Exhibit 7

The General Council on Finance and Administration (GCFA)

Shared Philosophy, Common Purpose, and a Disciplined Path to the 2029–2032 General Church Budget

Development of 2029 – 2032 General Church Budget

Develop Philosophy of the General Church Budget and Working Groups

Quadrennial Context

The 2029–2032 General Church budget is the quadrennial financial framework through which The United Methodist Church provides resources for the connectional ministries, responsibilities, and structures authorized by General Conference. A quadrennial budget cannot anticipate every circumstance that may arise during four years of ministry. Economic conditions may change. Collections may vary from projections. Emergencies may arise. New opportunities for ministry may emerge. General Conference actions may affect priorities or obligations, and changes across the denomination may alter financial capacity.

Therefore, the Church should be disciplined in establishing the budget and nimble in administering it. Accordingly, this philosophy seeks to hold four commitments in constructive tension:

Mission. Discipline. Sustainability. Adaptability.

We are faithful stewards when we establish a realistic and balanced plan for the quadrennium, manage within that plan responsibly, monitor changing conditions continuously, and respond appropriately when circumstances materially change.

The Budget Exists to Serve the Mission of the Church, **¶120 "The mission of the Church is to make disciples of Jesus Christ for the transformation of the world."**

> **¶201: The Local Church as the Primary Arena of Disciple-Making**
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> Paragraph 201 describes the local church as the most significant arena through which disciple-making occurs and describes the church's existence in terms that include worship, building up believers, and the redemption of the world. Per ¶ 201 "Under the discipline of the Holy Spirit, the church exists for the maintenance of worship, the edification of believers, and the redemption of the world."

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The General Church budget should ultimately strengthen the capacity of the connection to support the ministry and mission that finds its most significant expression in and through local churches. General Church funds should increase the vitality and capacity of the local churches.

¶601: The Purpose of the Annual Conference

Paragraph 601 provides another essential connectional lens. It states, "The purpose of the annual conference is to make disciples of Jesus Christ for the transformation of the world by equipping its local churches for ministry and by providing a connection for ministry beyond the local church; all to the glory of God."

That establishes an important progression:
Mission → Local Church → Annual Conference → Regional Conference → Connectional Ministry

The General Church budget should support this ecosystem rather than encourage competition among its components.

¶801: Financial Support of the Work of The Church

Paragraph 801 states that the work of the Church requires the support of its people and characterizes participation through service and gifts as a Christian duty and an expression of love for God. It explains that the Church's financial plan exists so that members may participate in its ministries and so that the work entrusted to the Church may prosper.

The General Church budget is an expression of connectional stewardship through which resources entrusted by local churches and annual conferences are directed toward the mission and responsibilities of the whole Church.

Mission and fiscal stewardship are not competing objectives. They are complementary responsibilities in the same budgeting process.

<u>Proposed Philosophy</u>

The goal of the 2029–2032 General Church budget process is to recommend to General Conference a faithful, balanced, sustainable, transparent, equitable, and mission-aligned budget that responsibly connects the financial capacity of the Church with the ministries and responsibilities we are called to support.

As a matter of fiscal stewardship, it should be the assumption of our members that the General Church budget will be balanced and not rely upon ongoing deficit spending to

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support annual operations or recurring commitments. The Church must establish its spending priorities within a realistic assessment of the resources reasonably expected to be available during the quadrennium. Additionally, the budget should identify not only where resources can be reduced, but also where strategic investments can strengthen mission and how regionalization can strengthen the connection.

Together, the bodies participating in the budget process commit to developing a recommendation that:

1. Stewards the UMC's financial resources with a connectional perspective that strengthens our shared mission & vision and supports the well-being of the whole Church, including the distinct needs present across different regions and ministry areas.
2. Advances the mission and essential connectional responsibilities of The United Methodist Church, recognizing that the budget is a means of enabling ministry rather than a way of restricting it.
3. Reflects the Church's realistic financial capacity, using credible economic projections, historical receipts, collection experience, membership and expenditure data, and other relevant financial indicators.
4. Is balanced and sustainable throughout the quadrennium, with recurring expenditures and commitments aligned with reasonably anticipated recurring revenues. Per ¶806.4, "In the interest of sound fiscal management, the council will ensure that expenditures of agencies receiving general Church funds do not exceed receipts and available reserves, and this within a budget approved by the council."
5. Balances missional priorities with the responsibilities required to administer a worldwide denomination, recognizing that both ministry and responsible administration are necessary to sustain the connection.
6. Considers the impact on local churches and annual conferences that ultimately support the General Church budget, including their changing economic and ministry contexts. Invites all General Boards and Agencies to ask how their work increases the vitality and capacity of the local church.
7. Considers the worldwide nature of the Church, recognizing differences in economic conditions, currency, financial systems, ministry environments, and the capacity of different regions to support and receive connectional resources.
8. Explains significant choices and tradeoffs honestly, so that delegates can understand not only what is recommended, but why.

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9. Provides General Conference with a coherent recommendation rather than a collection of competing institutional requests.

Develop Principles of the General Church Budget

Members are asked to formally affirm these as the operating principles of the budget process.

1. One Church. One Budget. One Mission.

Participants will approach the budget from the perspective of the whole connection, not primarily as representatives protecting existing institutional allocations.

2. Mission Before Institutional Position

The first question should be: "What work is the Church seeking to accomplish, and what resources are reasonably required to accomplish it?"

Past allocations may inform the analysis, but they should not automatically determine future allocations.

3. Capacity Before Allocation

The level of the Base Percentage Rate is the primary lever of capacity.

The Discipline itself reinforces this orientation. The budget material collected says that actual receipts for the ending quadrennium are to be the basis for budgeting procedures and comparisons for the coming quadrennium.

Therefore: determine realistic capacity first, then allocate that capacity.

4. Balance Is a Core Stewardship Principle

In order to create confidence and avoid disappointment, the General Church will adopt a balanced budget in which planned expenditures do not exceed reasonably anticipated available revenues. Deficit spending should not be treated as an ordinary strategy for financing the ongoing ministry and operations of the Church.

This means:

- recurring expenditures should be supported by recurring revenues;
- ongoing commitments should not be established without a sustainable source of funding;

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- reserves will not routinely be used to close a structural gap between revenues and expenses;
- extraordinary resources will not be assumed to finance ordinary recurring operations; and
- when available resources decline, expenditures and priorities will be reconsidered accordingly.

A balanced budget is not intended to diminish mission. Rather, it is intended to ensure that the ministries General Conference chooses to support are placed on a financially credible foundation.

5. Evidence Before Assumption

Budget recommendations should be supported by clearly identified information, including as applicable:

- historic receipts and collection rates;
- economic projections;
- local church net expenditures;
- professing membership and other relevant statistical trends;
- reserves and unrestricted assets;
- restricted resources;
- other revenue sources;
- fixed and variable obligations;
- funding actually reaching program or ministry;
- administrative infrastructure;
- regional economic conditions; and
- reasonable scenario analysis.

These materials contemplate review of financial trends, projected revenues and expenses, the apportionment formula, and the relationship between financial reality and mission priorities.

6. Need Should Be Demonstrated, Not Presumed

Neither receiving funding historically nor having received a particular percentage of a fund should automatically establish a future claim.

Each major allocation should be able to answer:

- What purpose does this funding serve?
- What responsibility or ministry does it advance?
- What outcomes are expected?

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- What other groups and resources support this work?
- What would materially change if the allocation increased or decreased?
- Is another part of the Church performing substantially similar work?

7. Fixed Commitments Must Be Visible

The budget should clearly detail obligations that are effectively fixed once adopted.

Decision-makers should be able to distinguish fixed obligations from discretionary or scalable expenditures so that the Church understands how much of its financial capacity remains available for strategic and missional choices.

8. Sustainability Over Optimism

The budget must be capable of functioning under reasonable collection assumptions, not only under a best-case scenario.

Sustainability requires recommendations to be supported by the connection and makes it clear that underfunding of the budget will require active management to lower expenditures.

9. Reserves Are Part of the Financial Picture

Where appropriate and legally permitted, reserves and unrestricted resources should be considered when assessing financial need.

However, reserves should not automatically be treated as freely available operating income. The analysis should distinguish restricted, designated, illiquid, and genuinely available resources, including minimal levels necessary to preserve future income streams from these funds.

Recurring use of reserves to support recurring expenditures should not be a substitute for our stewardship obligation to align ongoing commitments with ongoing financial capacity.

There may be circumstances in which reserves are appropriately used for strategic investments, extraordinary circumstances, transitions, or other clearly identified purposes. Such uses should be transparent, intentional, and accompanied by an explanation of why the expenditure is appropriate and how it affects the Church's longer-term financial position.

10. Worldwide Equity Does Not Necessarily Mean Identical Treatment

Various aspects of our worldwide Church operate in vastly different social, economic and ministry contexts. Regions should take part in setting priorities, currency and language

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costs should be recognized, and resources and decision-making should not stay concentrated in one region.

Equity should therefore mean applying common principles fairly while recognizing materially different circumstances, rather than assuming every region requires precisely the same financial structure.

11. The Budget Should Look Across Organizational Boundaries

Where multiple agencies, funds, commissions, initiatives, or plans support similar outcomes, the process should examine:

- duplication;
- collaboration;
- economies of scale;
- consolidation; and
- whether funding should follow the ministry objective rather than historical organizational structures.

This document explicitly raises questions about whether the next budget should repeat existing arrangements or critically examine where resources are going.

12. New Commitments Require Funding Plans

A new General Conference initiative should include a credible funding source or identify the existing priority that will be reduced or displaced to fund it (See **¶508.4)**

In simpler terms: New ministry cannot be treated as new money unless new money exists.

GCFA affirms this core concept: if an initiative comes through General Conference, it should be properly funded.

13. Transparency Before Consensus

We, GCFA, adopt the philosophy which explicitly identifies transparency as a means of building trust and calls for assumptions, constraints, uncertainties, and consequences to be visible.

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Proposed Covenant for Everyone at the Table

We will approach the 2029–2032 General Church budget as stewards of the whole Church rather than advocates solely for individual institutions, funds, ministries, or regions.

We will begin with mission, establish realistic financial capacity, examine evidence honestly, identify fixed and variable commitments, consider worldwide context, name tradeoffs openly, and apply common criteria consistently.

We commit to recommending a balanced budget and affirm that planned deficit spending should not be the normal means by which the General Church supports its ongoing ministries, programs, and operations, including the cost of the episcopacy.

We recognize that not every existing ministry can be assumed to receive its historical allocation and that an increase in one area may require a reduction elsewhere.

We will distinguish between the value of a ministry and the level of General Church financial support it receives.

We will seek a budget that the connection can realistically sustain throughout the quadrennium and that General Conference delegates can understand, evaluate, and trust.

When individual interests compete, we will return to these principles and prayerfully ask what best serves the mission, stewardship, sustainability, and integrity of the whole connection, including its supporting congregations.

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