

THE AFRICAN METHODIST EPISCOPAL ZION CHURCH

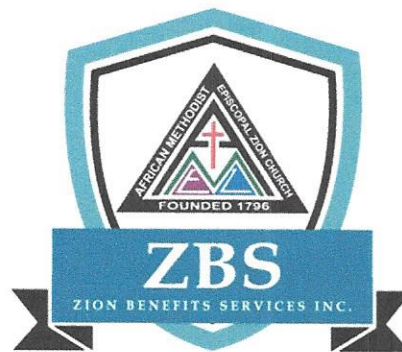
Annual Report of

**ZION BENEFITS SERVICES, INC.**

To the

**BOARD OF CONNECTIONAL TRUSTEES &**

**CONNECTIONAL COUNCIL**



*Meeting Held*

July 18-20, 2018

At the

Sheraton Birmingham Hotel, Birmingham, AL

Hosted by: Alabama-Florida Episcopal District

Mrs. Jacqueline Inez Williams-Lartey, Host Missionary Supervisor

The Right Reverend Seth O. Lartey, Host Bishop

The Right Reverend Mildred B. Hines, Retiring President – Board of Bishops

The Right Reverend W. Darin Moore, President – Board of Bishops

**The Right Reverend Seth O. Lartey, Chairman**

**Board of Connectional Trustees**

**Dr. David A. Aiken, Sr., Executive Director**

## CONNECTIONAL TRUSTEES BOARD MEMBERS

Bishop Seth O. Lartey, Chairman

Bishop Staccato Powell, 1<sup>st</sup> Vice Chairman

Bishop Louis Hunter, Sr., 2<sup>nd</sup> Vice Chairman

Dr. David A. Aiken, Sr., Executive Director

	<u>CLERGY MEMBER</u>	<u>LAY MEMBER</u>
<b>PIED</b>	Rev. Dr. Daran H. Mitchell	Mrs. Joyce Reid
<b>ENC</b>	Rev. Dr. Avery Brown	Atty. Anita Pearson Royster
<b>MW</b>	Rev. Dr. John A. Butler	Mrs. Gwen Johnson
<b>NE</b>	Rev. Dr. Stephen Pogue	Ms. Fay Fagan
<b>SA</b>	Rev. Dr. Otha L. Smith	Mrs. Annie Williams
<b>MA</b>	Rev. Kenneth Crowder	Mr. Erin Smith, II
<b>AL/FL</b>	Rev. Dr. Sondra Coleman	Mrs. Barbara Knight
<b>SWD</b>	Rev. Kenneth York	Mr. Malcolm Russell
<b>WD</b>	Rev. Darrell Williams	Dr. Sheila Quintana
<b>CSA</b>	Rev. Herbert Grant	Mrs. Thomascena LaGrand
<b>WWA</b>	Rev. Felix Ofosu	Mrs. Dorothy Gill-Smith
<b>EWA</b>	Rev. Imo E. Umoinyang	Mr. Emmanuel U. Moro

ZION BENEFITS SERVICES, INC.  
Dr. David A. Aiken, Sr., Executive Director  
Report to:  
THE AFRICIAN METHODIST EPISCOPAL ZION CHURCH  
**BOARD OF CONNECTIONAL TRUSTEES &  
CONNECTIONAL COUNCIL**

July 18-20, 2018

**EXECUTIVE SUMMARY**

I greet everyone here assembled in the divine grace, mercy and peace of our Lord and Savior, Jesus the Christ. Because His faithfulness and favor continuously uphold every fiber of my being, I must always give thanks to Him, praise Him to the highest and worship Him in Spirit and Truth; especially, when I consider all that He has brought me through, where He has brought me from and where He has brought me to.

This report aims to provide highlights about the financial condition, ministerial effectiveness and forthcoming ministries that are under the auspices of Zion Benefits Services (ZBS), Inc. As always is the case, your support is greatly appreciated and, of course, critical for guaranteeing the viability of this department's assigned functions. The ZBS staff is altruistically committed to serving clients with compassionate and professional attitudes.

**THE FINANCIAL CONDITION**

1. A copy of this department's Audited Financial Statements for the fiscal year ending 12/31/2017. Audit was conducted by John W. Spann, Jr., Certified Public Accountant. In the auditor's opinion, the financial statements present fairly, in all material respects, the financial position of ZBS as of December 31, 2017 and 2016, and related statement of activities, functional expenses and cash flows, in accordance with accounting principles generally accepted in the United States of America. In summary, the report reflects overall soundness in ZBS' financial condition and sufficient operating cash flows to sustain benefits programs for pastors, relief for spouses of deceased pastors and the ZBS Insurance program. While cash flow requirements for benevolent payments to retired pastors is challenging, steps that are being taken to address this condition will be presented later under the heading of THE PASTORS' RETIREMENT BENOVELENCE MINISTRY.

**ZBS INSURANCE PROGRAM**

1. The ZBS (formerly Varick) Insurance Program continues to offer the best options for adequately protecting the denomination against Property & Liability perils. Nevertheless, efforts to get more Local Churches enrolled in the church's insurance program have yet to yield the desired results. The percentage of our churches participating in the program rose slightly above where it stood this time last year (from 28% to 30%). Increase is due primarily to new enrollments in the Western Episcopal District where a campaign is underway to reach 100% enrollment. Plans are underway for the development of a dedicated sales team and offerings of incentives to expand and grow the program during this coming year.
2. Having been informed by insurance carriers that better pricing could be realized on the denomination's insurance policy if data on insured property values were more up-to-date. Therefore, in March of this year, the appraisal firm of Gallagher Bassett was retained to perform replacement cost appraisals on all churches that are insured through ZBS Insurance Program. Appraisals are being done at cost of \$250.00 per church and as of this writing approximately one half of the appraisals have been completed. Results show that many our churches are under-insured.
3. Claims activity during this current policy year (Oct 1, 2017 – Sept 30, 2018) has been rather unfavorable due to Hurricane Irma damages to four (4) churches and fourteen (14) churches having pipes to burst during the "Bomb Cyclone" ice storm up and down the east coast. While the total of claims filed in these two incidents exceeded \$900,000.00, fortunately, cost to the ZBS Insurance Program will not exceed \$200,000.00. Lesson learned

regarding to the later incident is that many of our churches fail to take basic steps to prevent pipes from freezing during extremely cold weather temperatures, i.e., by not shutting off heating systems and leaving water running.

### THE MINISTERIAL RELIEF MINISTRY

1. During the year 2017, twelve (12) spouses of deceased pastors were added to the list of benefit recipients and fifteen (15) were deleted, which resulted in a year-end total of two hundred ninety-seven (297) individuals receiving assistance in this ministry.
2. Recent discovery of incidents whereby payments to widows who've not been reported as deceased are being taken and spent by their living relatives. Because of these abhorrent and costly circumstances, ZBS recently sent letters to all enrollees with requirements for confirming certain personal data, including affirmation that they're still a member of the AME Zion Church and that they haven't remarried. Payments to individuals who didn't respond by a specified date were terminated.

### THE PASTORS' LIFE INSURANCE MINISTRY

- Presently, twelve hundred ninety-eight (1,298) pastors (active & retired) are insured under the denomination's Group Life Insurance policy that is carried by the Unum Insurance Company of America. During the year 2017 fourteen (14) death claims were paid that total \$91,500 vs \$148,000 in the previous year. Synopsis of claims paid reveals the following distribution:
    - 4 (29%) - Under age 70 @ \$10,000.00
    - 1 (7%) - Between ages 70-75 @ \$6,500.00
    - 9 (64%) - Over 75 @ \$5,000.00
1. While many of our pastors are enrolled in Zion's Group Life Insurance program, still too many aren't; simply because they haven't completed and submitted the required **Census Data & Beneficiary Designation Form**. All pastors are urged to take advantage of this benefit wherein premiums are paid from the connectional budget.

### THE PASTORS' RETIREMENT ASSISTANCE MINISTRY

1. Having been instructed to revise guidelines for the administration of the Pastors' Benevolent Retirement Fund, especially the requirement for IRS documentation to verify salaries, a proposal for how this will be accomplished is before you today. The proposal, which is included as an addendum to this report has been thoroughly analyzed and approved by the Board of Connectional Trustees and Board of Bishops is believed to be the best and most viable alternative for the Church to adopt. New guidelines will allow for greater participation among retiring pastors. (See attached guidelines)
2. In accordance with mandates of the Fiftieth (50<sup>th</sup>) session of the AME Zion Church's General Conference held in the year 2016, the Connectional Council in July 2017 and Board of Bishops in February 2018 to move forward with the development of an AME Zion 403(b)(3) Retirement Plan, required work necessary to accomplish this task has been done. A Summary of the recommended Plan is also included as an addendum to this report. Electronic copies of the complete Plan Document are available upon request at the offices of ZBS and the General Secretary Auditor. Prayerfully, this retirement plan will inspire pastors and employees of the AME Zion Church to invest in retirement savings plans that in the long run will provide significantly more economic support and comfort upon retirement. (See attached Retirement Plan Summary)

In closing, I want to thank each of you for allowing me the great privilege to serve as Executive Director of Zion Benefits Services, Inc. Words cannot express how much your continued support, encouragement and prayers have meant to me. Thank you! Thank you! Thank you!

May the richness of God's blessings keep us moving forward with endless joy and excitement in that which our Lord requires of us. Rest assured that I'll forever remain your brother in Christ and,

His Servant.



---

**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**TABLE OF CONTENTS**  
Year Ended December 31, 2017

---

	<u>Page(s)</u>
<b>Report of Independent Auditors</b> .....	2-3
<b>Audited Financial Statements:</b>	
Statement of Financial Position .....	4
Statement of Activities.....	5
Statement of Functional Expenses .....	6-7
Statement of Cash Flows .....	8
Notes to the Financial Statements.....	9-11



J. Welton Spann Jr.  
Certified Public Accountant

PO Box 16880 Charlotte NC 28297  
704.577.7341 Phone  
866.838.4912 Fax

---

## Report of Independent Auditors

**Connectional Trustees Board of  
ZION BENEFITS SERVICES, INC.  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
Charlotte, North Carolina

### *Report on the Financial Statements*

We have audited the accompanying statements of ZION BENEFITS SERVICES, INC. of the African Methodist Episcopal Zion Church (ZBS), which comprise statements of financial position as of December 31, 2017 and 2016 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the ZBS's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the ZBS's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ZBS's as of December 31, 2017 and 2016, and related statement of activities, functional expenses and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "John W. Spann Jr. C.P.A." The signature is written in a cursive style with a large initial "J" and "S".

CAMS Ministries  
John W. Spann Jr. C.P.A.  
Charlotte, North Carolina  
May 21, 2018

**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Statement of Financial Position**  
As of December 31, 2017  
With Comparative Totals as of December 31, 2016

	Totals 2017	Comparative Totals 2016
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	Note 3 472,177	\$ 132,139
Insurance Premiums Receivable-Net	Note 4 20,629	11,834
Other Assets	838	-
Prepaid Insurance	783,338	711,357
<b>Total Current Assets</b>	<b>1,276,982</b>	<b>855,330</b>
Property and Equipment, net	5,218	8,681
<b>TOTAL ASSETS</b>	<b>\$ 1,282,200</b>	<b>\$ 864,011</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable	3,167	2,020
Loan Payable	661,434	525,389
<b>Total Current Liabilities</b>	<b>664,601</b>	<b>527,409</b>
<b>Total Liabilities</b>	<b>664,601</b>	<b>527,409</b>
<b>Net Assets</b>		
Unrestricted	617,599	336,602
<b>Total Net Assets</b>	<b>617,599</b>	<b>336,602</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,282,200</b>	<b>\$ 864,011</b>

The accompanying notes are an integral part of the financial statements.



**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Statement of Activities**  
Year Ended December 31, 2017  
Comparative Totals for the Year Ended December 31, 2016

	2017	2016
	Totals	Comparative Totals
<b>SUPPORT AND REVENUE</b>		
Allocations-Connectional Budget Department	\$ 744,938	\$ 760,321
Premium Revenue	1,668,887	1,630,367
Other Income	450	8,718
<b><i>TOTAL</i></b>	<b>\$ 2,414,275</b>	<b>2,399,406</b>
<b>EXPENSES</b>		
Program Services:		
ZBS Insurance and Property Claim Loss Programs	\$ 1,337,446	1,439,895
Pastor's Retirement & Life Insurance	500,137	453,927
Ministerial Relief	285,818	291,950
Support Services:		
Management and General	9,877	9,125
<b><i>TOTAL</i></b>	<b>\$ 2,133,278</b>	<b>2,194,897</b>
<b><i>CHANGE IN NET ASSETS</i></b>	<b>\$ 280,997</b>	<b>204,509</b>
<b><i>PRIOR PERIOD ADJUSTMENT</i></b>	<b>\$ -</b>	<b>\$ (179,087)</b>
<b><i>NET ASSETS, BEGINNING</i></b>	<b>\$ 336,602</b>	<b>\$ 311,180</b>
<b><i>NET ASSETS, ENDING</i></b>	<b>\$ 617,599</b>	<b>\$ 336,602</b>

The accompanying notes are an integral part of the financial statements.

**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2017**

	Program Services			Support Services		Totals
	Insurance and Claim Loss Programs	Pastor's Retirement & Life Insurance	Ministerial Relief	Management and General	Totals	
<b><u>PERSONNEL</u></b>						
Salaries	\$ 36,184	\$ 27,138	\$ 18,092	\$ 9,045	\$ 90,459	
Payroll Taxes	3,332	2,499	1,666	832	8,329	
<i>Total</i>	<i>\$ 39,516</i>	<i>\$ 29,637</i>	<i>\$ 19,758</i>	<i>\$ 9,877</i>	<i>\$ 98,788</i>	
<b><u>OTHER EXPENSES</u></b>						
Information Technology	\$ 3,151	\$ 1,890	\$ 1,260	\$ -	\$ 6,301	
Claims on Loss Fund	58,396	-	-	-	58,396	
Property Insurance Premiums	970,404	-	-	-	970,404	
401 K Premiums	-	19,129	-	-	19,129	
Relief for Widows and Widowers	-	-	246,132	-	246,132	
Retired Pastors Benefits	-	299,536	-	-	299,536	
Life Insurance Premiums	-	119,609	-	-	119,609	
Professional Fees	225,895	8,094	5,396	-	239,385	
Bank and Service Charges	7,470	6,237	2,988	-	16,695	
Federal Compliances Fees	-	-	-	-	-	
Telecommunications	2,575	1,545	1,030	-	5,150	
Bad Debt Expense	-	-	-	-	-	
Travel and Lodging	13,291	7,975	5,316	-	26,582	
Interest	8,877	-	-	-	8,877	
Depreciation	759	2,400	305	-	3,464	
Postage	528	317	211	-	1,056	
Office Expense	4,577	2,729	2,729	-	10,035	
Food	57	34	23	-	114	
Charitable Contributions	1,675	1,005	670	-	3,350	
Conference/Meetings	-	-	-	-	-	
Advertising	275	-	-	-	275	
Other Administrative	-	-	-	-	-	
<i>Total</i>	<i>\$ 1,297,930</i>	<i>\$ 470,500</i>	<i>\$ 266,060</i>	<i>\$ -</i>	<i>\$ 2,034,490</i>	
<b>TOTAL EXPENSES</b>	<b>\$ 1,337,446</b>	<b>\$ 500,137</b>	<b>\$ 285,818</b>	<b>\$ 9,877</b>	<b>\$ 2,133,278</b>	

The accompanying notes are an integral part of the financial statements.

**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Statement of Functional Expenses**  
 Comparative Totals for the Year Ended December 31, 2016

	Program Services			Support Services		
	Insurance and Property Claim Loss Programs	Pastor's Retirement & Life Insurance	Ministerial Relief	Totals	Management and General	Totals
<b>PERSONNEL</b>						
Salaries	\$ 33,852	\$ 25,389	\$ 16,926	\$ 76,167	\$ 8,462	\$ 84,629
Payroll Taxes	2,650	1,988	1,325	5,963	663	6,626
<i>Total</i>	<i>\$ 36,502</i>	<i>\$ 27,377</i>	<i>\$ 18,251</i>	<i>\$ 82,130</i>	<i>\$ 9,125</i>	<i>\$ 91,255</i>
<b>OTHER EXPENSES</b>						
Information Technology	\$ 2,845	\$ 1,707	\$ 1,138	\$ 5,690	\$ -	\$ 5,690
Claims on Loss Fund	352,817	-	-	352,817	-	352,817
Property Insurance Premiums	898,086	-	-	898,086	-	898,086
401 K Premiums	-	21,715	-	21,715	-	21,715
Relief for Widows and Widowers	-	-	252,692	252,692	-	252,692
Retired Pastors Benefits	-	253,947	-	253,947	-	253,947
Life Insurance Premiums	-	116,973	-	116,973	-	116,973
Professional Fees	114,719	9,618	4,888	129,225	-	129,225
Bank and Service Charges	8,082	4,844	3,229	16,155	-	16,155
Federal Compliances Fees	-	3,652	3,652	7,304	-	7,304
Telecommunications	3,430	2,058	1,372	6,860	-	6,860
Bad Debt Expense	2,633	1,580	1,053	5,266	-	5,266
Travel and Lodging	3,211	1,927	1,285	6,423	-	6,423
Interest	6,596	-	-	6,596	-	6,596
Depreciation	759	2,400	303	3,462	-	3,462
Postage	1,311	786	524	2,621	-	2,621
Office Expense	4,534	2,721	1,814	9,069	-	9,069
Food	201	121	81	403	-	403
Charitable Contributions	1,104	662	442	2,208	-	2,208
Conference/Meetings	1,307	784	523	2,614	-	2,614
Advertising	339	204	136	679	-	679
Other Administrative	1,419	851	567	2,837	-	2,837
<i>Total</i>	<i>\$ 1,403,393</i>	<i>\$ 426,550</i>	<i>\$ 273,699</i>	<i>\$ 2,103,642</i>	<i>\$ -</i>	<i>\$ 2,103,642</i>
<b>TOTAL EXPENSES</b>	<b>\$ 1,439,895</b>	<b>\$ 453,927</b>	<b>\$ 291,950</b>	<b>\$ 2,185,772</b>	<b>\$ 9,125</b>	<b>\$ 2,194,897</b>

The accompanying notes are an integral part of the financial statements.

**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Statement of Cash Flows**  
Year Ended December 31, 2017  
Comparative Totals for the Year Ended December 31, 2016

	Totals 2017	Comparative Totals 2016
<b><u>OPERATING ACTIVITIES</u></b>		
Change in Net Assets	\$ 280,997	\$ 204,509
Adjustments to reconcile change in net assets to cash flows from operating activities		
Depreciation	3,464	3,462
Pre year Adjustment	-	(179,087)
(Increase) Decrease in current assets:		
Premiums Receivable	(8,795)	150,253
Prepaid Insurance	(72,819)	(448)
Increase (Decrease) in current liabilities:		
Accounts Payable	1,147	1,020
<b><i>Net Cash Provided By Operating Activities</i></b>	<b><i>203,994</i></b>	<b><i>179,709</i></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment		(6,475)
<b><i>Net Cash Provided By Investing Activities</i></b>	<b><i>-</i></b>	<b><i>(6,475)</i></b>
<b><u>FINANCING ACTIVITIES</u></b>		
Change in notes payable	136,045	(197,979)
<b><i>Net Cash Provided By Financing Activities</i></b>	<b><i>136,045</i></b>	<b><i>(197,979)</i></b>
<b><i>CHANGE IN CASH</i></b>	<b><i>\$ 340,039</i></b>	<b><i>\$ (24,745)</i></b>
<b><i>CASH, BEGINNING</i></b>	<b><i>132,138</i></b>	<b><i>\$ 156,883</i></b>
<b><i>CASH, ENDING</i></b>	<b><i>\$ 472,177</i></b>	<b><i>\$ 132,138</i></b>
<b><u>SUPPLEMENTAL INFORMATION</u></b>		
<b><i>Interest Paid</i></b>	<b><i>8,877</i></b>	<b><i>6,596</i></b>

The accompanying notes are an integral part of the financial statements.

---

**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2017**

---

**Note 1- Organization and Purpose**

The ZION BENEFITS SERVICES, INC. (ZBS) is a Department of the A.M.E. Zion Church whose purpose is: (1) to provide retirement benefits and self-managed retirement plans for the pastors of African Methodist Episcopal Zion Church (the "Church"), (2) to provide death benefits for the pastors of the Church, (3) to provide relief for living spouses of deceased pastors of the Church and (4) to provide risk management and commercial insurance procurement services to protect the churches of the Church and its affiliated schools and institutions against property and casualty losses.

**Note 2 – Summary of significant accounting policies**

**Basis of accounting** – The financial statements of the ZBS have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

**Basis of presentation** – The ZBS's financial statement presentation follows the recommendations of Financial Accounting Standards Board in Accounting Standards Codification (FASB ASC) Topic 958-205, *Not-For-Profit Entities - Presentation of Financial Statements*. Under ASC 958-205, the ZBS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Net assets are defined as follows:

**Unrestricted net assets** – Unrestricted net assets include resources, which are available for the support of the ZBS's operating activities.

**Temporarily restricted net assets** – Temporarily restricted net assets include resources that have been donated to the ZBS subject to restrictions as defined by the donor. These restrictions are met by the action of the ZBS and/or passage of time. When the restriction expires as a result of the lapse of time requirement or achievement of the specified purpose stipulated, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted net assets** – Permanently restricted net assets consist of endowment and similar type funds in which the donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may be expended. The ZBS currently has no permanently restricted net assets.

**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Notes to the Financial Statements**  
Year Ended December 31, 2017

**Note 2 – Summary of significant accounting policies (continued)**

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents** – For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents includes balances on deposit in financial institutions, cash on hand and interest bearing money market accounts with an original maturity date of three months or less.

**Functional allocation of expenses** – The costs of providing the ZBS’s various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the programs and supporting services benefited.

Program services – Comprises activities that contribute to the ZBS mission of providing insurance, retirement, relief and risk management for the Church.

Supporting services – Includes activities such as management and general services required to ensure an adequate working environment, provide administrative support and manage the ZBS’s financial and budgetary functions.

**Income tax status** – The ZBS is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the U.S. Internal Revenue Code and from state income taxes under similar provisions of North Carolina tax laws. Consequently, no provision for income taxes has been made in the accompanying statements.

**Note 3 – Cash and cash equivalents**

**Cash and cash equivalents are comprised of the following at December 31, 2017:**

	2017	2016
BOA Insurance Loss Fund	\$ 320,648	\$ 22,228
BOA ZBS Insurance	118,132	62,515
BOA ZBS Operating	3,119	2,773
BOA ZBS Life Insurance	1,114	3,804
BOA ZBS Retirement Fund	7,262	37,999
BOA ZBS 401K	1,000	1,000
BOA Ministers Relief	20,902	1,820
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$ 472,177</b>	<b>\$ 132,139</b>

---

**ZION BENEFITS SERVICES, INC.**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2017**

---

**Note 4- Subsequent Events**

Management has evaluated subsequent events through May 20, 2018, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.



## ZBS INSURANCE

### Stewardship in the 21<sup>st</sup> Century

#### Who & What's Covered?

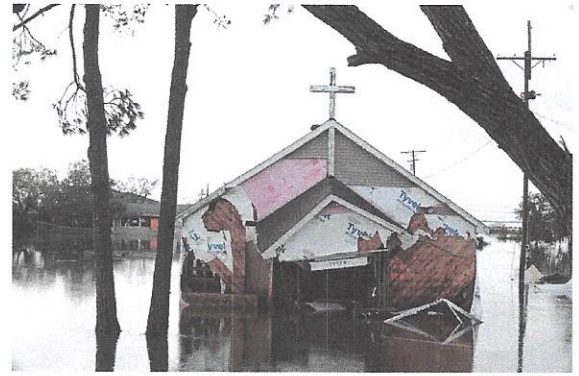
*The A.M.E. Zion Church's  
Most Valuable Assets!*

##### **ZION'S PEOPLE**

Bishops  
General & Connectional Officers  
Presiding Elders  
Pastors  
Stewards  
Trustees

##### **ZION'S PROPERTY**

Local Church Buildings  
Parsonages/Episcopal Residences  
School & College Buildings  
Business & Personal Contents  
Fine Arts/Stained Glass Windows  
Valuable Papers  
Boiler & Machinery / Mechanical Breakdown



### Optimal Coverage for Each Church & Ministry

- Building and Business Personal Property (Replacement Cost)
- Boiler and Machinery/ Mechanical Breakdown
- Flood (No need for additional insurance)
- Earthquake
- Wind/ Hail (Automatically included in policy)

#### **Liability**

- General Liability
- Pastoral Professional
- Directors & Officers Liability
- Employment Related Practices
- Sexual or Physical Abuse or Molestation

#### **Auto**

- Church Owned Vehicles
- Hired/Non-Owned Vehicles

#### **Crime**

- Employee Dishonesty
- Forgery
- Computer Fraud





Zion Benefits Services, Inc.

2017-2018

Varick Insurance Program

Coverages	Limits-Per Church
<b>PROPERTY</b>	
Building and Business Personal Property	Replacement Cost / Per Reported Schedule on File with Carrier
Building Glass / Stained Glass	Included in building limit
Property Deductible per Occurrence, including wind / hail	\$ 2,500
Valuable Papers	\$ 1,000,000
Extra Expense	\$ 1,000,000
Property in Transit	\$ 250,000
Electronic Data Processing Equipment	\$ 1,000,000
Accounts Receivable	\$ 1,000,000
Unreported Premises	\$ 250,000 per location / \$500,000 aggregate
Ordinance or Law	\$ 1,000,000
Debris Removal	\$ 1,000,000
Boiler & Machinery / Mechanical Breakdown	Included in Property Limit
Fine Arts/Mobile Equipment	\$ 500,000
Earthquake	\$ 15,000,000 Program Aggregate
Flood	\$ 15,000,000 Program Agg (Limited coverage for flood Zones A&V)
Newly Acquired / Constructed Property	\$ 1,000,000 / 90 Days
<b>LIABILITY</b>	
General Liability	\$ 1,000,000 Each Occurrence
Bodily Injury / Property Damage Liability	\$ 1,000,000 Each Occurrence
Personal / Advertising Injury	\$ 1,000,000 Each Occurrence
Medical Payments	\$ 5,000 Each Person
Fire Damage Legal Liability	\$ 1,000,000 Each Occurrence
Products / Completed Operations	\$ 1,000,000 Each Occurrence
Day Care Coverage	Included for Church-owned and operated daycare centers
Volunteers	Included as insureds / employees
Pastoral Professional	\$ 1,000,000 Each Occurrence
Directors & Officers Liability	\$ 1,000,000 Claims Made Basis
Employment Related Practices Liability	\$ 1,000,000 Claims Made Basis
Sexual or Physical Abuse or Molestation	\$ 1,000,000 Claims Made Basis
Employee Benefits Liability	\$ 1,000,000 Claims Made Basis
<b>AUTO</b>	
Church owned Vehicles (must report vehicles for coverage)	\$ 1,000,000 Combined Single Limit, including UM / UIM; \$ 5,000 PIP or med pay; \$500 Comp & \$1,000 Collision Deductible
Hired / Non-Owned Auto Liability	\$ 1,000,000 each limit
<b>CRIME</b>	
Employee Dishonesty (Crime)	\$ 500,000
Forgery or Alteration	\$ 500,000
Computer Fraud	\$ 500,000
Money / Securities Inside / Outside	\$ 500,000
Crime Deductible per occurrence	\$ 2,500
<b>EXCESS LIABILITY: 4 Million additional</b>	
Umbrella Liability: (Auto, General Liability, Pastoral, D&O / EPL)	\$ 5,000,000 Program Aggregate
Sexual or Physical Abuse or Molestation	\$ 5,000,000 Program Aggregate
<b>Higher Limits and Workers Compensation Available Upon Request</b>	

## PASTORS' RETIREMENT BENEVOLENT FUND

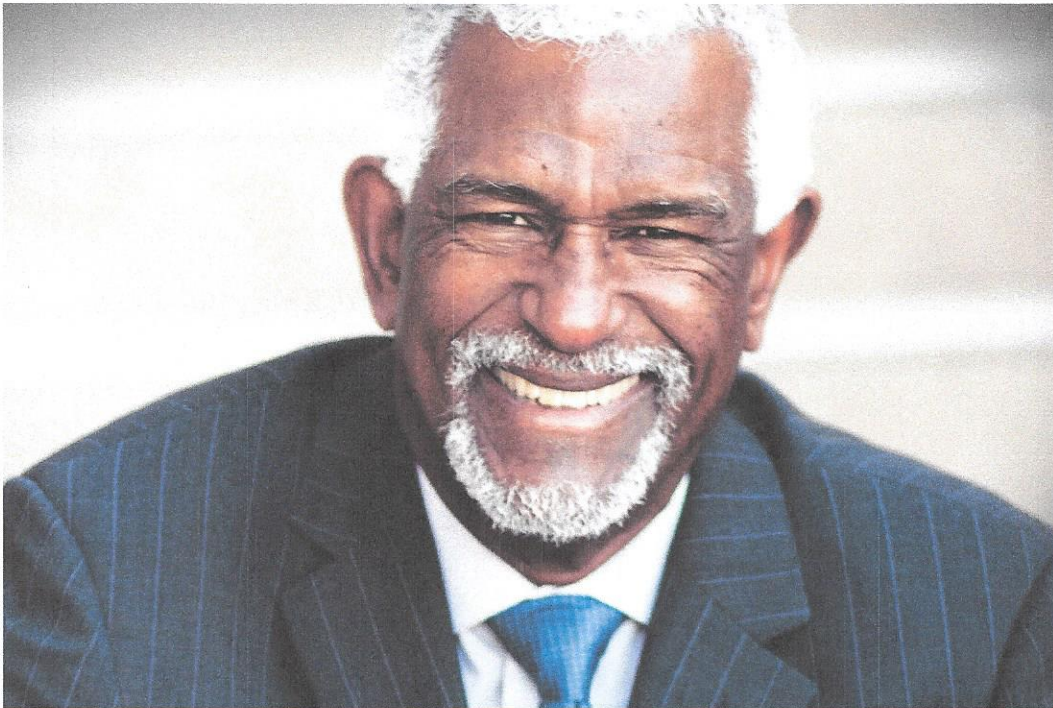
### REVISED GUIDELINES

- I. Applications for Benevolent Retirement funds under the existing/old plan will be processed in the usual manner, including verification of income from The A.M.E. Zion Church via presentation of IRS forms, until July 31, 2018
- II. Ending date for enrollment in the existing/old Pastors' Retirement Benevolent Fund is July 31, 2018.
- III. Individuals who have been approved to receive benefits under the existing/old plan prior to August 1, 2018 will to do so until death.

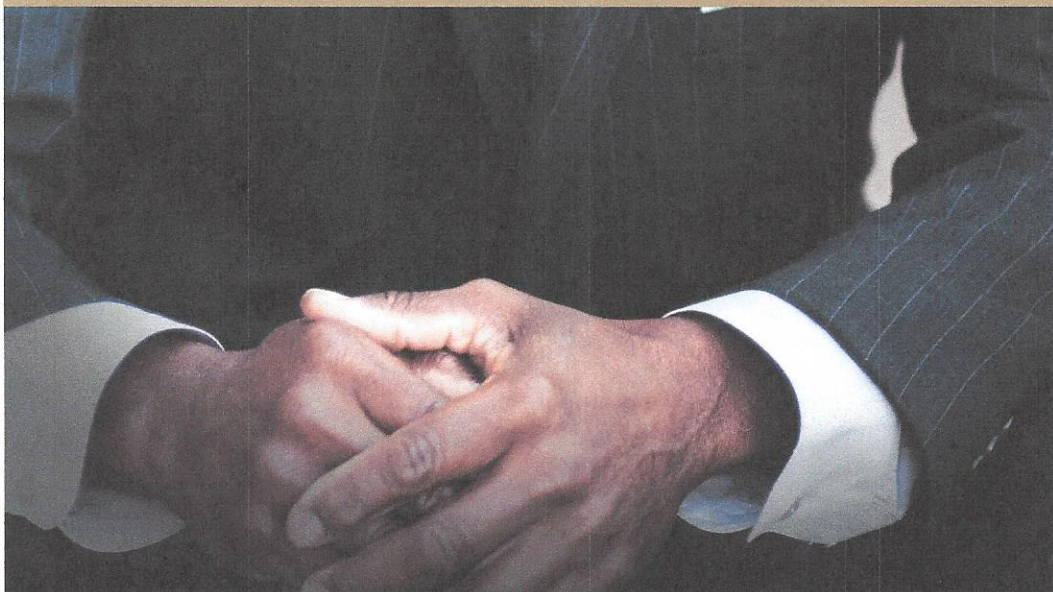
- 
- A. Effective August 1, 2018, all requests for benefits from the Pastors' Benevolent Fund will be qualified based on a Two-Tiered System as outlined in chart below.

	TIER I	TIER II
Minimum Retirement Age	75	65
Minimum Years of Pastoral Service	25	25
Monthly Benevolent Amount	\$200.00	\$100.00
Enrollment Start Date	August 1, 2018	August 1, 2018
Enrollment End Date	July 31, 2020	July 31, 2020

- B. Individuals who have been approved to receive benefits under the Two-Tiered System will continue to do so until death.
- C. Applicants who previously applied for but did not qualify for benefits under the existing/old program will be ineligible to reapply for benefits from the Two-Tiered Pastors' Benevolent Retirement program.



**Understanding The A.M.E. Zion  
Church 403(b)(9) Retirement Plan**



---

## Introduction

Preparing for the future is a priority for The A.M.E. Zion Church and for each of us individually. Realizing that our time of “retirement” may last for 30 years, it is important for us to be prepared financially for that length of time. Saving is hard for all of us so starting as early as we can and putting aside as much as we can is critical for our family. Working together, we can prepare more efficiently than doing it alone.

Each church has a responsibility to support its pastor and staff in this effort. Each pastor and staff member has a responsibility to actively engage in this effort. Together we will make a difference. In order to create a better Retirement Plan, we reached out for specialists to help us. The result is The A.M.E. Zion Church 403(b)(9) Retirement Plan. The information that follows outlines the plan and its significant benefits.

You will be pleased with the investments, the safety of those investments, and the support available from the experienced, faith-based staff at Envoy Financial. As a body, we are committed to each other. The ability to prepare for a lifetime of ministry will strengthen the body, take care of our families, and continue to build the kingdom.



## Plan Oversight

The A.M.E. Zion Church Retirement Plan Oversight Committee (RPOC) is responsible for all actions and decisions concerning The A.M.E. Zion Church Retirement Plan administered by Envoy Financial. Each quarter the RPOC meets to review the plan, its investments, and associated services.


The primary purpose of your RPOC is to not only provide legal protection for the denomination but also to increase the value of your church's investment in the plan. Good stewardship of the plan through wise oversight and engagement results in increased preparedness, greater understanding, successful retirement, and higher value.

---

## The Importance Of Getting Started

Without the proper motivation, opportunity, and support, many will never start or maintain a retirement account. A bolder perspective on retirement can offer greater purpose, excitement, and impact during your last quarter.

For most, "retirement" is when you cease working and focus



on yourself. However, God never calls us to stop loving and serving others. In fact, retirement can provide you with more time and financial freedom to serve God in new ways. The A.M.E. Zion Church Retirement Plan offers tools and encouragement to help you both envision and fulfill the future God has chosen for you.

---

## Preparation & Support

Will you have enough? It all depends on what you do now. Preparation is a process and not just an investment. The A.M.E. Zion Church Retirement Plan's easy enrollment, on-demand education, equipping resources, and interactive evaluation tools provide the investment knowledge and confidence you need. Once enrolled, you can review and make changes to your account 24/7.

The A.M.E. Zion Retirement Plan offers priority customer service through Envoy Financial's one-on-one support. Your questions will be answered by friendly, faith-based professionals on the first call. In addition, you can use online customer service chat and access the convenient online help center 24/7.



## Investments

Everyone has the opportunity to invest well. The A.M.E. Zion Church's Retirement Plan uses open architecture and a unique menu creation/selection process to create and maintain your investment menu. Investment selection is made easy. You have the option to choose your investments or to be guided by an exclusive investment analyzer. Your investment menu is reviewed quarterly by The A.M.E. Zion Church RPOC.

---

## Retirement For Your Church Staff

Under The A.M.E. Zion Church Retirement Plan, you are encouraged to include your church staff. The church may make a contribution to the plan, or it can be 100% voluntary. The administration effort is small and the rewards are great. In addition, rollovers into the plan from a IRA, 403(b), or 401(k) are accepted and encouraged.

---

## Basic Program

All local (domestic) churches are expected to make a contribution into The A.M.E. Zion Church 403(b)(9) Basic Program for the benefit of its Pastors/Presiding Elders.

- Expected contribution commitment of \$250/\$500/\$750/\$1,000 from local Church or Presiding Elder District
- Contributions provided from Church(s) through Zion Benefits Services (ZBS) annually to the plan (during July and no later than September 30th each year)
- Contributions invested in Default Investment Option(s)
- No distributions allowed from the Basic Program until December 1st, 2028
- Participants fully vested after being enrolled for 5 years in the Basic Program and age 67 (hardship distributions allowed)
- Participants will have full online access to their account 24/7 through customized website for The A.M.E. Zion Church Pastors/Presiding Elders



---

## Choice Program

All local (domestic) churches and participants/staff have the option to contribute in addition to the Basic Program for all ordained and non-ordained staff personnel.

- Additional employer contribution (dollar amount or %)
- Participant voluntary contributions (Pre-tax and/or Roth contributions)
- Contributions provided from Church(s) directly to the plan's custodian
- Participant directed investment through enrollment
- Investment menu will have major investment categories represented including faith-based fund options
- Plan design features (loan/distribution provisions, eligibility requirements, hardships, etc.)
- Participants will have full online access to their account 24/7 through a customized website for all A.M.E. Zion Church participants
- 100% vested (voluntary contributions), vesting schedule for Church contributions

---

## Types of Contributions

### **Basic Program Contributions**


Each AME Zion Church will be contributing an annual \$250/\$500/\$750/\$1,000 into The AME Zion Church 403(b)(9) Plan for their respective Pastor.

### **Pre-Tax Contributions**

Through the Choice Program, a Pastor/Staff of an AME Zion Church will have the ability and choice to make Pre-Tax contributions into The AME Zion Church 403(b)(9) Retirement Plan. Pre-tax contributions are possible through enrolling into the plan and are a function of Payroll. These contributions are invested into the 403(b)(9) Plan before taxation, they accumulate/grow tax deferred for the purpose of your retirement and future ministry. As an example, if a Pastor makes a \$50.00 pre-tax contribution into the 403(b)(9) Plan, his take home pay will be impacted by approximately \$40.00.

### **Roth Contributions**

Through the Choice Program, a Pastor/Staff of an AME Zion Church will have the ability and choice to make Roth (after-tax) contributions into the AME Zion 403(b)(9) Retirement Plan.



Roth contributions are possible through enrolling into the plan and are a function of Payroll. These contributions are invested into the 403(b)(9) Plan after taxation, they accumulate/grow tax deferred, and can be distributed tax free for the purpose of your retirement and future ministry. As an example, if a Pastor makes a \$50.00 Roth contribution into the 403(b)(9) Plan, his take home pay will be impacted by approximately \$50.00.

---

## Housing Allowance At Retirement

The Minister's Housing Allowance is one of the greatest tax benefits available to ministers and comes from Section 107 of the Internal Revenue Code. When an ordained, licensed, or commissioned minister receives a portion of their compensation as housing allowance, that portion is excluded from gross income and therefore not subject to federal income tax. This can represent substantial tax savings for the minister. Further, when a minister retires, a portion of their 403(b)(9) retirement plan distribution can be received as housing allowance, providing additional tax savings in retirement.

---

The minister receiving the housing allowance must determine their eligibility, understand the limits, and follow the rules. They must keep records to substantiate the amount they include when calculating housing expenses.

Eligible expenses include mortgage payments (principal and interest); rent payments; real estate taxes; property insurance; utilities (gas, electricity, water, sewer, garbage pickup, local telephone service); appliances and furniture (purchase or rental cost and repairs); remodeling expenses; homeowners' dues; and pest control. The housing allowance may not exceed the lesser of 100% of compensation or actual housing expenses.

A housing allowance must be board-approved and designated in writing by the organization before the beginning of the calendar year. It cannot be designated retroactively, meaning it must be established before the minister earns the income on which the organization designates the housing allowance.

---

## Monies Contributed By You And Your Church

Every A.M.E. Zion Church is expected to contribute to the Basic Program. Each church's individual pastor/staff will determine if they desire to contribute more as part of the Choice Program. Your church may contribute an additional amount. Eligible participants may also make contributions on a voluntary basis. The current limit for those contributions in 2018 are \$18,500 for under 50 and \$24,500 for over 50. Please check with Envoy Financial or your tax advisor to determine your exact eligibility.

---

### Calculating Your Retirement Savings

As you plan for retirement, you will want to estimate and review your projected income annually. The income will reflect the results of up to three components added together:

The A.M.E. Zion Church Retirement	\$ _____
Other Retirement Savings	\$ _____
Other Investments	\$ _____
<b>TOTAL RETIREMENT</b>	<b>\$ _____</b>