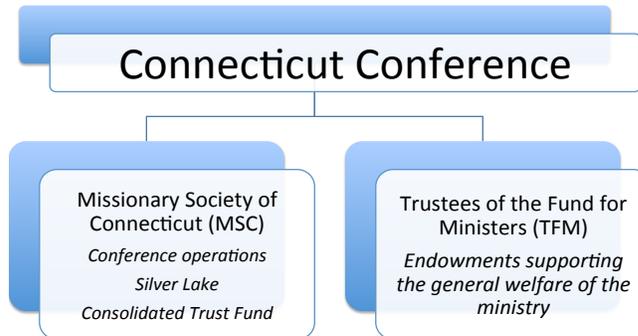


The Treasurer's Report was approved at the May 18, 2019 Special Meeting. This updated report reflects the audited results. There are no material changes.

Treasurer's Report
Calvin Price, Treasurer
For the period ended December 31, 2018



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 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

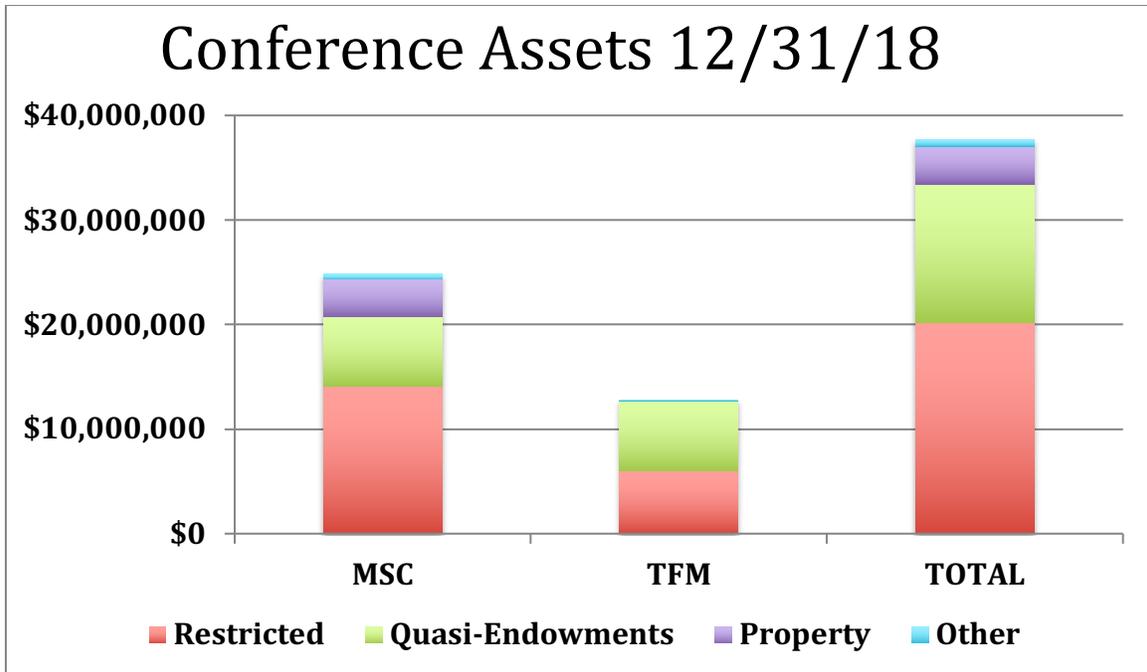
Restricted by Donors

- Permanent Funds – Endowments
- Purpose Restrictions

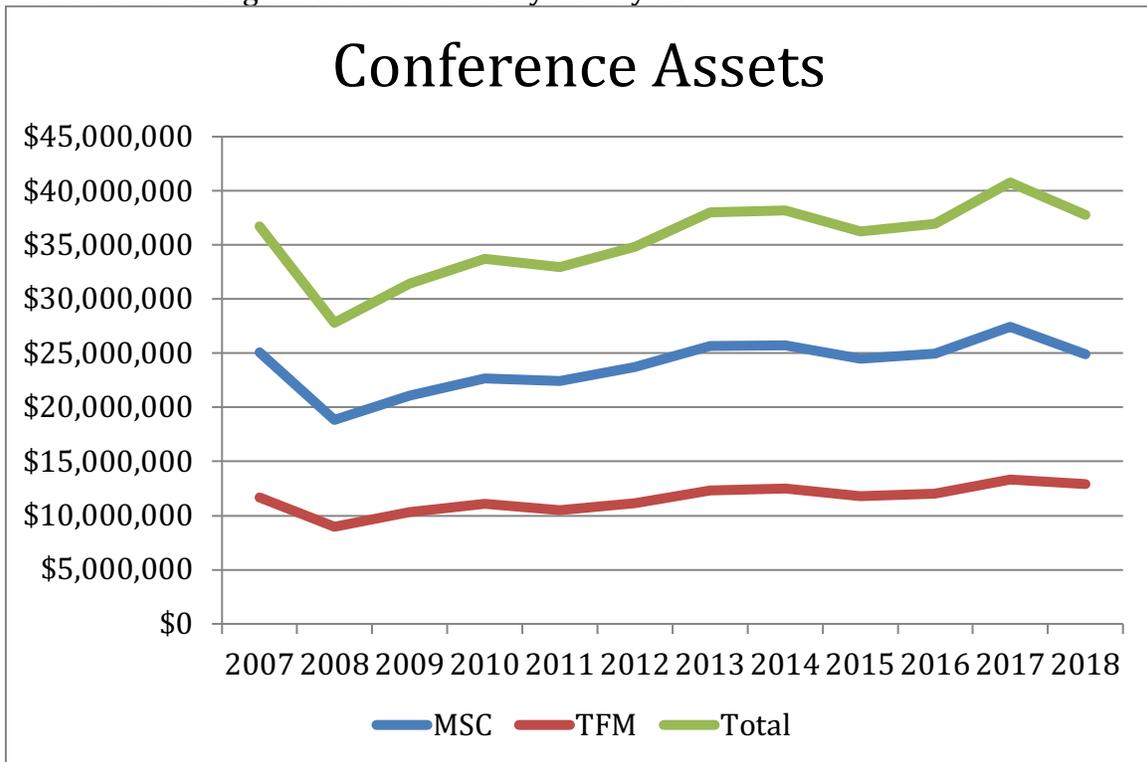
Unrestricted – Not Restricted by Donors

- 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.



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.



In 2018, Conference assets decreased 7.3%, primarily due to net realized and unrealized losses on investments.

MSC (w/Silver Lake) 2018 Results

Results	Unrestricted	Restricted
Revenue	\$3,381,257	\$1,275,803
Expense	(\$3,235,623)	(\$1,139,804)
Preliminary Result	\$145,634	\$135,999
Non-Operating Activity Surplus/Deficit	(\$1,093,294)	(\$1,749,688)
Change in Net Assets	(\$947,660)	(\$1,613,689)

An unrestricted fund surplus was achieved primarily due to stronger support from congregations and individuals, and favorable expense variances. OCWM Basic support decreased by a relatively modest 3.5% 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: \$10,000 was allocated to a reserve fund for capital improvements at the Conference headquarters (125 Sherman Street), \$77,112 was added to the staffing fund, and the balance was added to the Silver Lake capital improvements fund. The staffing fund is a "savings" account that has been used to stabilize staffing in an era of declining resources. The restricted funds surplus 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.

2018 MSC Board-Designated Reserve Funds Activity Including Allocation of Operating Gain/Loss

	2017	2018	Change
Pre-Paid Program Fees	\$ 9,088	\$ 4,536	\$ (4,552)
"Smoothing" Accounts	\$ 27,217	\$ 34,377	\$ 7,160
"Savings" Accounts	\$ 112,075	\$ 168,404	\$ 56,329
Silver Lake Accounts	\$ 235,501	\$ 186,842	\$ (48,659)
Other Accounts	\$ 151,891	\$ 158,633	\$ 6,742
Total	\$ 535,772	\$ 552,792	\$ 17,020

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.

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 2018 for sabbatical coverage.

Savings accounts are funds set aside to offset future deficits or to fund other programs approved by the Board of Directors. Savings funds were 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 2018	Unrestricted	Restricted
Revenue	\$311,704	\$229,501
Expense	\$291,352	\$211,168
Surplus/Deficit	\$20,352	\$18,333

TFM generated an unrestricted surplus due favorable program expense variances. The surplus was designated by the Board as contingency funds. A gift of \$75,000 was made to the Pension Boards *Generations of Service* capital campaign out of contingency funds and undesignated unrestricted funds.

The audited financial statements are available at www.ctucc.org/reports/2018. The Conference's auditors are Whittlesey, formerly Whittlesey & Hadley, P.C. Whittlesey issued "clean" opinion letters for the financial statements. Whittlesey presented the 2018 audited financial statements to the Audit Committee in September of 2019. They reported 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 recommended that the Board of Directors adopt the statements as presented. The Board of Directors adopted the financial statements at their September meeting.