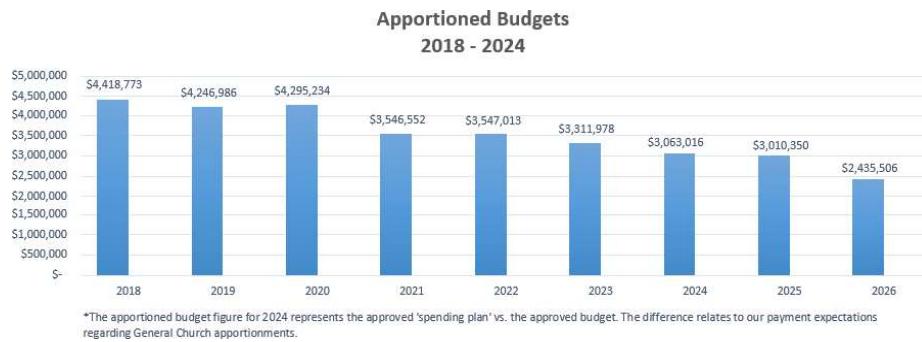


## Treasurer's Discussion and Analysis

### Apportioned Budget Overview (2026)

The Conference Council on Finance and Administration (CCFA) recommends a 2026 apportioned budget totaling \$2.436 million, a reduction of \$574,844 (19%) from our 2025 approved budget. CCFA understands that we need to continually analyze how we are allocating our financial resources and, although we still have more work to do (with an estimated budget deficit of \$241,080), this budget reduction demonstrates that we are making progress to right size our budget. The graph below illustrates our effort to reduce our apportioned budget over the past several years:

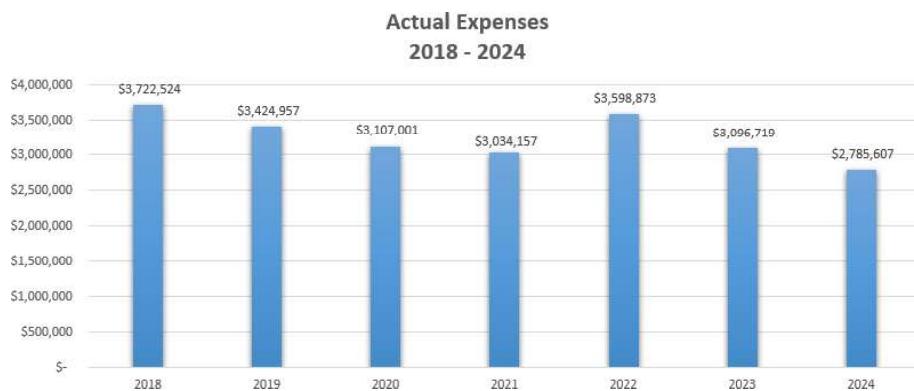


See below for additional details, including our budget to actuals for 2024, our non-apportioned budget details, our Conference reserves, Board of Pensions budget, finance and benefits/human resources office staffing, and other administrative highlights.

### Apportioned Budget to Actuals (2024)

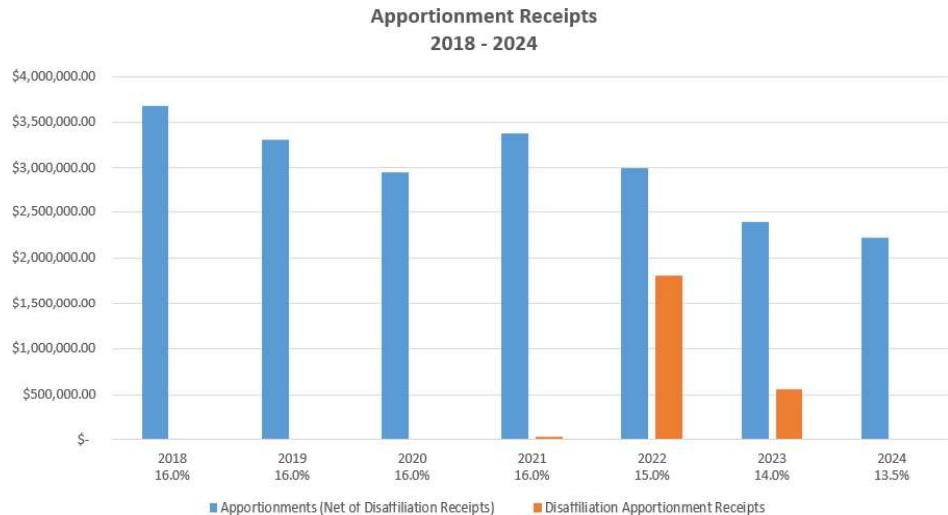
Apportionments received from our local churches in 2024 totaled approximately \$2.221 million, down from approximately \$2.944 million in 2023. However, the 2023 figure included \$553,000 from churches that disaffiliated in 2023, resulting in total apportionments received from churches remaining UMC after 2023 of \$2.391 million, a net decrease from 2024 to 2023 of 7.3% after removing the effects of disaffiliated churches. Additionally, we also earned \$105,131 in interest and dividend income on our Conference operating reserve funds, in addition to an unrealized gain of \$50,026. Therefore, total income including interest, dividend, and unrealized market gains was \$2.376 million.

Conversely, total net expenses for 2024 were \$2.786 million, a decrease of \$311,000 from 2023 and below our 2024 spending plan of \$3.063 million. However, \$189,000 of this decrease is related to the gift from the Board of Pensions to cover our Conference staff HealthFlex direct bill costs. Removing that from the total results in a net expense decrease year over year of approximately \$122,000 (and \$89,000 less than our 2023 budget). In summary, our total budget shortfall in 2024 was \$565,000 before considering our Conference reserve earned and unearned income of \$155,000. Including these earnings results in a net budget shortfall of approximately \$410,000. Although we had sufficient financial resources in our Conference operating account to meet the deficit in 2024, we will need to begin to tap our Conference reserves to meet budget obligations starting in mid-2025. The graph below illustrates our actual net expenses over the past few years:

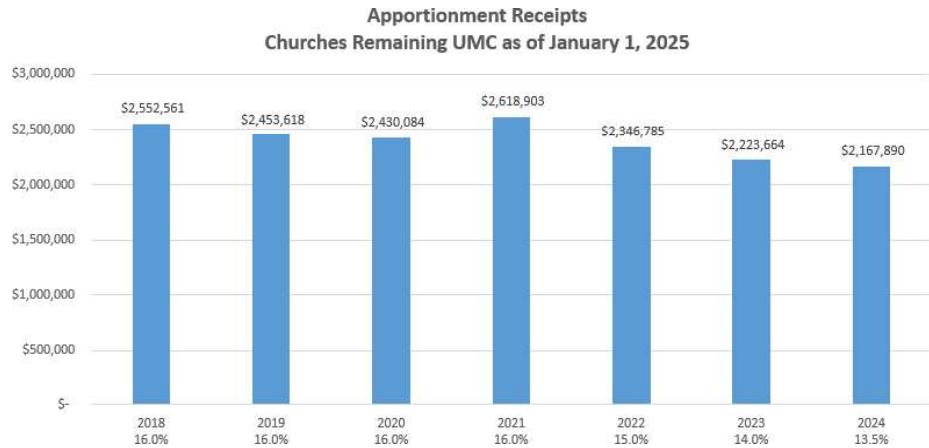


## Apportionments – A Brief History (2018 – 2024)

As you know, our Conference has witnessed incredible change over the past few years. So, unsurprisingly, our apportionment receipts have been on a downward trend over the past years as illustrated below:



However, it's helpful to analyze apportionments from the 161 churches that remain UMC churches, as of January 1, 2025 (removing all disaffiliated, discontinued, and closed churches) going back to 2018. The table below illustrates these results and represents an 'apples to apples' comparison during this time period:



As you can see, the decrease in apportionment receipts from these remaining churches is less drastic than what is illustrated in the preceding graph (with a decrease in apportionment receipts in 2018 compared to 2024 of \$384,671, or 15.07%).

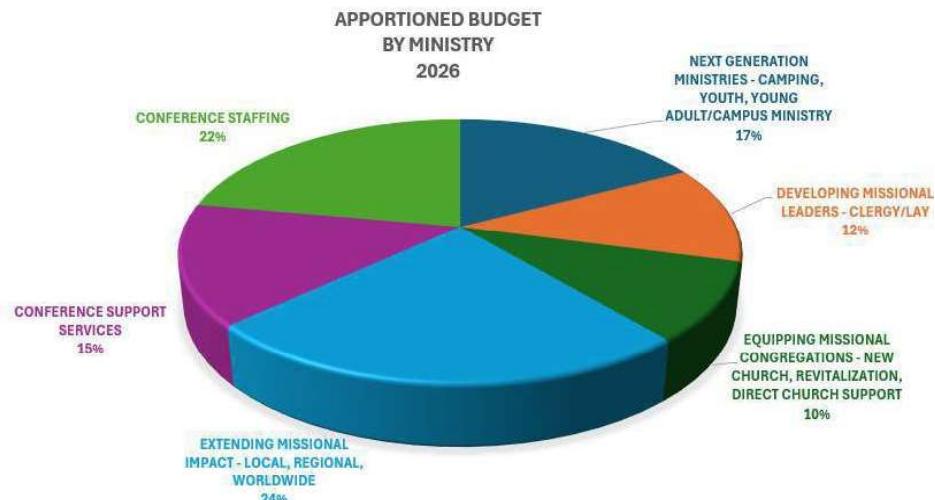
However, comparing that to the apportionment percentage decrease over that same period (from 16.0% to 13.5% of local church operating income), it's nearly identical at 15.63%. Although it's likely not a 100% correlation, it's interesting that the apportionment receipts have decreased at nearly the same rate that we decreased the apportionment rate. Additionally, before we started reducing the apportionment percentage, the apportionment collections were steady, and in fact apportionment receipts from these churches in 2021 was HIGHER post-COVID than apportionment receipts from these same churches in 2018 pre-COVID! Obviously 2025 (and the economic uncertainty we now face) is not included in this analysis. But it is hopeful that the rate of decrease/decline in apportionment receipts from our remaining churches is not as drastic as we might expect. Especially when considering that our apportionment percentage has decreased by the same rate over the same period.

## Apportioned Budget Detail (2026)

As noted in the Overview section above, an apportioned budget request of \$2.436 million was approved by the CCFA for submission to the Annual Conference for approval. Our 2025 proposed budget represents a decrease of \$574,844 (or 19%) from the 2025 budget request. See ‘Apportioned Budget Summary’. This reflects the work that Conference leadership, CCFA, and the Wisdom Council have made to move our Conference closer to a balanced budget. Some of the key budget reduction and re-allocations include the following:

- Decreased the number of District Superintendents from four to three FTEs (Full Time Equivalents) as of July 1, 2026. This will save the Conference approximately \$75,000 in 2026 and \$150,000 per year beyond 2026. *Note: At the time of this report, a final determination on the details of this reduction has not been made but will include less than full time District Superintendent positions.*
- Continued to reduce the direct apportionment allocation to our two Conference Missions (Solar Oven Partners and Spirit Lake Ministries) from \$40,000 in 2025 to \$0 in 2026. However, we will continue to provide full administrative support, including processing cash receipts, accounts payable, payroll, human resources, and communications. Additionally, these two ministries have substantial carryover reserve balances which have been built, in part, by allocating apportioned dollars to these two ministries over many years. As of December 31, 2024, Spirit Lake Ministries balance is over \$400,000 and Solar Oven Partners is over \$300,000. Therefore, these ministries have substantial resources to continue to serve and thrive for years to come. Additionally, both ministries plan to re-focus on direct fundraising efforts to help them be fully self-sustaining going forward.
- Continued to reduce the direct allocation to camping ministries from \$123,000 to \$111,000, or a net decrease of \$12,000. This total does not include the salary support for the central camping office (e.g., Executive Director of Camp & Retreat Ministries and other support staff). This salary support is included in our Support Services section of our apportioned budget.
- Reallocated other Conference financial resources in a strategic way. For example, we will utilize Urban Church Funds to help support ministries in Rapid City and Sioux Falls. Previously these ministries have been supported primarily by Thrive funds as well as apportionments.
- Reduced the direct apportionment allocation to new churches to \$0. However, we will financially support our new church ministries with the Urban Church Fund and Thrive funds.
- Reallocated a portion of the Conference Treasurer’s salary (35%) to the Board of Pensions, reflecting the approximate time spent by the Treasurer on Board of Pensions related activities. Furthermore, we also reallocated 20% of the Conference Benefits and Human Resources Officer (CBHRO) to the Conference (from the Board of Pensions) which reflects the amount of time the CBHRO spends on Conference human resources related activities. The ‘net effect’ is a reallocation of approximately \$25,000 to the Board of Pensions budget from the Conference apportioned budget.

Although the Apportioned Budget Summary table is informative, it only illustrates the budget on a line-item basis and does not fully tell the story of what your apportioned dollars support. The pie chart below better illustrates what programs and ministries your apportioned dollars support from a functional perspective. Key points that are illustrated in the Apportioned Budget By Ministry pie chart include the following:



- Next Generation Ministries, e.g., Camping and Youth/Young Adult Ministries – 17% – This includes the Dakotas Conference portion of the camping central office staff salaries that are shared with the Minnesota Annual Conference, as well as 30% of the Finance Office support staff (based on a 2024 analysis that approximately 30% of Finance Office support staff activities support the three Dakotas Annual Conference camps and youth/young adult ministries). This area also includes support for Dakota Wesleyan University and youth events, such as Dak Youth.
- Developing Missional Leaders (10%) and Equipping Missional Congregations (12%) – We allocated District Superintendent salaries and support expenses evenly between these two ministry areas since their primary purpose is to support leaders and congregations across our Conference. Developing Missional Leaders also includes other areas, such as our Board of Ordained Ministry and helping to ensure we have safer sanctuaries throughout our Conference. *Note: We separated 'Next Generation Ministries' outlined in the preceding bullet point from the Developing Missional Leaders in the pie chart. However, Next Generation Ministries also falls under the Developing Missional Leaders section of the budget.*
- Conference Support Services – 15% - This includes our expenses related to our Communications Office, Trustees (e.g., conference insurance and administrative expenses), Chancellors/Legal, Annual Conference Session, Common Table, HR Committee, Episcopacy Committee, Archives and History, Conference Center Operations (not including salary expenses), and Area (Episcopal) Office Support. This also includes expenses related to clergy introductory meetings as well as our clergy moving budget.
- Conference Staffing – 22% - This includes Conference Staffing salaries (not including what is allocated to other ministry areas). This area helps ensure that all other ministries of the Conference operate smoothly.
- Extending Missional Impact – 24% - This includes 50% of our Missional Impact Coach salary as well as 10% of our Finance Office support staff salaries (based on a 2024 analysis that approximately 10% of Finance Office support staff activities support Spirit Lake Ministries and Solar Oven Partners). Furthermore, approximately \$502,000 of our apportioned budget helps support our General Church ministries across our United Methodist Connection. See ‘General Church Apportionments’ section below for further details.

Lastly, as mentioned in the CCFA report, due to the challenging financial landscape post-disaffiliation, the committee felt it was prudent to maintain our current church apportionment rate at 13.0% of church operating income for 2026. Maintaining this apportionment rate reflects the budgetary constraints the Conference is experiencing. However, CCFA will continue to monitor apportionment collections each year and determine an appropriate rate to ensure long term financial stability.

### **Non-Appportioned Budget Detail**

Although most of our total Conference expenditures are covered with apportionments received from you, our local churches, a significant portion of our operating budget (approximately \$1.2 million) is covered with non-apportioned dollars that help support our various ministries highlighted above. These non-apportioned dollars include funding from: 1) grants (e.g., Lilly), 2) fundraising campaigns (e.g., Thrive), 3) the sale of Conference property (e.g., Urban Church and Campus Ministries), 4) Board of Pensions gifts, and 5) other miscellaneous sources of income (e.g., registration income, rental income, and individual/church contributions).

*Note: This does not include income (or expenses) derived from our three Dakotas Annual Conference camps or our Conference Missionaries (Spirit Lake Ministries and Solar Oven Partners).*

The non-apportioned funding sources represent approximately 33% of our budget and help support our Developing Missional Leaders, Equipping Missional Congregations, and our Support Services ministries. The table below provides additional details regarding the sources and amounts of these non-apportioned funds:

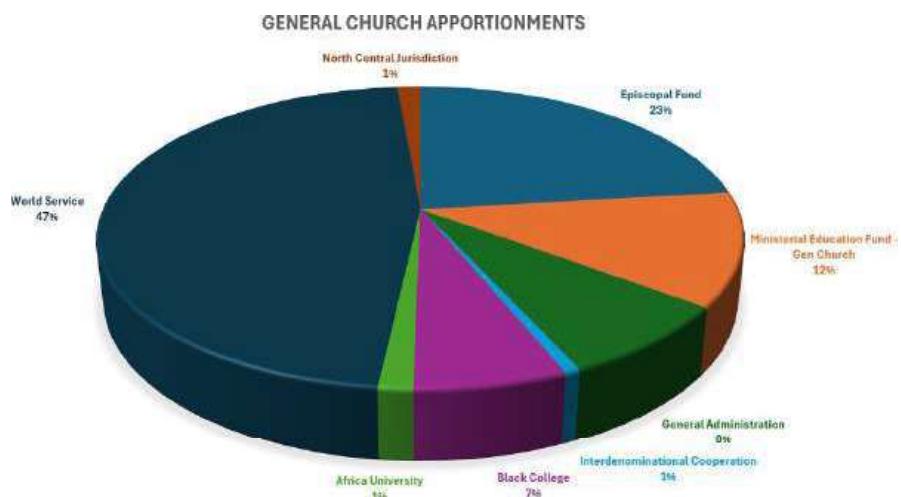
Non-Apportioned Funding Sources			
Budget Detail			
2026			
Funding Source	2024 Non-Apport. Actuals	2025 Non-Apport. Budget	2026 Non-Apport. Budget
<b>Higher Ground Initiative (Lilly Grant)</b>	\$ 162,534.00	\$ 228,177.00	\$ 166,800.00
<b>Dakotas Rural Initiative (Lilly Grant)</b>	\$ 149,621.42	\$ 261,530.00	\$ 325,632.15
<b>Thrive Campaign Funds</b>	\$ 195,000.00	\$ 177,500.00	\$ 67,125.00
<b>Urban Church Fund</b>	\$ 20,696.43	\$ -	\$ 91,875.00
<b>Trustees Unrestricted Fund</b>	\$ 125,000.00	\$ 125,000.00	\$ 127,740.00
<b>Trustees Repair Fund</b>	\$ -	\$ 9,500.00	\$ 10,309.50
<b>Campus Ministry Funds</b>	\$ 17,778.86	\$ 27,000.00	\$ 30,000.00
<b>Ministerial Education/Ministerial Student Aid Funds*</b>	\$ 34,136.55	\$ 61,161.00	\$ 60,334.50
<b>Board of Pensions Conference Reimbursements (HealthFlex)</b>	\$ 188,579.62	\$ -	\$ 210,838.43
<b>Endowment and Other Grant Income</b>	\$ 2,963.08	\$ -	\$ 2,500.00
<b>Other Ordinary and Investment Income</b>	\$ 411.76	\$ 500.00	\$ 250.00
<b>Rental Income</b>	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00
<b>Registration Income</b>	\$ 70,969.30	\$ 55,000.00	\$ 62,000.00
<b>Sale of Merchandise</b>	\$ 1,072.44	\$ -	\$ -
<b>Volunteer Reimbursement Donation</b>	\$ 545.93	\$ -	\$ -
<b>Individual/Church Contributions</b>	\$ 7,805.50	\$ -	\$ 6,700.00
<b>Conference Sponsored Camps</b>	\$ 120.00	\$ -	\$ -
<b>GRAND TOTAL NON-APPORTIONED FUNDING</b>	<b>\$ 993,234.89</b>	<b>\$ 961,368.00</b>	<b>\$ 1,178,104.58</b>

\*Includes the 25% of the General Church MEF apportionments retained by the Dakotas Annual Conference

## General Church Apportionments

Each General Church fund represents our core connectional giving and supports the UMC and its ministries in a variety of ways. These funds include: 1) World Service Fund, 2) Africa University Fund, 3) Black College Fund, 4) Episcopal Fund, 5) General Administration Fund, 6) Interdenominational Cooperation Fund, and 7) The Ministerial Education Fund. The Dakotas Conference paid General Church apportionments for 2024 totaling \$544,953. This represents approximately 56% of our total apportionments allocated to the Dakotas Conference of \$977,320. As mentioned last year, while it is always our goal to pay 100% apportionments to the General Church, meeting the full obligation for 2024 was unrealistic primarily due to the impacts of the pandemic and church disaffiliations, since the apportionment calculation was based on the 2016 General Conference methodology.

The 2026 budget includes 100% of our General Church apportionments (\$515,211) and represents slightly more than half the total General Church apportionments allocated to the Dakotas Conference in 2024. This is due to GCFA lowering the base rate percentage (from the 2016 base rate) that was approved at General Conference and reflects the effects of disaffiliations. The pie chart below illustrates the ministries our General Church apportionment support.



A brief description of each area is highlighted below:

- World Service Fund – 47% – This is the heart of our denomination’s world-wide presence, underwriting Christian mission and ministry around the world. This fund strengthens our evangelism efforts, stimulates church growth, expands Bible studies, and enriches spiritual commitment. Supporting this fund helps God’s children everywhere, shaping the lives of tomorrow’s leaders and proclaiming our Christian Faith.
- Episcopal Fund – 23% - This fund supports the work of Bishops throughout the world. The fund pays salaries, benefits, and office expenses. It also covers the cost of travel for church leaders to promote temporal and spiritual interests of our denomination.
- Ministerial Education Fund – 12% – Twenty-five percent of its receipts stays within the Annual Conference to be used for scholarships, continuing education and other programs developed by the Conference Board of Ordained Ministry. The remaining 75% supports the United Methodist seminaries and ministerial education programs made available through our denomination.
- General Church Administration Fund – 8% – This fund finances the General Church activities such as the cost of General Conference, the Judicial Council of the church, and the office of administrative oversight and fiscal accountability.
- Black College Fund – 7% – This fund was started in 1972 to provide consistent funding for eleven colleges whose roots are in the Freedman’s Society, which was established after the Civil War to help meet the educational needs of newly freed individuals. These institutions make a quality education available to many who have experienced racial, economic, or academic barriers at other colleges.
- Interdenominational COOP Fund – 1% – This fund helps our denomination nurture the ministries of churches from pan-Methodist churches as well as other denominations that confess one holy, universal, and apostolic churches advocating for global peace and justice.
- Africa University Fund – 1% – This fund supports the only United Methodist degree granting university on the continent of Africa and the first private university in Zimbabwe. The University was initiated by vote of the 1988 General Conference. The University promotes academic excellence and the physical and spiritual development of men and women from all over the continent of Africa.

Finally, the North Central Jurisdictional Fund (separate from General Church Apportionments) supports the cost of the North Central Jurisdictional Conference which meets every four years. This Conference elects and places Bishops for the denomination.

### **Conference Reserves**

The Conference continues to maintain reserves available for use through this transitional period. These reserves include approximately \$2.374 million in our general CCFA Savings Reserve Fund (partially originating from apportionments collected from disaffiliating churches). We also have approximately \$1.18 million remaining in our Transitional Reserve Fund that was allocated by the Board of Pensions. As of April 15, 2025, approximately \$606,000 has been granted from this fund to 28 churches in our Conference that were most impacted by the disaffiliation process. The Transitional Reserve Fund was partially replenished by the Board of Pensions in 2024 in the amount of \$300,000. Since these funds were originally allocated to assist the Conference office with meeting budgetary challenges, part of these funds may be used in 2025 to help cover the Conference budget deficit.

### **Board of Pensions HealthFlex, Pension Programs, and Administrative Budget (2026)**

HealthFlex – As you can see, due primarily to the rising costs of premiums, our HealthFlex budget is projected to increase by approximately 12.9% to \$2,359,282 from our 2024 actual HealthFlex costs. This total includes the cost of all HealthFlex plans, including church clergy, conference and camp staff, participants on disability, participants that are ‘Pre-65’ retirees, and those participants who have coverage with us via sub-adoption agreements through Wesley Acres and Sunncrest Retirement facilities. It is important to note that our deficit (total costs minus premiums collected from participants) is projected to be approximately \$436,000 for 2026. This is due to the Board of Pensions maintaining a flat HealthFlex direct billing to churches from 2023 – 2025, even though HealthFlex premiums continued to rise. This decision was made by the Board of Pensions to maintain financial stability for our local churches during a challenging season. Although we have adequate reserves to continue to cover this budget deficit, the projected ongoing deficit is

sizeable, and this is something we will continue to monitor closely as healthcare costs will likely continue to rise.

However, increasing our HealthFlex budget deficit further is not financially prudent for long term sustainability of our HealthFlex plan. Therefore, the Board of Pensions approved a 15% increase in our HealthFlex direct bill to churches, to \$18,160 (from \$15,791 in 2025). Although this is a sizable year over year increase for HealthFlex, due to the shift to our new clergy retirement plan (Compass), most churches will see an overall DECREASE in combined retirement plan and HealthFlex direct bill.

Health Reimbursement Accounts – Our financial allocation to our Health Reimbursement Accounts (HRA) for 2026 will be \$910,807, up from \$881,433 in 2025. This amount is determined by calculating the 16-quarter historical average balance of our HRA account and then allocating 4.5% of that total the following year. Therefore, since the balance in this account has grown in recent years, the total allocated for our HRA accounts has grown as well.

Compass Retirement Plan – As you know, 2026 will usher in a new retirement plan, Compass. While we are excited for this new plan, we also understand that it's a change (shifting from a defined benefit plan (CRSP) to a defined contribution plan (Compass). We look forward to continuing to educate clergy on this new plan prior to implementation on January 1, 2026. From a budget perspective, the total retirement plan costs, which include CPP (Clergy Protection Plan), is projected to decrease from 2025 levels, which is the last year for the Clergy Retirement Security Program (CRSP). This will also result, as mentioned above, in a decrease in retirement plan direct billings to churches.

Administrative Budget (Benefits Office, Board of Pensions, Grants) – Finally, the increase in our benefits office expense is primarily a result in reallocating a portion of the Treasurers salary to the Board of Pensions. This more accurately represents the time spent on varies activities within our Finance and Benefits/HR Office. As always, we appreciate how the Board of Pensions has continued to financially support the Conference! Please see the Board of Pensions HealthFlex, Pension Programs, and Administrative Budget for further details.

## **Discontinuations (2024)**

Two churches discontinued as United Methodist Churches in 2024: 1) Embrace (\$1,250,000) and 2) McClusky (\$16,208). McClusky discontinued on June 30, 2024, and Embrace discontinued on December 31, 2024. Both met their Book of Discipline para. 2549 financial obligations as of December 31, 2024. Although the original agreement with Embrace included a payment plan in 2025 for a portion of the financial obligation, they ultimately paid their financial obligation in full by December 31, 2024. The funds received from Embrace were deposited into our Urban Church Fund at the Dakotas/Minnesota Methodist Foundation, net of legal fees (\$20,696). Quitclaim deeds for their property were provided to them from the Conference after receipt of archive documentation. The Urban Church fund is designated to support our Urban Church ministries (defined by the Book of Discipline as any city exceeding a population of 50,000). Conversely, the funds received from McClusky, in part, remained in our Conference operating account to fulfill their apportionment and legal/administrative costs (\$6,576), whereas their pension liability portion of their payment (\$3,482) was transferred to our Board of Pensions Pension Reserve account (\$3,482) and the remaining \$6,150 was transferred to our Rural Church fund.

## **Other Financial Support**

Since other financial support from individuals and local churches is not included in our formal budget, I wanted to give you a summary of the support our Dakotas Conference members and churches have provided to various ministries throughout our Conference and broader United Methodist connection. I am pleased to report that these individual and church donations total over \$470,000 in 2024! This amount was close to the total donations received in 2023 of \$487,000. These funds provided much needed financial support in 2024 to various projects and ministries, including (but not limited to) our three Dakotas Conference Camps, Spirit Lake Ministries, Solar Oven Partners, Dakotas Disasters, UMCOR, Tree of Life, Abbott House, World Poverty and Hunger, Thanksgiving Offering, Native American Awareness, Human Relations, Peace and Justice, UM Student Day, Youth Service Fund, UMCOR Sunday, World Service Blankets, World Communion Sunday, Give Ye Them to Eat (GYTTE) Mexico, Department of Service to Palestinian Refugees, Heifer Project, African University, Grace World Health Clinics, and Global Health. Supporting these ministries makes an enormous difference and is life-giving to many people throughout the Conference and the world. Thank you for your

generosity!

## **Staffing**

We incurred a few additional changes in our Conference staffing in 2024; however, we are now fully staffed and have an outstanding team! Additionally, as we head into 2026, Kathy Roll will retire from serving the Conference (at least in an official capacity!). We have appreciated her being part of our team over the past couple of years serving as our Sr. Accountant and Payroll Administrator as she helped ‘bridge the gap’ while we were in transition with the retirement of JoAnn Schlimgen.

Dana Bassett continues to take on additional responsibilities as the Assistant Treasurer and will likely assume the payroll administrator and bank reconciliation responsibilities after Kathy Roll rides off into the sunset (planned for early 2026). Dana has done a phenomenal job absorbing the change that has taken place, and I appreciate her leadership as she continues to become more proficient and knowledgeable in her new role, while retaining some of her former role. Thank you, Dana, for continuing to lead our office in an exemplary fashion!

Kaylynn Schutte was hired in April 2024, and we are blessed to have her on our team. She has already made a significant impact, including being an instrumental part of our efforts to update our Conference Employee Handbook as well as modernize our Conference operations with her work on implementing our new credit card platform, Emburse. While she currently processes all check payments received by the Conference, she will also likely assume electronic payments processing once Kathy Roll retires. Thank you, Kaylynn, for being an integral part of our team!

JoAnn Early has begun her second year as Conference Benefits and Human Resources Officer and has knocked it out of the park! Her enthusiasm and positivity are contagious and is only exceeded by her care and compassion for our Conference clergy. She has a true heart for her ministry, and we are very grateful that she is part of our team. Her most notable contributions include managing the Employee Handbook revision project and working on educating our Conference and clergy on our new clergy retirement plan (Compass).

JoAnn Schlimgen continues to serve the Finance office on a very part time basis, approximately one day per week. Her primary focus is continuing to provide guidance and training to Dana Bassett. As we continue moving forward, JoAnn will likely assist only ‘as needed’ during busy times of the year, such as our year-end accounting and audit processes or when we may need to augment our full-time staff, e.g., vacations or for other reasons. Thank you, JoAnn, for your continued support!

Lastly, Leana Stunes assists our Benefits Office on a contract basis at approximately 10 hours per month (as needed). We have appreciated her assistance and guidance!

## **Key Accomplishments**

During 2024, our Finance and Benefits/HR Office processed over 8,100 financial transactions – that equates to approximately 32 per business day! In 2024, we also processed payroll on a bi-weekly basis for at least 29 staff, and up to a maximum of 69 during the height of camping season (seasonal staff). These two stats illustrate the hard work that our Finance Office puts in day after day to help ensure our Conference and the ministries we support run smoothly.

In addition to the day-to-day operations, the Finance and Benefits/HR Office continues to make progress as it relates to improving and enhancing the effectiveness and efficiency of our Conference. Recent key accomplishments include the following:

- Zoom Phones – Zoom phones were recently implemented at our Conference office. This will increase the ability to connect with Conference staff, especially as many of us have hybrid work arrangements. An added benefit includes decreasing our total phone costs. We also plan on continuing to roll this out to our Dakotas Conference camps later in 2025.
- Emburse Card Platform – We have completed our transition to Emburse, our new credit card expense platform. This platform, which includes having an app on cardholders’ smart phones, helps us modernize how we retain and submit receipts, and how we process our credit card transactions. This has enhanced our efficiency, both from a user as well as from a Finance Office perspective.

- Vanco Electronic Payments – The Conference is transitioning to Vanco's new user interface. Please note, this does not change how Vanco operates 'behind the scenes.' This interface modernizes the look and feel of our electronic payments webpage and makes it easier for the Conference to add/remove funds for specific registration or fundraising activities. Although the 'Classic' version continues to be available, the long-term plan by Vanco includes sunsetting the old interface. So, we encourage churches who are submitting electronic payments to the Conference via Vanco to begin using the new interface (link to this interface is on our Dakotas Annual Conference webpage, under Finance and Benefits). If you haven't already transitioned to electronic payments using Vanco, we highly encourage you to consider this option. It's easier and more secure than paper checks and helps enhance our operational efficiencies and supports our goal of being good stewards of conference resources. Additionally, if you don't use Vanco or another electronic payment platform, this can increase and smooth out local church giving throughout the year. Please contact the Finance Office for more information on how to receive select pricing through our partnership with the Dakotas/Minnesota Methodist Foundation.
- Chart of Accounts – The Finance Office worked with conference and camp staff to reduce the number of accounts, improve the description of accounts, and standardize how we account for various expenses across our conference departments.
- Employee Handbook – We have completed a major revision of our Employee Handbook! Special thanks go out to JoAnn Early, Kaylynn Schutte, and the entire Human Resources Committee. All have worked diligently over the past several months to update and add additional Human Resources policies, such as our Remote Work, Cell Phone, Travel, Vacation, and Auto policies.
- Investment Policy Statement (Board of Pensions) – We have developed a formal Investment Policy Statement for our Board of Pensions. This formalizes the Board of Pensions investment objectives, investment guidelines, documents our key benchmarks for monitoring investment performance, and includes a specific asset allocation policy for each investment account. Additionally, this policy will be used as a template to create an Investment Policy Statement for the Conference. A special thanks goes out to the Board of Pensions Finance Committee for their work on this policy.

We are excited about these major improvements, and we will continue to find areas where we can enhance our efficiency and effectiveness.

### Final Thoughts

As we begin to 'find our footing' after several years of major change, I am hopeful and excited to see what God has in store for us as we continue to re-focus on our core ministries and what God has called us to do. As always, whether it be questions regarding this report, or ideas on how we can improve our operations and better support you, our local churches, I'm always eager to hear from you. So please do not hesitate to contact me. My email is [jim.ducker@dakotasumc.org](mailto:jim.ducker@dakotasumc.org) or you can reach me at 605-990-7786. God bless!

Respectfully Submitted,  
Jim Ducker, Treasurer

**Apportioned Budget Summary  
2026**

Program	2024 Actual	2025 Budget	2026 Budget Request	Change* \$	Change* %
<b>DEVELOPING MISSIONAL LEADERS</b>					
MISSIONAL LEADER LINK	\$ -	\$ -	\$ -	\$ -	N/A
LEADERSHIP DEVELOPMENT OFFICE	\$ 1,270	\$ 6,700	\$ 3,550	\$ (3,150)	-47%
BOARD OF ORDAINED MINISTRY	\$ 42,570	\$ 52,050	\$ 51,000	\$ (1,050)	-2%
MINISTERIAL EDUCATION FUND	\$ 24,746	\$ 18,373	\$ 17,966	\$ (408)	-2%
LAY SERVANT MINISTRY	\$ 477	\$ 1,650	\$ 1,200	\$ (450)	-27%
LAY LEADER	\$ 442	\$ 1,250	\$ 2,000	\$ 750	60%
CAMPING OFFICE	\$ 16,428	\$ 18,600	\$ 17,400	\$ (1,200)	-6%
CAMPING & RETREAT MINISTRIES	\$ 128,639	\$ 123,000	\$ 111,000	\$ (12,000)	-10%
YOUTH LEADERSHIP DEVELOPMENT	\$ -	\$ 9,000	\$ 4,500	\$ (4,500)	-50%
COUNCIL ON YOUTH MINISTRIES	\$ 33,743	\$ 31,200	\$ 31,900	\$ 700	2%
YOUNG ADULT & HIGHER ED	\$ 82,643	\$ 68,500	\$ 65,500	\$ (3,000)	-4%
SAFER SANCTUARIES	\$ -	\$ 1,000	\$ 1,500	\$ 500	50%
<b>DEVELOPING MISSIONAL LEADERS</b>	<b>\$ 330,957</b>	<b>\$ 331,323</b>	<b>\$ 307,516</b>	<b>\$ (23,808)</b>	<b>-7%</b>
<b>EQUIPPING MISSIONAL CONGREGATIONS</b>					
MISSIONAL CONGREGATIONS LINK	\$ -	\$ -	\$ -	\$ (2,150)	-20%
MINISTRIES OFFICE	\$ 5,937	\$ 10,700	\$ 8,550	\$ (21,000)	-100%
NEW CHURCHES	\$ 10,214	\$ 21,000	\$ -	\$ (4,500)	-100%
CHURCH REVITALIZATION	\$ -	\$ 4,500	\$ -	\$ (450)	N/A
DAKOTAS RURAL CONNECTION INITIATIVE	\$ -	\$ -	\$ -	\$ -	-4%
CONGREGATIONAL TOOLS/TRAINING	\$ 10,685	\$ 12,800	\$ 12,350	\$ -	
<b>EQUIPPING MISSIONAL CONGREGATIONS</b>	<b>\$ 26,835</b>	<b>\$ 49,000</b>	<b>\$ 20,900</b>	<b>\$ (28,100)</b>	<b>-57%</b>
<b>EXTENDING MISSIONAL IMPACT</b>					
MISSIONAL IMPACT LINK	\$ 313	\$ 500	\$ 5,000	\$ 4,500	900%
GENERAL APPORTIONMENTS	\$ 549,159	\$ 543,086	\$ 501,877	\$ (41,209)	-8%
CONNECTIONAL MISSIONS	\$ 14,853	\$ 17,000	\$ 17,000	\$ -	0%
CONFERENCE MISSIONARIES	\$ 90,000	\$ 40,000	\$ -	\$ (40,000)	-100%
<b>EXTENDING MISSIONAL IMPACT</b>	<b>\$ 654,325</b>	<b>\$ 600,586</b>	<b>\$ 523,877</b>	<b>\$ (76,709)</b>	<b>-13%</b>
<b>GENERATING MISSIONAL RESOURCES</b>					
COUNCIL OF FINANCE & ADMIN	\$ 100	\$ 800	\$ 800	\$ -	0%
FINANCE OFFICE	\$ 30,502	\$ 29,100	\$ 33,250	\$ 4,150	14%
EQUITABLE COMPENSATION	\$ 9,700	\$ 18,000	\$ 15,000	\$ (3,000)	-17%
D&O; WORKER'S COMP COVERAGE	\$ 7,611	\$ 10,000	\$ 9,000	\$ (1,000)	-10%
<b>GENERATING MISSIONAL RESOURCES</b>	<b>\$ 47,913</b>	<b>\$ 57,900</b>	<b>\$ 58,050</b>	<b>\$ 150</b>	<b>0%</b>
<b>DISTRICT SUPERINTENDENCY</b>					
SHARED EXPENSES	\$ 6,789	\$ 6,100	\$ 5,100	\$ (1,000)	-16%
DISTRICT SUPERINTENDENTS	\$ 460,092	\$ 552,208	\$ 405,475	\$ (146,733)	-27%
CONTINGENCY FUNDS	\$ 13,731	\$ 20,000	\$ 15,000	\$ (5,000)	-25%
INTRODUCTORY MEETINGS	\$ 2,253	\$ 6,500	\$ 4,500	\$ (2,000)	-31%
MOVING FUND	\$ 62,403	\$ 105,000	\$ 85,000	\$ (20,000)	-19%
DISTRICT BUILDING & LOCATION	\$ -	\$ -	\$ -	\$ -	N/A
RESPONSE TEAM	\$ -	\$ 2,300	\$ 2,000	\$ (300)	-13%
<b>DISTRICT SUPERINTENDENCY</b>	<b>\$ 545,268</b>	<b>\$ 692,108</b>	<b>\$ 517,075</b>	<b>\$ (175,033)</b>	<b>-25%</b>
<b>SUPPORT SERVICES</b>					
COMMUNICATIONS OFFICE	\$ 42,039	\$ 104,850	\$ 46,350	\$ (58,500)	-56%
UMCONNECT	\$ 16,690	\$ -	\$ -	\$ -	N/A
CONF SECRETARY/JOURNAL	\$ 2,150	\$ 2,800	\$ 2,100	\$ (700)	-25%
TRUSTEES	\$ 137,694	\$ 145,888	\$ 126,665	\$ (19,224)	-13%
CHANCELLORS/LEGAL	\$ 10,050	\$ 10,000	\$ 10,000	\$ -	0%
ANNUAL CONFERENCE SESSION	\$ 33,369	\$ 28,050	\$ 28,000	\$ (50)	0%
NCJ CONFERENCE SESSION	\$ 21,334	\$ -	\$ -	\$ -	N/A
COMMON TABLE	\$ 8,900	\$ 5,300	\$ 7,600	\$ 2,300	43%
HUMAN RESOURCES COMMITTEE	\$ -	\$ 1,000	\$ 750	\$ (250)	-25%
EPISCOPACY COMMITTEE	\$ -	\$ 3,000	\$ 2,000	\$ (1,000)	-33%
ARCHIVES & HISTORY	\$ 38,893	\$ 40,403	\$ 41,400	\$ 997	2%
CONFERENCE CENTER OPERATIONS	\$ 863,210	\$ 898,143	\$ 723,224	\$ (174,919)	-19%
AREA OFFICE SUPPORT	\$ -	\$ -	\$ 20,000	\$ 20,000	N/A
GENERAL USE	\$ 5,982	\$ 40,000	\$ -	\$ (40,000)	-100%
<b>SUPPORT SERVICES</b>	<b>\$ 1,180,309</b>	<b>\$ 1,279,434</b>	<b>\$ 1,008,088</b>	<b>\$ (271,345)</b>	<b>-21%</b>
<b>GRAND TOTAL EXPENSES (NET OF NON-APPORTIONMENT FUNDING SOURCES)</b>	<b>\$ 2,785,607</b>	<b>\$ 3,010,350</b>	<b>\$ 2,435,506</b>	<b>\$ (574,845)</b>	<b>-19%</b>
<b>APPORTIONMENT INCOME**</b>	<b>\$ 2,220,673</b>	<b>\$ 2,220,214</b>	<b>\$ 2,094,426</b>	<b>\$ (125,788)</b>	<b>-6%</b>
<b>INTEREST/DIVIDEND INCOME (NET OF FEES)***</b>	<b>\$ 105,131</b>	<b>\$ 82,000</b>	<b>\$ 50,000</b>	<b>\$ (32,000)</b>	<b>-39%</b>
<b>UNREALIZED MARKET GAINS/(LOSSES)^</b>	<b>\$ 50,026</b>	<b>\$ -</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>N/A</b>
<b>GRAND TOTAL NET INCOME</b>	<b>\$ 2,375,830</b>	<b>\$ 2,302,214</b>	<b>\$ 2,194,426</b>	<b>\$ (107,788)</b>	<b>-5%</b>
<b>NET INCOME/DEFICIT</b>	<b>\$ (409,777)</b>	<b>\$ (708,136)</b>	<b>\$ (241,080)</b>	<b>\$ 467,056</b>	<b>-66%</b>
<b>SAVINGS RESERVES USED FOR BUDGET DEFICIT</b>	<b>\$ 409,777</b>	<b>\$ 708,136</b>	<b>\$ 241,080</b>	<b>\$ (467,056)</b>	<b>-66%</b>
<b>GRAND TOTAL REMAINING NET INCOME/DEFICIT</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>

\*Change is comparing the 2026 Budget to the 2025 Budget.

\*\*The apportionment estimates for 2024, 2025, and 2026 were reduced proportionately by the reduction in apportionment percentage each year (i.e., 13.5% in 2024 and 13.0% in 2025 and 2026).

\*\*\*Earned interest and dividend income (net of fees) from our CCFA savings reserves and our Conference operating account.

<sup>^</sup>Unrealized market earnings from CCFA savings reserve account held at Dakotas Minnesota Methodist Foundations

**Board of Pensions**  
**2026 Healthflex, Pension Programs and Administrative Budget**

		2024 Budget	2024 Actual	Percent of Budget	2025 Budget	2026 Request
1	HealthFlex Premiums - Actives (Total)*	<b>1,573,020</b>	2,089,645	100%	2,061,202	2,359,282
	HealthFlex Premiums - Actives (Church Clergy)*		<b>1,571,853</b>		1,495,800	1,796,054
	HealthFlex Premiums - Actives (All Conference/Camp Staff) HealthFlex Premiums - Actives (Disability)		314,510 57,597		332,400 44,755	371,933 33,634
	HealthFlex Premiums - Actives (Pre-65)		46,989		66,267	51,030
	HealthFlex Premiums - Actives (Continuation Coverage) HealthFlex Premiums - Actives (Sub-Adoption Agreements)		6,552 92,144		9,884 112,096	7,115 99,516
	Retiree Health Contributions (Via Benefits) Via Benefits Admin   VP Incentives Medicare Part B Allowance for Uncollected Premiums (1%)	833,660 13,000 72,000 12,000	703,375 8,105 55,221 -	84% 62% 77% 0%	881,433 25,000 110,299 14,958	910,807 10,000 59,805 -
	HealthFlex, HRA, and Personify Health Expenses	<b>2,503,680</b>	<b>2,856,346</b>	114%	<b>3,092,892</b>	<b>3,339,894</b>
	Premiums Received From All Sources (includes participants share)*	<b>(1,121,811)</b>	<b>(1,768,148)</b>	94%	<b>(1,800,939)</b>	<b>(1,988,021)</b>
	Direct Bill Received From Churches (includes participants share)* Direct Bill Received From Conference (includes participants share) Direct Bill Received (Disability) (includes participants share)	<b>(242,343)</b>	<b>(1,284,182)</b>		<b>(1,308,858)</b>	<b>(1,445,749)</b>
	Direct Bill Received From Sub-Adoption, Continuation Coverage, and Pre-65 (incl. participants share) Endowment and Trust Fund (Premium Grants)		(288,129) (50,910) (128,920) (9,100) (6,908)		(274,517) (11,842) (185,722) (20,000) -	(353,538) (33,727) (140,007) (10,000) (5,000)
	Endowment/Investment Income (Foundation Endowment)		(300,867)	127%	(405,520)	(436,066)
	Budgeted Deficit (Absorbed by HealthFlex Reserves) Transfers from Retiree Health Fund		(833,660) (5,000)	84% 70%	(881,433) (5,000)	(910,807) (5,000)
	Investment Income (Realized Gain/Loss) - Deposit Acct HealthFlex Offsets	<b>(2,503,680)</b>	<b>(2,856,346)</b>	114%	<b>(3,092,892)</b>	<b>(3,339,894)</b>
	<b>Expenses Less Offsets</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>0</b>	<b>0</b>
2	Pension Program Premiums					
	CPP	195,354	195,116	100%	200,853	189,338
	CRSP-DC	194,866	193,395	99%	197,081	
	CRSP-DB	542,686	444,746	82%	557,667	
	UMPIP - Church Contribution and Conference Clergy	192,598	193,114	100%	199,940	
	Compass**					610,538
	Pre-82 Contribution	-	958,462	N/A	-	85,000
	Allowance for Uncollected Premiums	6,000	-	0%	6,000	-
	Pension Expenses	<b>1,131,504</b>	<b>1,984,833</b>	175%	<b>1,161,540</b>	<b>884,876</b>
	Direct Bill Churches (Clergy)		(1,125,504)	82%	(1,072,005)	(725,054)
	Direct Bill Conference Staff (Clergy Only)		(75,000)	117%	(83,535)	(74,822)
	Pre-82 Contribution (From Pre-82-Designated Fund)		-	N/A	-	(85,000)
	Endowment/Investment Income (Foundation Endowment)		(13,000)	48%	(6,000)	-
	Pension Offsets	<b>(1,213,504)</b>	<b>(1,973,527)</b>	163%	<b>(1,161,540)</b>	<b>(884,876)</b>
	<b>Expenses Less Offsets</b>	<b>(82,000)</b>	<b>11,306</b>	-14%	<b>0</b>	<b>0</b>
3	Benefit Grants (Parental Leave and Medical Grants)					
	Benefit Grants (Retiree Premium Grants)	15,000	3,036	20%	15,000	10,000
	Program/Seminars, Stipends, Retiree Honorariums and AC Dinner	18,000	9,265	51%	20,000	10,000
	Benefits Office	14,500	5,045	35%	11,000	11,500
	Administration Expenses	153,770	125,254	81%	155,787	193,928
	Transfer from Endowment	<b>201,270</b>	<b>142,600</b>	71%	<b>201,787</b>	225,428
	<b>Expenses Less Offsets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
4	Board Expenses					
	Transfer from Endowment	9,500 (9,500)	7,308 (7,308)	77% 77%	8,500 (8,500)	10,000 (10,000)
	<b>Expenses Less Offsets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Total Insurance, Pension, and Administrative Expenses	<b>3,845,954</b>	<b>4,991,087</b>	130%	<b>4,464,719</b>	<b>4,460,198</b>
	Total Offsets	<b>(3,927,954)</b>	<b>(4,979,782)</b>	127%	<b>(4,464,719)</b>	<b>(4,460,198)</b>
	Balance	<b>(82,000)</b>	<b>11,306</b>	-14%	<b>(0)</b>	<b>1</b>
	Direct Bill to Churches (Includes Participants Share for HealthFlex)	<b>(2,247,314)</b>	<b>(2,205,259)</b>	98%	<b>(2,380,863)</b>	<b>(2,170,803)</b>

\* Beginning with the 2025 budget (including 2024 actual expenses), additional details are now included for the HealthFlex costs and billing, including premium and billing information related to conference/camp staff, Pre-65 enrollees, and those on our sub-adoption agreements. Therefore, the bold figures illustrate the 'apples to apples' comparison for church clergy and church direct billings.

\*\*Beginning January 1, 2026, Compass will replace the CRSP and UMPIP retirement plans for clergy.

Note: Due to rounding, small discrepancies can be found in the totals