

Women's Division Treasurer's Report to the Board of Directors October 5, 2007

This evening I will review with you the audited financial performance of the Women's Division for 2006 as well as the first eight months of 2007. The rightmost three columns show the annual figures for the years 2006, 2005 and 2004. The shaded columns and rows reflect the numbers for the first eight months of 2007 and the comparative period in 2006.

Operating Revenues: (excluding Brooks Howell Home)

| | 8/31/2007 | 8/31/2006 | 2006 | 2005 | 2004 |
|---|--------------|--------------|--------------|--------------|--------------|
| Mission Giving | 6.16 | 6.03 | 16.63 | 16.84 | 18.23 |
| Designated Giving | 0.83 | 1.10 | 1.61 | 1.22 | 1.29 |
| Interest and Investment Income | 1.67 | 2.27 | 2.14 | 2.30 | 1.79 |
| Bequest, Gifts and Contributions | 0.11 | 0.33 | 0.77 | 0.56 | 0.75 |
| Publication, rental income and other revenues | 2.99 | 3.90 | 5.53 | 4.81 | 4.68 |
| Total Operating Revenue | 11.76 | 13.63 | 26.68 | 25.73 | 26.75 |

In 2006 operating revenues exceeded those of 2005 by a little less than \$1.0 million or 3.6 percent. The increase is attributable to three sources:

- Designated Giving, 24.2 percent or \$390,000 primarily related to Assembly 2006 offering and Repairers of the Breach
- Bequests, Gifts and Contributions, 27.3 percent or \$210,000
- Publications, Rental Income, Other Revenues, 13.0 percent or \$720,000 primarily related to the 2006 Assembly registrations

As we look at the first eight months of 2007, we see a decline in operating revenues from the same period last year of \$1.87 million dollars or 15.9%. The decrease is evidenced in the following areas:

- Interest and Investment Income, \$620,000 or 35.9% resulting for a posting error
- Bequests, Gifts and Contributions, \$220,000 or 200%
- Publication, Rental Income, Other Revenues, little less than \$1 million or 30.4%, primarily related to the 2006 Assembly registrations.

Mission Giving:

| | 8/31/2007 | 8/31/2006 | 2006 | 2005 | 2004 |
|-----------------------------|-------------|-------------|--------------|--------------|--------------|
| Pledge to Mission | 5.12 | 5.05 | 13.18 | 13.57 | 14.68 |
| Special Mission Recognition | 0.40 | 0.37 | 0.85 | 0.85 | 0.98 |
| Gift to Mission | 0.20 | 0.16 | 0.59 | 0.49 | 0.51 |
| Gift in Memory | 0.16 | 0.15 | 0.39 | 0.38 | 0.39 |
| World Thank Offering | 0.30 | 0.30 | 1.63 | 1.55 | 1.66 |
| Total Mission Giving | 6.16 | 6.03 | 16.63 | 16.84 | 18.23 |

Looking at Mission Giving, our primary source of revenue for missions, full year 2006 showed a modest decline of \$210,000 or 1.3 percent. The eight month view looks promising with an increase over 2006 of \$130,000 or 2.1 percent. Based on the last two years' giving records, we would forecast total mission giving to meet or exceed mission giving in 2006.

The major contributors to the increase are:

- Pledge to Mission, \$70,000 or 1.4 percent
- Special Mission Recognition, \$30,000 or 7.5 percent
- Gift to Mission, \$40,000 or 20 percent

Designated Giving:

| | August 2007 | August 2006 | 2006 | 2005 | 2004 |
|--|----------------|----------------|-------------|-------------|-------------|
| Call to Prayer | 0.72 | 0.77 | 1.08 | 0.96 | 1.04 |
| Brighter Future for Children and Youth | 0.02 | 0.03 | 0.06 | 0.05 | 0.07 |
| Assembly Offering | 0.00 | 0.14 | 0.16 | 0.01 | 0.01 |
| Other | 0.09 | 0.16 | 0.31 | 0.20 | 0.18 |
| Total Designated Giving | 0.83 | 1.10 | 1.61 | 1.22 | 1.29 |

In 2006 Designated Giving increased over 2005 by \$390,000 or 24.2 percent. This increase was driven by the Assembly Offering and the Repairers of the Breach initiative.

The eight month financials have declined from 2006 levels by \$270,000 or 32.5 percent. This decline is primarily attributable to the Assembly Offering and Repairers of the Breach initiative which were not promoted in 2007.

Operating Expenditures:(excluding Brooks Howell Home)

| | 8/31/2007 | 8/31/2006 | 2006 | 2005 | 2004 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Mission Programs | 4.73 | 7.77 | 10.19 | 8.53 | 8.11 |
| Programs Administered by GBGM | 4.73 | 6.31 | 9.40 | 10.48 | 9.98 |
| Pension and post-retirement costs | 4.53 | 4.65 | 4.51 | 6.69 | 5.27 |
| Property Maintenance, Insurance | 0.25 | 0.40 | 0.62 | 1.30 | 1.72 |
| Service Center, CCUN, Response | 3.39 | 3.50 | 6.23 | 5.68 | 5.96 |
| Scarritt-Bennett Center | 0.05 | 0.10 | 0.15 | 0.18 | 1.13 |
| Admin and Fundraising | 2.40 | 2.16 | 3.91 | 3.16 | 3.40 |
| Total Operating Expenditures | 20.08 | 24.88 | 35.01 | 36.03 | 35.58 |

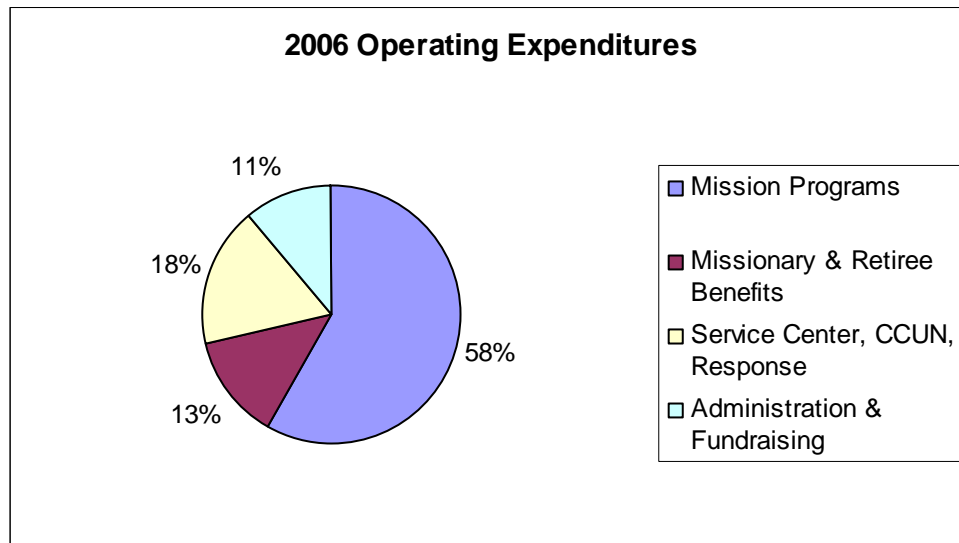
Operating expenditures in 2006 were less than those of 2005 by a little less than \$1 million or 2.8%. The decrease reflects changes in the following areas:

- Mission Programs, \$1.7 million or 16.3 percent related to Assembly expenses
- Service Center, CCUN, Response, \$550,000 or 8.8 percent related to the expenses associated with closing the Service Center
- Pension and Post-retirement costs, \$2.18 million or 48.3 percent related to the actuarial adjustment that is done every other year
- Admin and Fundraising, \$750,000 or 19.2 percent reflecting the costs associated with reorganizing the staff of the division

Operating expenditures for the first two-thirds of the year are down by \$4.8 million or 23.9%. The decrease is driven primarily by the decreases in the 2007 expense budget. The major contributors to the decrease are:

- Mission Programs, \$3.4 million or 39.1 percent reflecting decreases in planned expenditures
- Programs Administered by GBGM, \$1.5 million or 33.4 percent reflecting a decrease in supplementary gifts and fewer of the actual grants approved for International and National ministries have actually been paid out.

In a different presentation of our spending patterns, let's look at where the money went in 2007.



Again,

- Almost 60% of the expenditures are for mission programs - summer camps, after-school programs, micro-credit initiatives, scholarships, leadership development
- 13 percent of 2006 expenditures were used to provide pension and health care benefits for the 245 retired missionaries and deaconesses sent by the Women's Division and its predecessor organizations
- 18 percent of 2006 expenditures supported the Service Center, CCUN and Response
- The smallest slice of the pie is for Administration and Fundraising expenses - 11 percent

Net Assets:(excluding Brooks Howell Home)

| | 8/31/2007 | 8/31/2006 | 2006 | 2005 | 2004 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Undesignated- General Fund | 0.20 | (1.55) | 3.34 | 3.37 | 5.77 |
| Designated | 30.54 | 26.52 | 28.32 | 26.12 | 28.50 |
| Total Unrestricted | 30.74 | 24.97 | 31.66 | 29.49 | 34.27 |
| Temporarily Restricted | 21.66 | 21.59 | 23.75 | 23.23 | 24.45 |
| Permanently Restricted | 12.03 | 11.40 | 12.02 | 11.39 | 11.39 |
| Total Net Assets | 64.43 | 57.96 | 67.43 | 64.11 | 70.10 |

Total net assets increased in 2006 over 2005 by \$3.3 million or 4.9 percent. Assets in each category increased except for the general fund which experienced a decrease of \$30,000 or less than 1 percent.

In the case of net assets, it is more appropriate to compare the August 31, 2007 to December 31, 2006. Total net assets have declined by \$3 million reflecting the accrual of expenses through August 31st. On receipt of funds at the end of the year, the accrual will be reversed.

Net Assets:(Excluding Brooks Howell Home)

| | 8/31/2007 | 8/31/2006 | 2006 | 2005 | 2004 |
|--|---------------|---------------|-------------|---------------|-------------|
| Operating Deficit | (6.01) | (9.21) | (5.38) | (7.72) | (6.49) |
| Apprn./(Depn.) in investments | 2.94 | 1.62 | 6.59 | 1.72 | 4.39 |
| Endowment/sale of properties | 0.07 | 1.43 | 2.10 | 0.01 | 2.84 |
| Increase/(Decrease) in Net Assets | (3.00) | (6.15) | 3.32 | (6.00) | 0.74 |

The operating expenses were higher than the operating income in 2006 and so there is an operating deficit. The net effect on assets was positive because of the appreciation on our investment portfolio. Again if we look at the net assets as of the end of August in 2006 and 2007, we see a decrease in the operating deficit - that's a good thing - and an increase in the appreciation in investments. We did not sell any properties in 2007 and so the decrease in that line.

Fund Development

The search for a Director of Fund Development continues. In the interim, Betty Letzig has graciously agreed to be a consultant for the division to help in this area. In this role, Betty has helped to set up the Dorothy Saul endowment fund. The fund is to be used to assist in the training of Deaconesses. Dorothy Saul is the mother of former women's Division staff member - Jean Saul.

In your mailbox during this meeting, you will see some information on giving through the charitable rollover of an IRA. Please contact Betty if you would like more information.

Financial Interpretation

We continue to make positive strides in interpreting where the money goes. At this year's regional school, the officers for the Treasurers and Mission Education and Interpretation met together during officer update to explore methods for interpretation and education. They utilized role play exercises to increase their level of comfort with responding to difficult questions.

The June issue of Response magazine provided data on how funds had been spent in 2006 and the budget which had been approved in 2007. After we have approved the 2008 budget for the Women's Division at this meeting, we are poised to update a very popular resource - Mission Money Means. The information will be provided in a format that looks like what we have done in the past, and should be of assistance in interpreting the work of United Methodist Women and the Women's Division.

Property Matters

We continue to evaluate the requests from National Mission Institutions that would engender higher utilization of real estate assets of the Women's Division.

- In Chicago, The Marcy Newberry Center is working with a number of community based organizations to create a new center - the Martin Luther King Center - on land that the Division leases to Marcy Newberry.
- In Nashville, the land that the Division leases to the Bethlehem Center is in the middle of an area that has been redeveloped. To more effectively minister to the women, children and youth that the center serves, the center would need to be closer to where those individuals live.
- Outside Los Angeles in San Pedro, CA, Toberman Neighborhood House raised over \$6 million locally to build new buildings and rehabilitate others on property leased from the Division.

These are opportunities that open new avenues of ministry and mission for these organizations as well as the Women's Division. And there are more where these came from. The efforts and funds expended in board development have produced boards that are taking on more of the responsibility and ownership of their mission and ministry.

As we look to the future, we will be presented with more opportunities to make a place for mission in areas where there is need - understanding that this may be a place very different from where we are in mission today.

Again this year, the report of the treasurer has some positive notes. We have a fantastic story to tell. The numbers of individuals who have been forever transformed because of their interaction with or intervention by a mission institution or project is legion. This is a legacy and heritage of which we can all be proud and even 137 years later is still needed.

Andréa Bryant Hatcher
Treasurer