



July 11, 2023

To: PUMC Church Family

From: Way Forward Team, Finance Committee and Trustees

Subject: Estimate of Financial Cost for PUMC to Disaffiliate from the United Methodist Church

As you are aware, the Way Forward Team has been diligently researching to provide factual information that will allow our Church to determine future direction and make an informed decision concerning disaffiliation from the United Methodist Church. Part of this process includes the financial considerations according to our South Carolina United Methodist Conference directives.

To reiterate what this includes:

1. A tithe equal to 10 percent of the appraised value of all church property and liquid assets.
2. All unpaid apportionment giving for the prior year, as well as for the year of closure up to the date of the Annual Conference vote to close the church.
3. An additional 12 months of apportionment giving.
4. All unpaid salary and benefits due to clergy appointed to the church.
5. A withdrawal liability equal to the church's proportional share of any unfunded pension obligations.
6. Other financial considerations and legal liabilities of the local church – such as the disposition of any debts, loans, leases, endowments, foundations and cemeteries – must be satisfied or transferred to a new entity.

With input from both the Finance Committee and the Trustees, the Way Forward Team has compiled an estimate of the financial obligations should PUMC decide to disaffiliate. The attached table depicts all the estimated costs to disaffiliate from the United Methodist Church as of July 7, 2023. This is only an estimate and will continue to change based on our liquid assets. The actual number will be calculated based on the actual amount of PUMC's liquid assets and current loan amount on or about March 1, 2024.

To provide you with this estimate, the following assumptions have been made:

1. The appraised amounts were taken from the actual appraisal performed by Batson Company dated May 11, 2023.
2. All apportionments would be in the budget and paid through June 2024.
3. All Pastor's Salary and Benefits would be in the budget and paid through June 2024.
4. Liquid assets are based on amounts as of 7-6-23 and will continue to change. The final disaffiliation cost will be developed using the actual amounts on or around March 1, 2024.
5. The current loan amount is based on the outstanding loan amount with Peoples Bank as of 7-6-23. The current loan amount, which will continue to change based on the amount of principle paid between now and March 1, 2024, will need to be paid no matter if PUMC votes to disaffiliate from the United Methodist Church or not.
6. In this estimate, the goal was to show the true cost of disaffiliation, so we did not add any additional funds to the disaffiliation estimate that would not already be in the 2024 Budget or the outstanding loan amount.

**Estimated Amount to Disaffiliate from United Methodist Church**

As of July 6, 2023

| A tithe equal to 10 percent of the appraised value of all church property and liquid assets.  | 10% Of Appraised Value Less Loan Amount |  | Appraised Amount                  | Appraised Amount  |                  |
|---|---|--|-----------------------------------|---|------------------|
|   |   |  |                                   | Loan Amount   | Less Loan Amount |
| Church building, including cemetery   | \$ 120,966                              |  | \$ 1,430,000                      | \$ 220,338  | \$ 1,209,662     |
| Excess Land   | \$ 27,500                               |  | \$ 275,000                        |   |                  |
| Parsonage/land  | \$ 34,000                               |  | \$ 340,000                        |   |                  |
| Liquid Assets   | \$ 28,582                               |  | \$ 285,815                        | Liquid Assets as of 7-6-23  |                  |
| <b>Total</b>  | \$ 211,048                              |  |                                   |   |                  |
| <b>All unpaid apportionment giving for the prior year, as well as for the year of Disaffiliation up to the date of the Annual Conference vote.</b>  |   |  |                                   |   |                  |
| <b>2023 Actual Amount</b>   |   |  | \$ 36,157                         | <b>2023 Budgeted Amount</b>   |                  |
| An additional 12 months of apportionment giving<br>2024 estimated Based on 2023 Plus 3%   | \$ 37,242                               |  |                                   |   |                  |
| All unpaid salary and benefits due to clergy appointed to the church.   |   |  |                                   |   |                  |
| Salary, as of 2023:<br>Benefits, as of 2023:  | \$ -                                    |  | \$ 96,825                         | <b>Budgeted Annual Amount<br/>Would Stop at Annual Conference<br/>Vote in June 2024</b> |                  |
| <b>A withdrawal liability equal to the church's proportional share of any unfunded pension obligations.</b>   |   |  |                                   |   |                  |
| <b>Pension obligations</b>  | \$ 15,000                               |  | <b>Very conservative estimate</b> |   |                  |
| <b>Other financial considerations and legal liabilities of the local church – such as the disposition of any debts, loans, leases, endowments, foundations and cemeteries – must be satisfied or transferred to a new entity.</b> |   |  |                                   |   |                  |
| <b>PUMC Outstanding Loan Amount as of 7-6-23. This Amount is Due No Matter If PUMC Disaffiliates or Not</b>   |   |  | \$ 220,338                        |   |                  |
| <b>Estimated Amount to Disaffiliate Paid to SC UMC Conference</b>   | \$ 263,289                              |  |                                   |   |                  |