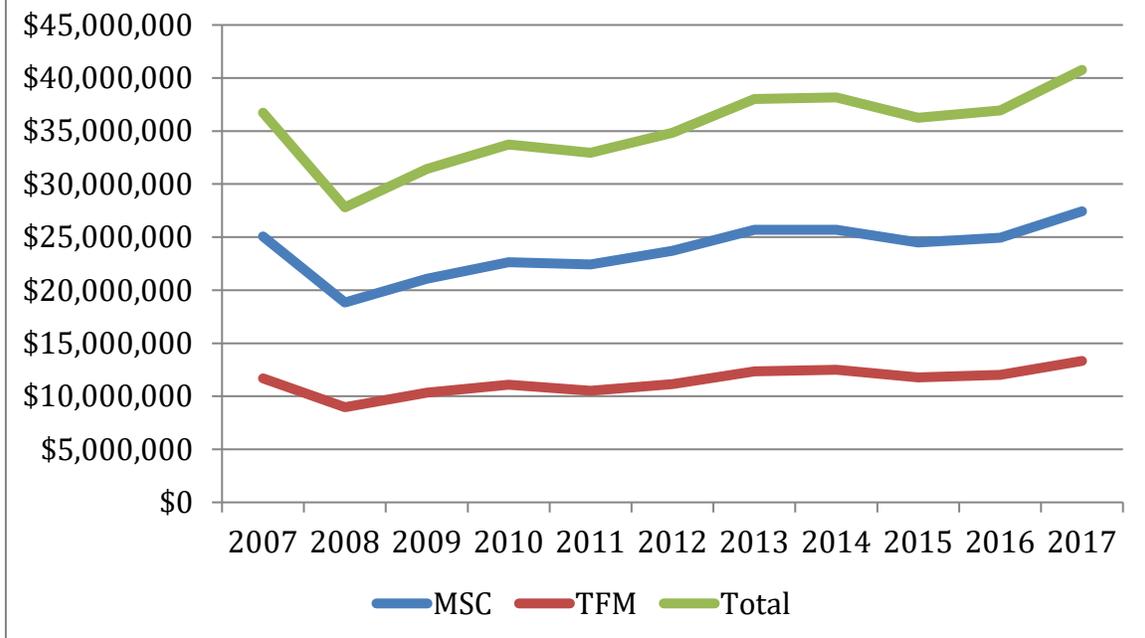
Conference assets are classified according to the presence or absence of donor restrictions. Donor restrictions generally cannot be changed. Most unrestricted assets are designated by the Board of Directors for specific purposes. Board designations can be changed by the Board of Directors.

## Conference Assets 12/31/17



As most Conference assets are endowments and unrestricted assets functioning as endowments (quasi-endowments), investment results are the most significant factor in the change in net assets from year to year.

## Conference Assets



In 2017, Conference assets increased 10.0%, primarily due to net realized and unrealized gains on investments.

## MSC (w/Silver Lake) 2017 Results

Results	Unrestricted	Restricted
Revenue	\$3,371,390	\$1,333,804
Expense	(\$2,976,171)	(\$1,405,969)
Preliminary Result	\$395,219	(\$72,165)
Non-Operating Activity Surplus/Deficit	\$602,107	\$1,507,443
Change in Net Assets	\$997,326	\$1,435,178

The Conference adopted a deficit budget for 2017. An unrestricted fund surplus was achieved due to two significant bequests totaling \$318,000, increased support from congregations, and reduced operating expenses. Violet Bornemann left \$268,000 to MSC and John Morgan left \$50,000 to Silver Lake. OCWM Basic support, which has been steadily declining, increased by 1.5% and per capita contributions exceeded expectations. The largest favorable expense variances were related to staffing. The unrestricted surplus was designated by the Board of Directors: \$125,000 was added to unrestricted funds functioning as endowment, \$125,000 was allocated to the "Do the New" grant program, and the balance was added to the Silver Lake capital improvements funds. The restricted funds deficit reflects timing differences between the receipt of funds and their use according to donor instructions.

The Conference Board of Directors has been making greater use of Reserve Funds.

### 2017 MSC Board-Designated Reserve Funds Activity Including Allocation of Operating Gain/Loss

	2016	2017	Change
Pre-Paid Program Fees	\$8,177	9088	\$911
"Smoothing" Accounts	\$41,630	27217	\$(14,413)
"Savings" Accounts	\$112,075	\$112,075	\$-
Silver Lake Accounts	\$77,902	235501	\$157,599
Other Accounts	\$24,717	151891	\$127,174
Total	\$264,501	\$535,772	\$271,271

Reserve funds result from the designation unrestricted operating surplus over time. This represents only a small margin on total revenue and includes unanticipated gifts and bequests. In addition, some purpose restricted funds were reclassified as Reserve Funds after reviewing the history of the funds.

Pre-paid fees are fees collected in one year for programs in the following year, such as confirmation retreats. We use reserve funds because we do not practice accrual accounting.

Smoothing accounts are for expenses that vary year to year, but that we budget for on a regular basis. General Synod delegate expense is one example. Synod happens every other year and we budget roughly the same amount each year. Funds were also used in 2017 for sabbatical coverage and recruitment and relocation costs.

Savings accounts are funds set aside to offset future deficits or to fund other programs approved by the Board of Directors. Savings funds will be used in 2018 to cover some of the costs associated with the TA1 initiative.

The Silver Lake Reserve Funds are mostly designated for capital projects.

Other accounts have been established for a variety of purposes, primarily programs and contingencies.

TFM 2017	Unrestricted	Restricted
Revenue	\$299,098	\$223,081
Expense	\$274,729	\$234,332
Surplus/Deficit	\$24,369	(11,251)

TFM generated an unrestricted surplus due favorable program expense variances. The surplus was designated by the Board as contingency funds.

The audited financial statements will available at [www.ctucc.org/reports/2017](http://www.ctucc.org/reports/2017) after they are adopted by the Board of Directors. The Conference's auditors are Whittlesey, formerly Whittlesey & Hadley, P.C. In recent years they have issued "clean" opinion letters for the financial statements. Whittlesey will present the 2017 audited financial statements to the Audit Committee in June of 2018. We anticipate, as in other recent years, they will report no management letter comments, no difficulties encountered in performing the audit, and no corrected or uncorrected misstatements in the financial statements. After hearing the presentation by Whittlesey and spending a portion of the meeting with them without staff being present, the Committee is very likely to recommend that the Board of Directors adopt the statements as presented.