

## Examples of What IS and IS NOT Operating Income

This listing is to help determine what should be included in Operating Income for the purpose of calculating Connectional Funding.

| <i>Donations</i>                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>OPERATING INCOME</b>                                                                                                                                   | <b>NOT OPERATING INCOME</b>                                                                                                                                                                                                                                                                                                                                                                                           |
| Donations that are not designated                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Donations designated for the General Fund or Operating Budget                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Donations designated for items in the operating budget (e.g. Donation of \$100 designated for church utilities)                                           | Donations designated for special projects that are not in the operating budget (e.g. for camp scholarships or to replace carpet)                                                                                                                                                                                                                                                                                      |
| Donations of stock, grain, cattle, or the like that are undesignated. Calculate the Connectional Funding on the proceeds of the sale of the donated item. | Donations of a Capital Campaign or Debt Retirement                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                                                                                                           | Donations to be passed through to other benevolent organizations (e.g. donations for the Salvation Army, the local food bank/pantry, UMCOR or the like)                                                                                                                                                                                                                                                               |
|                                                                                                                                                           | Memorial Gifts                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                                                                                                           | Bequests, even if undesignated                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                                                                                                           | Offerings that are designated for special project or another benevolent organization. This should be communicated to the congregation. Examples include: <ul style="list-style-type: none"> <li>• Christmas Eve offering designated for the local soup kitchen</li> <li>• Any change received for the month being designated for camp scholarships</li> <li>• Designating 10% of the offering for missions</li> </ul> |
| <i>Interest, Dividends, and Investment Related</i>                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>OPERATING INCOME</b>                                                                                                                                   | <b>NOT OPERATING INCOME</b>                                                                                                                                                                                                                                                                                                                                                                                           |
| Interest and Dividends received from investing General Fund Dollars (e.g. CD interest)                                                                    | Distributions received from an endowment or trust.                                                                                                                                                                                                                                                                                                                                                                    |
| Dividends received from stock that was donated                                                                                                            | Dividends received from stock that was received through bequest                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                           | Income received from land/property that was received through bequest (e.g. farmland bequeathed to a church that rents it out)                                                                                                                                                                                                                                                                                         |

## Examples of What IS and IS NOT Operating Income

| <i>Sale of Church Assets</i>                                                                                                                                      |                                                                                                                                                                                       |
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| <b>OPERATING INCOME</b>                                                                                                                                           | <b>NOT OPERATING INCOME</b>                                                                                                                                                           |
| Proceeds from the sale of stock, grain, cattle, or the like that were undesignated gifts to the church                                                            | Proceeds from the sale of stock, grain, cattle, or the like that were designated (e.g. stock gift received for the capital campaign)                                                  |
| Sale of non-capital assets that the church no longer needs (e.g. Church selling extra pianos)                                                                     | Sale of capital assets (land, buildings, major equipment, vehicles) where the proceeds will be used for debt retirement or purchase of a capital asset                                |
| <i>Building Use &amp; Rental Fees</i>                                                                                                                             |                                                                                                                                                                                       |
| <b>OPERATING INCOME</b>                                                                                                                                           | <b>NOT OPERATING INCOME</b>                                                                                                                                                           |
| Fees charged to groups or individuals for the use of the church building (e.g. Fees for non-members who want to get married in the church)                        | Damage deposits paid by groups for use of the church building                                                                                                                         |
| Lease payments received (e.g. Daycare provider leases space in the church or a cell phone company leases some of the church's land for a tower)                   | Fees charged to groups that are to specifically cover increased costs (e.g. Church charges groups for the custodians time in cleaning up after an event)                              |
| Income from renting out a parsonage that is no longer being used for pastor housing                                                                               |                                                                                                                                                                                       |
| <i>Fundraisers (Net Income) and Other Income</i>                                                                                                                  |                                                                                                                                                                                       |
| <b>OPERATING INCOME</b>                                                                                                                                           | <b>NOT OPERATING INCOME</b>                                                                                                                                                           |
| Net Income from Fundraisers that support the church budget (e.g. Turkey Dinners or Pancake Feeds where the net income goes to the General Fund)                   | Fundraisers for a specific project not in the budget (e.g. youth selling candy to go on a mission trip)                                                                               |
| Net Income from programs where the profits support the church budget (e.g. Church daycare has net income of \$1,000/month which is deposited in the General Fund) | Fundraisers for another benevolent organization (e.g. Turkey Dinner where the net income goes to the Boy Scouts)                                                                      |
|                                                                                                                                                                   | Fundraisers to help an individual/family in need                                                                                                                                      |
|                                                                                                                                                                   | Reimbursements received (e.g. Pastor serving two churches is paid by the larger church. The smaller church reimburses the larger church for their share of the pastor's compensation) |
|                                                                                                                                                                   | Grants received (e.g. Grants from the Conference, the Foundation, the government, or another entity.)                                                                                 |