



April 23, 2020

To: California-Nevada United Methodist Churches and Agencies

These days are ones of rapid change and great uncertainty. First and foremost, I am praying for each of you and your families in the midst of the spread of COVID-19 and the shelter in place orders for California and Nevada. I hope that you are currently well and taking every necessary precaution to remain healthy. I am especially mindful of all who are caring spiritually for congregations and communities across the conference. I'm thinking of those of you who are working remotely or retired and the concerns that you may have over this pandemic. I pray for each of you and your families today knowing that God's peace and grace are upon your life.

I am writing to provide you with an update on remote staffing arrangements, local church consultations/meetings, and our present financial state.

Office Work Schedule

- Our staff is working remotely and we have kept all operations going without disruption.
- The conference office remains closed as of Monday, March 18th and will remain closed until further notice. Our staff is able to go to the office and pick up the physical mail once a week.

Consultations/Meetings/Presentations

- In order to maintain social distancing and do everything possible to prevent the COVID-19 spread, all consultations/meetings/presentations with local churches or others are either being rescheduled a minimum of two months from now or held virtually through phone or video conferencing.
- We remain committed to servicing all our account holders and continuing operations as normally as possible without interruption. We are diligent in making sure that any adjustments to how we work will be seamless to our constituents.

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Financial State

In looking at the current market, we would all do well to take a deep breath of the Holy Spirit. Here is some perspective:

- As you know, the market has dropped in value in response to COVID-19. The value of our investments has declined, but because of our portfolio's diversification, it hasn't dropped as much as the equity funds we've all seen on the news. As of March 31, our total assets are \$66,409,372 and our year-to-date returns are down about 15%.
- 2019 was one of our best financial years ever, with total assets on 12/31/19 totaling \$79 million, up 14% from the previous year and up 28% from 2015. Our total receipts for operating expenses was \$486,916, higher than projected and completing a five-year run of receipts increase every year. This upswing provides some cushion in a volatile market.
- We are working with our investment managers and they have been closely monitoring our investments and have confidence in our portfolio's long-term viability. In fact, this type of market offers our managers opportunities to purchase excellent companies at discount prices. Because of its diversification, we expect our portfolio to continue to do well compared to its benchmark.

Do I expect some church leaders to withdraw church investments because of cash flow constraints? Yes. Do I expect a few church leaders to sell investments, and take realized losses? Probably a few, but so far most of our account holders have chosen to stay the course and only two churches have taken disbursements in the past month. Our Foundation remains solvent and strong. We have taken in \$180,325 in new money so far in 2020 with \$100,000 of that from a new account opened in March. While the circumstances are different, this Foundation has weathered many financial storms in the past. If we require more substantial financial shifts in the months ahead, we will certainly be proactive in our planning.

I am not seeking to be overly optimistic or unrealistic. We cannot predict the future. However, a calm, reassuring perspective is helpful in times like this. Calmness and long-term vision are the greatest gifts that we can offer right now.

Besides thinking of each of you, I am praying for the countless people around the world who are hardest hit by the coronavirus and the economic hardship. Around the world, people who have lost loved ones, first responders and health care workers who tirelessly battle the virus in harm's way, and the communities that are most vulnerable because of socioeconomic conditions. In the U.S., people working in the service industry, hospitality industry, airline industry, and others are sure to feel some immediate financial hardship. The churches in our region are also facing financial hardship as they seek new ways to

respond to a hurting world. The Church has long been a source of hope and tangible help for people in their moment of desperation or despair. The Church is needed more today than ever. And, we are here to walk alongside the Church to help faithful leaders fulfill the Church's mission. The Rev. Dr. Martin Luther King was quoted as saying, "There are two days in my calendar: This day and that day." Let's apply his words to our ministry. The Foundation is here for the Church on *this day and that day*.

If you have questions or concerns, please feel free to contact me by email or phone. I am grateful for the dedication of our staff and their willingness to make quick adjustments both to protect their own health as much as possible and to continue our daily operations without interruption. I am equally grateful for your support of our mission and ministry and your understanding of operational interventions during these unprecedented days.

Faithfully yours,

A handwritten signature in black ink, appearing to read "David Malloy". The signature is fluid and cursive, with the first name "David" and last name "Malloy" clearly distinguishable.

David Malloy
Executive Director